



Impact of New Regulations on Pipeline Operations

Doug Belden
General Manager, Operations
Colonial Pipeline

API Pipeline Conference & Cybernetics Symposium
April 8, 2008

Colonial Pipeline Company



America's Energy Lifeline



The Basics: Colonial Pipeline



- Interstate common carrier of refined petroleum products
- More than 5,500 miles of pipeline; 3,300 miles of right-of-way
- Transports approximately 100 million gallons per day
 - Gasoline
 - Home heating oil
 - Diesel fuel
 - Commercial jet fuel
 - Military fuels

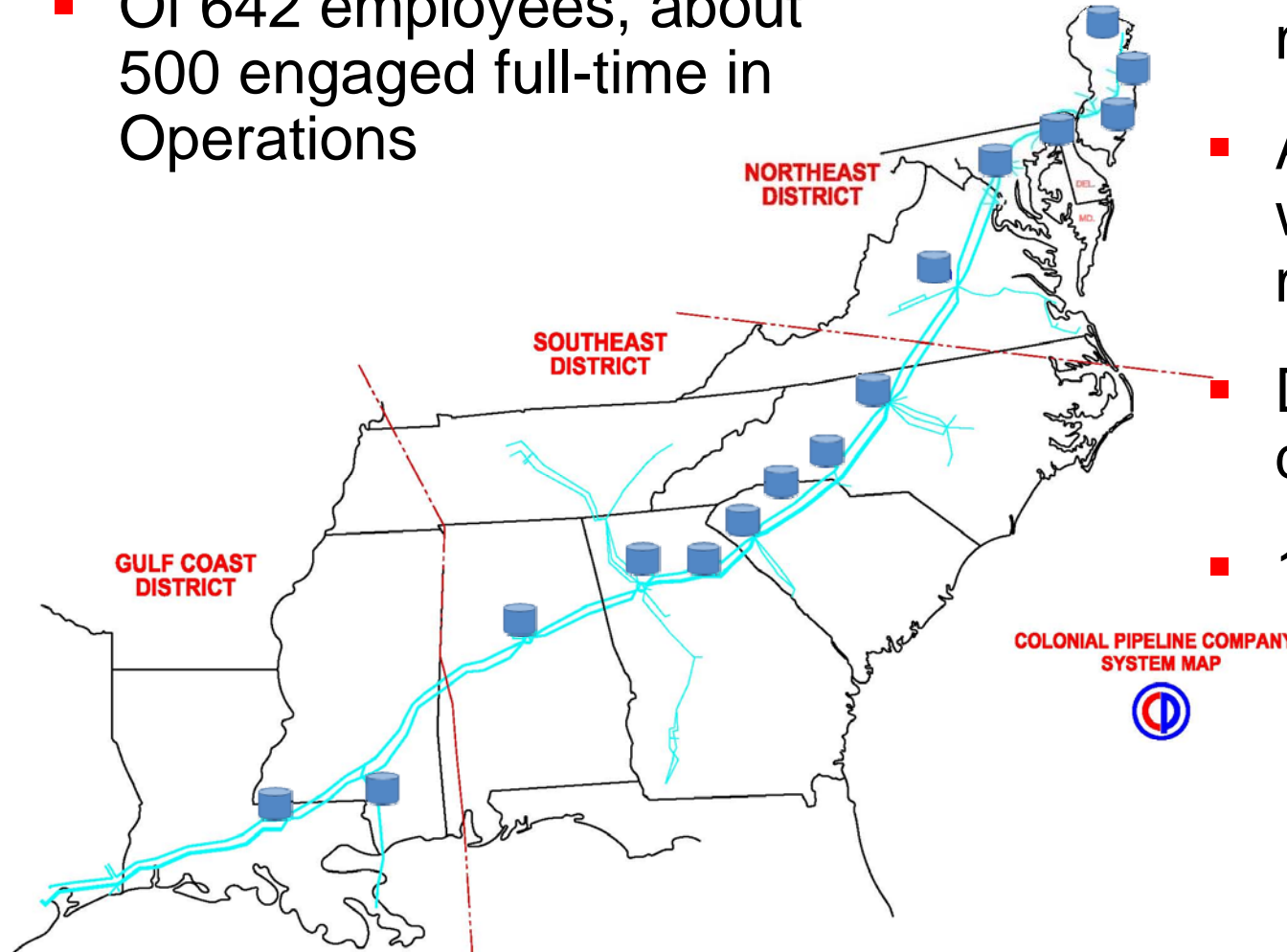
Colonial carries nearly 20% of products shipped on U.S. pipelines



