

May 28, 2013

The Honorable Ed Markey
United States Representative
U.S. House of Representatives
2108 Rayburn House Office Building
Washington, D. C. 201515-2105

Dear Representative Markey,

I am writing on behalf of Exxon Mobil Corporation and ExxonMobil Pipeline Company ("EMPCo," together referred to as "ExxonMobil") in response to your May 7, 2013, letter to Mr. Rex Tillerson regarding the March 29, Pegasus pipeline incident in Mayflower, Arkansas. We regret that this incident occurred and apologize for the disruption and inconvenience that it has caused to the citizens of Mayflower.

Your letter raised three principle issues -- the nature of the crude oil released, the Oil Spill Liability Trust Fund, and the timeline of events. I have addressed each topic below with a narrative that answers the questions related to each topic.

Nature of the Crude Oil Released from the Pegasus Pipeline

The Wabasca Heavy crude oil that was released in the Mayflower spill is a Canadian heavy crude oil that was produced using conventional methods in the Wabasca region of Alberta. Wabasca Heavy has an API gravity range of 18.5 – 21.2, making it similar to heavy crudes from Brazil, Colombia, Ecuador and Mexico. Other conventionally produced crudes such as San Joaquin (California) are significantly heavier, with API gravities of 12.5 – 13.5, and some oil sands crudes can have API gravities even lower.

We have found no documentation from Canadian Natural Resources Limited or Cenovus, Inc., the two Canadian producers of Wabasca Heavy, reflecting that Wabasca Heavy is anything other than heavy crude oil. The producers' material safety data sheets for Wabasca Heavy describe it as a "heavy crude oil/diluent mix" or a "petroleum heavy crude oil." This is consistent with how Wabasca Heavy trades in crude markets where it has long been known as a heavy crude oil.

As we stated in our April 10, 2013, letter to the EPA, the term "bitumen" does not appear to have any fixed technical definition and is subject to varying uses and understandings. Alberta's Energy Resources Conservation Board (ERCB) requires that all crude oil produced from the Wabasca region of Alberta, regardless of whether that oil is conventionally produced from wells or is mined, be reported as bitumen production. It is entirely within the ERCB's prerogative to establish how crude oil production will be reported in Alberta and producers of Wabasca Heavy are not wrong in reporting conventionally produced crude oil as bitumen if that is the only classification that the ERCB reporting system offers.

As we also stated in our letter to the EPA, ExxonMobil was advised that the producers of Wabasca Heavy added condensate as diluent to the crude oil in order to meet pipeline specifications. "Condensate" is a generic term for two primary types of diluent. Condensate that is produced naturally from wells, without hydrocarbon separation or other heated processing after recovery, is often referred to as "field condensate" by the industry. There also is diluent that is produced through petroleum processing operations, including naphtha and light oils, which are refinery products, and natural gasoline which is produced by the fractional distillation of natural gas liquids. These liquids are sometimes referred to as "plant condensate." Diluents of either type are commercially interchangeable and can be used in blending to meet the pipeline crude oil specifications. ExxonMobil understands that most diluent used in the Canadian oil industry comes from a diluent pool, such as the Edmonton diluent pool, which contains a mix of various types of diluents.

Your letter inquired if the initial response to a spill and the cleanup techniques utilized would be affected depending on whether the spill involved diluted bitumen or conventionally produced crude oil. For any oil spill, the factors that determine the initial response measures are the physical and toxicological characteristics of the material. First response actions would generally be the same for a pipeline spill of any crude oil because the primary public health and safety issues are the same: (1) the oil's flammability and (2) the presence of benzene and hydrogen sulfide. Likewise, approaches to responding, containing and cleaning up a pipeline oil spill are the same regardless of how the crude oil is produced (conventional or non-conventional production). ExxonMobil and its oil spill response contractors stock a variety of response tools, materials and equipment and are trained to address spilled oils based on their physical and toxicological characteristics. In this incident, the Wabasca Heavy that was spilled at Mayflower floated because it had a specific gravity less than that of water. ExxonMobil has been using a variety of techniques to clean up land and water sources impacted by the Mayflower spill including: containment and recovery using booms and skimmers, vacuum trucks, physical removal (wiping) of vegetation and substrates using sorbent materials, removal or excavation of contaminated debris, vegetation and soil, and washing of impacted areas.

Oil Spill Liability Trust Fund

ExxonMobil Pipeline Company has committed to paying for the costs of cleanup and all valid claims related to the Mayflower incident. To the extent the Oil Spill Liability Trust Fund expends money in response to valid claims for cleanup costs, we expect that the Coast Guard, as the administrator of the Fund, will send EMPCo an invoice for those costs. Assuming they are appropriately supported, EMPCo will pay them.

The IRS Technical Advice Memorandum you cite has no clear definition of oil that is exempt from tax under the Oil Spill Liability Trust Fund excise tax law. Nevertheless, ExxonMobil paid the tax on the Wabasca Heavy crude oil spilled in Mayflower, Arkansas, and that tax was imposed when the oil was imported into the United States. The detailed historical information that you requested on Canadian crude oil imports and tax payments is not readily available.

