

*Gary W. Pruessing  
President, ExxonMobil Pipeline Company  
U.S. House of Representatives  
Subcommittee on Railroads, Pipelines & Hazardous Materials  
Hearing on Pipeline Safety  
July 14, 2011*

### **Opening Statement**

Chairman Shuster, Ranking Member Brown, members of the subcommittee.

Thank you for the opportunity to discuss the pipeline incident that occurred July 1 in the Yellowstone River in Montana, and to update you on the progress we have achieved to clean up the spill.

Before I begin, however, allow me to repeat our sincere apologies to the people of Montana. We deeply regret that this incident occurred, and are steadfastly committed to not only complete the cleanup, but also to build the learnings from this incident into our future operations.

This requires first that we understand exactly what occurred. We do not yet know the precise cause of the apparent breach in our Silvertip Pipeline – and will likely not know until our investigation is complete.

We do know that the pipeline had met all regulatory requirements, including a 2009 pipeline inspection and a December 2010 depth-of-cover survey. Additionally, as recently as last month, the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) performed a field audit of the pipeline's integrity management program.

And, of course, we do know the effects of the incident. The pipeline lost pressure the night of July 1, and within seven minutes, our employees shut down the pumps. Shortly thereafter, we began closing valves to isolate segments of the pipeline and minimize any release. We estimate that no more than 1,000 barrels of oil spilled.

We notified the National Response Center and immediately began implementing our emergency response plans, drawing upon our local resources at the Billings Refinery as well as our experts from across the

country. A Unified Command Center led by the Environmental Protection Agency and involving almost 700 people now directs the response.

This coordinated effort, combining the resources and expertise of government, industry, and others, is crucial to effective cleanup and recovery. I speak on behalf of our entire company in thanking the public servants at all levels of government and the volunteers from non-governmental organizations contributing to this effort.

This includes professionals from PHMSA, the Environmental Protection Agency, the U.S. Department of the Interior, the Montana Department of Environmental Quality, Montana Fish, Wildlife and Parks, Yellowstone County commissioners, local response organizations, International Bird Rescue and many others.

As part of our cleanup strategy we have divided the area downriver of the spill into four zones. In the first two cleanup zones, covering a combined distance of about 19 miles, we have deployed approximately 43,000 feet of boom, 260,000 absorbent pads, and several vacuum trucks, boats and other equipment to capture oil. Our priority is to ensure the cleanup is safe and effective – a task made more challenging by persistent high water levels in the Yellowstone River.

At the same time, through the Unified Command, we continue to conduct air and water quality monitoring of over 200 miles of the river, as well as wildlife assessments and recovery efforts. To date, EPA monitoring confirms there is no danger to public health, and no reported water system impacts.

We have also brought in recognized experts to actively monitor the impact on local wildlife. So far, a total of four animals have received treatment - one garter snake, one warbler and two toads. In addition, International Bird Rescue has identified several oiled birds, and are assessing if any require capture or cleaning. Monitoring and mitigating the impact of the spill on wildlife will remain a priority of ours throughout the cleanup.

The Silvertip Pipeline plays an important role in supplying energy to the Billings area, and therefore helps sustain local jobs and economic growth. We are committed to replace the damaged pipeline, using horizontal

directional drilling techniques, with a new section that we will lay 30 feet below the river bed, consistent with PHMSA direction.

Of paramount concern to us is the impact on local communities. We established a community information line, and have received more than 300 calls. A number of these calls are claims related to property, agriculture and health, and we are actively responding to more than 120 of them. We have also sent six teams door-to-door to visit more than 150 residents in the most impacted areas. It is our goal to respond to individual concerns within 24 hours.

I am pleased to report that these outreach efforts have mostly received a very positive response. In fact, more than 130 calls to the information line have been offers to help. This outpouring of local volunteer support is immensely helpful. It testifies to the resilience, industry and generosity of the people of Montana. We deeply appreciate their understanding and support.

To repeat, ExxonMobil Pipeline Company takes full responsibility for the incident and the cleanup, and we pledge to satisfy all legitimate claims.

But even then, our work will not be done. We are equally committed to learn from this incident and build those learnings into our future operations. Thank you.

**Witness Disclosure Requirement - "Truth in Testimony"  
Required by House Rule XI, Clause 2(g)**

1. Your Name: Gary W. Pruessing		
2. Are you testifying on behalf of the Federal, or a State or local government entity		No
3. Are you testifying on behalf of an entity that is not a government entity?	Yes	
4. Other than yourself, please list which entity or entities you are representing: ExxonMobil Pipeline Company		
5. Please list any Federal grants or contracts (including subgrants or subcontracts) that <u>you or the entity you represent have received on or after October 1, 2008:</u>  <p>We have not identified any standing contracts with Federal agencies where we are paid by the Government. There have been occasions in past years where government agencies have chosen to ship on EMPCo operated common carrier pipelines under standing FERC tariffs. In those cases the agency would pay posted tariffs to EMPCo for volumes shipped with no explicit contract required. We are not currently shipping barrels for any Federal agencies. (an example is if the government takes royalty barrels in kind (RIK) then ships them to a market point)</p> <p>We lease a pipeline in Texas from the Department of Energy, the lease was recently extended in 2010 through 2015. We pay about \$1.1M per year in lease and throughput fees. (2010 actual was \$1.075 M). The original lease commenced in 2000.</p> <p>We have numerous right of way and easement agreements with Federal agencies where our pipelines cross Federal land.</p>		
6. If your answer to the question in item 3 in this form is "yes," please describe your position or representational capacity with the entity(ies) you are representing:  President		
7. If your answer to the question in item 3 is "yes," do any of the entities disclosed in item 4 have parent organizations, subsidiaries, or partnerships that you are not representing in your testimony?	Yes	
8. If the answer to the question in item 3 is "yes," please list any Federal grants or contracts (including subgrants or subcontracts) that were received by the entities listed under the question in item 4 on or after October 1, 2008, that exceed 10 percent of the revenue of the entities in the year received, including the source and amount of each grant or contract to be listed: None		

Signature Gary W. Pruessing Date July 14, 2011



## ***Gary W. Pruessing - Biography***

Gary W. Pruessing became the President of ExxonMobil Pipeline Company on September 1, 2006. Prior to that, he held the position of Asia-Pacific Director of Refining for ExxonMobil, responsible for the ten ExxonMobil refineries in the Asia-Pacific region. He concurrently served as Chairman and President of TonenGeneral Sekiyu Kabushiki Kaisha as well as the President of ExxonMobil Yugen Kaisha in Japan.

Mr. Pruessing was born in 1953 and graduated from the University of Wisconsin in 1975 with a Bachelor of Science in Chemical Engineering. Upon completion of his degree, he joined Exxon Corporation as a process engineer at the Baytown, Texas Refinery where he held a series of engineering and supervisory positions. In 1993, he was named the Refinery Manager for the Exxon Benicia, California Refinery and subsequently was appointed the Refinery Manager of the Baton Rouge, Louisiana Refinery in 1996. He became Refining and Supply Vice President of Project Execution in Fairfax, Virginia in 2000, and moved to his assignment in Japan in 2001.

Mr. Pruessing was recognized in 2007 as Distinguished Alumni of the University of Wisconsin, Engineering Department.

In addition to serving as a member of the American Petroleum Institute Pipeline Committee and the Association of Oil Pipe Lines, he is also a member of the Trans-Alaska Pipeline (TAPS) Owners Committee.

Mr. Pruessing is married to Lisa Pruessing and they have one daughter and one son.