Profiling the Colonial System

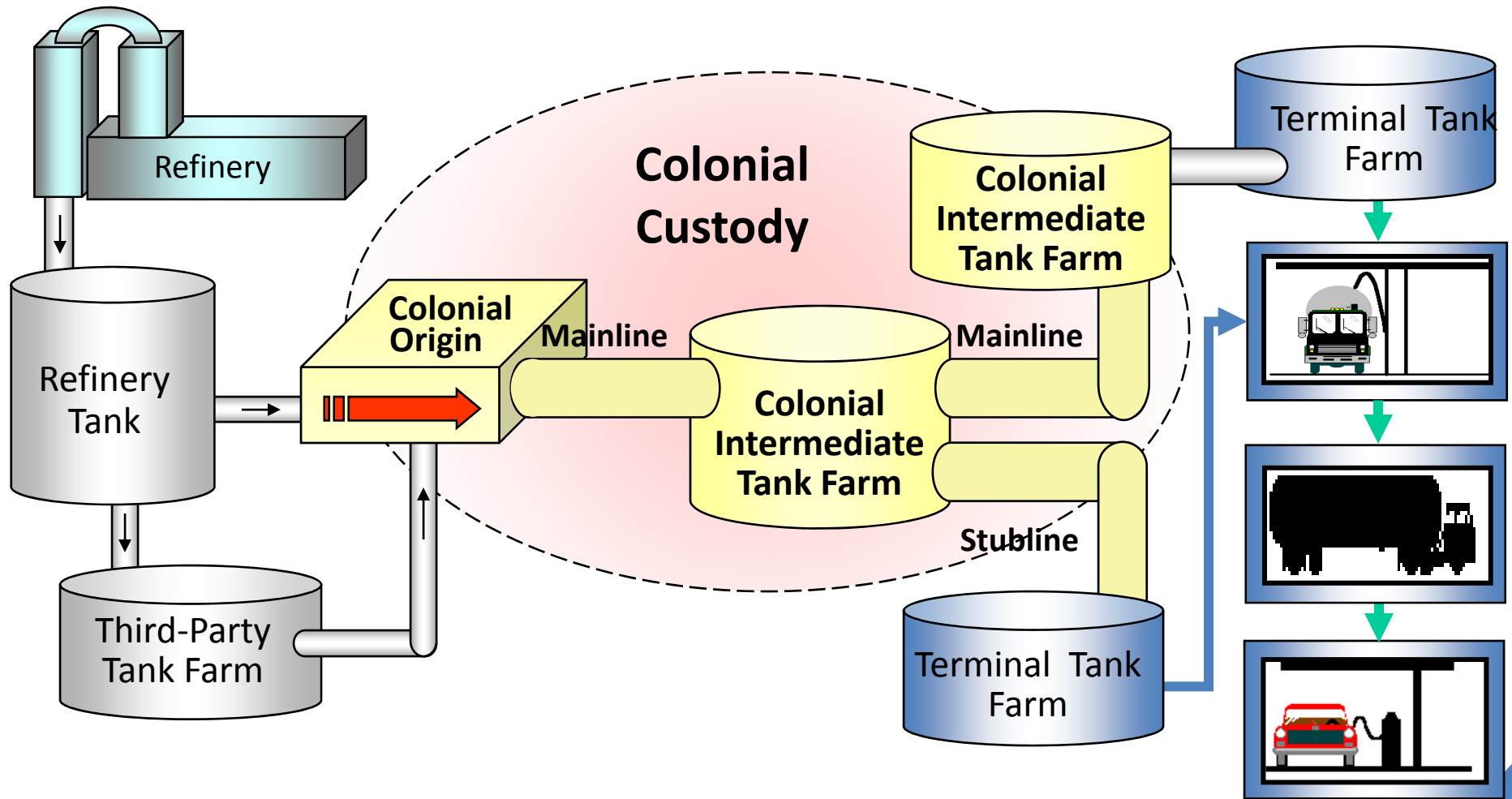
- Of 642 employees, about 500 engaged full-time in Operations

- Linefill capacity 20 million barrels
- Almost 500 tanks, with capacity of 32 million barrels
- Drain dry tank design
- 15 tank farms