Timeline of Events and Shutdown of the Pegasus Pipeline

For many leak detection and shutdown scenarios, there is a common sequence: leak occurrence; followed by first detection; followed by validation of the existence of a possible leak; followed by the initiation and completion of a shutdown sequence. While this sequence is occurring, efforts are initiated to confirm the leak by observation in the field. As ExxonMobil has consistently stated, at 2:37 pm CDT on March 29, 2013, a low pressure alarm was received at EMPCo's Operations Control Center (OCC) in Houston. This was immediately followed by additional alarms. Prior to the first alarm, there was no indication of any operating issue at any time earlier in the day as the pipeline had been operating normally with all pressures and flow rates within normal operating parameters. The low pressure alarm was the first indication EMPCo received about a potential issue along the pipeline. Based upon the time it takes for sensors on the pipeline to detect the pressure loss and transmit a signal to the OCC, the loss of pressure, i.e. the leak, likely began 5 to 10 seconds before the first alarm was triggered in the OCC.

Within approximately 90 seconds after receiving the first alarm, the OCC controller for the Pegasus Pipeline took steps to validate that the alarms reflected a real event, concluded that the event was a significant pipeline operational issue, recognized the procedures she was trained to implement in response to such an event and began initiation of a shutdown of the pipeline. By 2:52:57 pm CDT, the OCC had shut down all pumps along the entire length of the pipeline (16 in total) and isolated the section of the pipeline where the leak was located by closing mainline valves upstream and downstream of the rupture site. In sum, EMPCo detected the loss of pressure, validated the existence of a possible leak, and shut down and completely isolated the affected segment in 16 minutes from the rupture time.

During the course of the shutdown sequence a telephone call from a Mayflower resident was received on the OCC emergency line advising of a crude oil release in Mayflower. At approximately the same time, an employee from EMPCo's Pegasus Conway Pump Station just northeast of Conway, Arkansas received a separate call from a Mayflower resident advising of a crude oil release. That employee was dispatched to Mayflower to investigate the report and confirm there was a leak from the Pegasus pipeline. The Mayflower Police Department and Fire Department were already present at the release site in Mayflower when the EMPCo employee arrived on scene between 3:15 and 3:20 pm CDT. Upon arrival, the EMPCo employee confirmed the leak was from the Pegasus pipeline and that time should be the leak discovery time on the National Response Center reports for this incident.

Any suggestion that EMPCo's detection and shutdown efforts were untimely or inconsistent with its Emergency Response Plan is simply incorrect. The June 2009 Emergency Response Plan referenced in your letter (June 2009 - Revision 9) is not the current version of Emergency Response Plan for the Corsicana Response Zone. The February 2013 - Revision 12 Emergency Response Plan is the current version of the plan. It was provided to PHMSA on March 8, 2013. That plan provides a Worst Case Discharge estimated maximum detection time of 0.05 hours (3 minutes) and a shutdown time of 0.25 hours (15 minutes), for a total estimated time of 18 minutes to detect and

shut down the segment involved in the Worst Case Discharge calculation. EMPCo detected the Mayflower leak, shut down the pumps, and isolated the affected pipe segment 2 minutes faster than the plan estimate. However, it should be noted that any discussion of the Worst Case Discharge estimates must acknowledge that such estimates are neither designed nor intended to provide maximum detection and response times for every potential failure scenario along a pipeline system. The Worst Case Discharge calculation for the Corsicana Response Zone was based upon a failure of a pipeline segment between the Strawberry, Arkansas pump station and the Conway, Arkansas pump station. It was not calculated based upon a discharge in the segment of the pipeline that failed near Mayflower.

Response to Additional Questions

Your letter posed two additional questions regarding impact of the spill and the OPFLEX Product.

A portion of the crude oil released on March 29th migrated to an area of a cove south of Lake Conway, Arkansas. Response efforts resulted in an array of absorbent boom being laid to protect the open waters of the cove, and a dam was constructed on the culverts between the cove and the main body of Lake Conway. Water sampling has confirmed that the main body of Lake Conway and Palarm Creek remain free from impacts caused by the crude oil release. There has been no impact on Mayflower's drinking water supply which is sourced from Greer's Ferry Lake, located approximately 65 miles northeast of Mayflower

Upon request of a vendor, a field demonstration of the OPFLEX product was conducted for ExxonMobil within the first week of the response. The OPFLEX sorbents were compared with the oleophilic sorbents already being used in the response and were found to perform similarly for the oil being collected at the site. As sufficient sorbents were on-hand and additional quantities were en-route, it was determined that, for this response, the OPFLEX product was not required. ExxonMobil conducts research and development in-house and works with vendors developing and testing new technologies for cleaning up all types of oil.

Sincerely,

A handwritten signature in black ink that reads "Theresa Fariello" with a small "Jan" written below the name.

Theresa M. Fariello