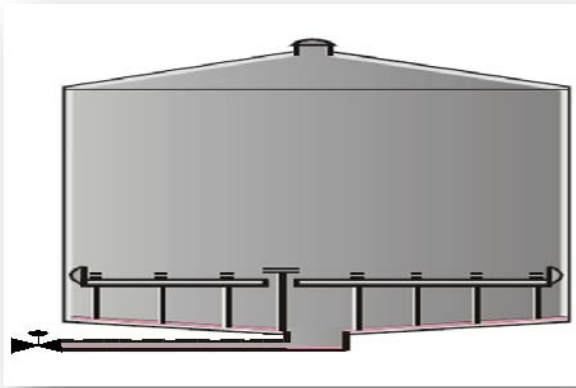


Colonial's Role in Fuel Distribution

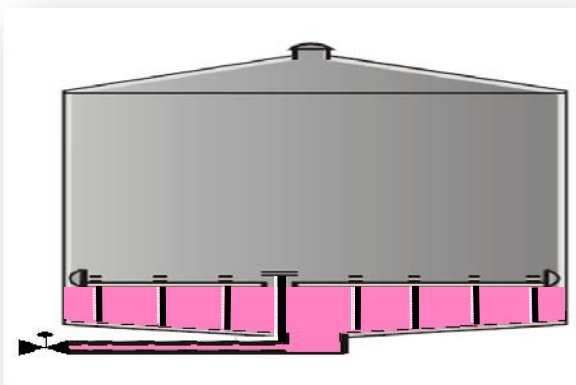




Multiple Landing Options



Drain Dry:
Switching service



Keep Roof Floating:
Dedicated tank



Clean Air Act

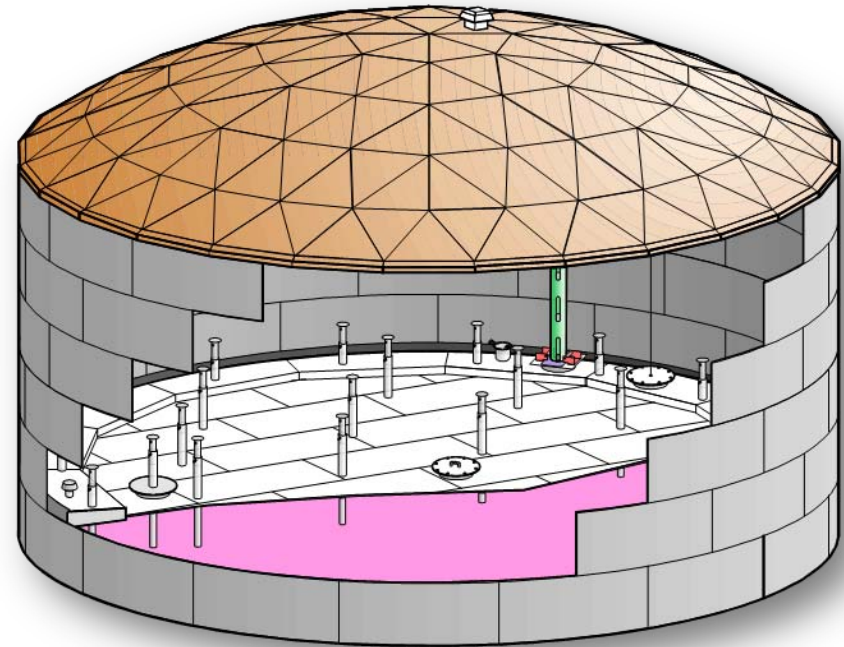
- New fuels and more grades
- Underutilize large tanks
- More tank turns
 - Increased operating risk
 - Potential to increase emissions
 - More wear and tear on floating roofs





New Standards for Air Emissions

- Changes in methodology for calculating emissions
- Reevaluate all existing air permits
 - Maintain compliance
- Potential impact to operations and tankage
 - Limit or eliminate roof landings
 - More dedicated tankage
 - Inventory up
 - Flexibility down
 - Segregated batches
 - Customer storage opportunities
- Colonial agrees with a cleaner air outcome





GACT and Seal Inspections

- **GACT-Generally Available Control Technology**

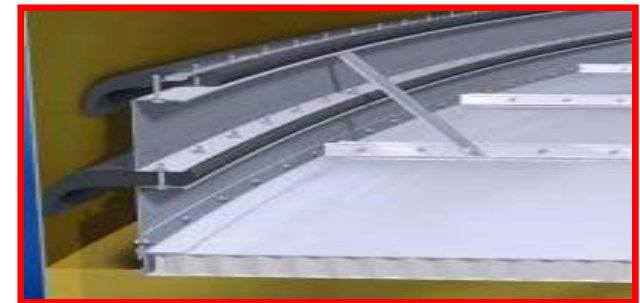
- Monthly Inspections
- Deadlines for repairs

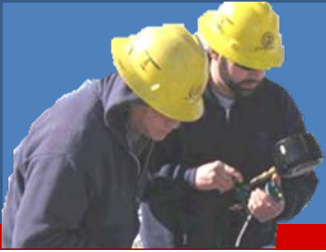
- **Deck and Seal Inspections**

- From 20 years to 10 years
- Not aligned with API 653 inspections

- **Operational Impacts**

- Potential increase in OOS tanks
- Pressure relief tanks?
- Safety and operational risk





Colonial's Study in Progress

- **An industry challenge**
 - Roof landings aside, environmental commitments are shared
 - Limiting emissions: the right thing to do
 - Our job: adjust operations to limit consequences for customers and consumers

