

API/AOPL PIPELINE SMS CONFORMANCE WORKSHOP

PIPELINE SMS: It's A JOURNEY, NOT A DESTINATION

JUNE 13, 2017 • HOUSTON, TEXAS

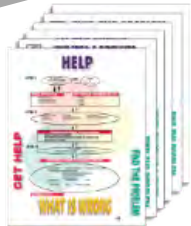
SHAWN M. LYON, VICE PRESIDENT OPERATIONS
MARATHON PIPE LINE LLC (MPL)



Pipeline SMS
GROUP

MPL's JOURNEY

WE'VE ONLY JUST BEGUN



2000
Stop-Help-Start
Process



2001
Operational
Excellence



2005
MPL
Management
System
Standard



2009
MPL Responsible
Care® Certification



2012
Strategic Plan
Focus 2020



2014
Operational
Excellence 2.0



2015
Pipeline
Safety
Management
System



OPERATIONAL EXCELLENCE
Management System

2016
Operational
Excellence
Management
System

*It's how we run
our business*



LEARNING FROM EXPERIENCE

You are not starting over

Keep it simple

It takes a village

Stay humble

Finding the bad is good



YOU ARE NOT STARTING OVER

- Work with **what you have**
- Pipeline SMS is not “one more thing”
- **Just get started**



“Continuous improvement is better than delayed perfection.” - Mark Twain

KEEP IT SIMPLE

- Minimize management system speak
- Provide tools and support
- Don't assume anything

Everyone has a role in applying our Operational Excellence Management System and making it **how we run our business**

The elements are foundational to the way we **design and improve** our processes



IT TAKES A VILLAGE

- Not just Health, Environment, Safety & Security (HES&S)
- Leadership commitment at all levels
- Front-line supervisors are critical

TOP MANAGEMENT

- ✓ Lead
- ✓ Align

MANAGEMENT

- ✓ Reinforce culture
- ✓ Enable performance

EMPLOYEES

- ✓ Follow requirements
- ✓ Deliver performance



STAY HUMBLE

*Not as far
as you think*

REACTIVE

*Minimal
conformance
to RP 1173*

REGRESSIVE

*People
dependent*

PLANNED

*Total
conformance
to RP 1173*

PROACTIVE

*Beyond
conformance
to RP 1173*

**OPERATIONAL
EXCELLENCE**

*Way of
business*

*Not as good
as you think*



FINDING THE BAD IS GOOD

- Continuously checking against performance targets
- Top Management's critical role in Management Review



IT'S A JOURNEY

You are not starting over

Keep it simple

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AFTERNOON BREAKOUT SESSIONS

	Main Room
	TOPIC - OUTLINING SUCCESS / HURDLES / CONCERNS WITH IMPLEMENTATION
2:00 – 2:45	MODERATOR: STEVE FALGOUST (PLAINS) PANELISTS: HEATHER CHAN (MARATHON PIPE LINE) , STEVE FALGOUST (PLAINS), JOHN PACHUTA (ENERGY TRANSFER PARTNERS), JASON TACKETT (EXPLORER) FOCUS: GENERAL
2:55-3:40	
3:50-4:20	PANELISTS: FOCUS : SHARING LESSONS LEARNED AND INTEGRATING LEARNINGS INTO YOUR COMPANY



API/AOPL PIPELINE SMS IMPLEMENTATION TEAM

LIQUIDS PIPELINE SMS CONFORMANCE WORKSHOP

**Breakout Session: Outlining Success /
Hurdles / Concerns with Implementation**

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BREAKOUT TEAM

- Moderator: Steve Falgoust, VP, Operations Management System, Plains All American
- Panelists:
 - Steve Falgoust, VP Operations Management System, Plains All American
 - Heather Chan, Management Systems Coordinator, Marathon Pipe Line
 - John Pachuta, Principal Engineer, Energy Transfer Partners
 - Jason Tackett, Health, Safety & Environmental Manager, Explorer



PLAINS ALL AMERICAN – INTRODUCTION

- **Company Basics:**

- Publicly traded master limited partnership, IPO 1998
- Expanded through numerous acquisitions and construction projects
- Pipelines (active miles): 20,000+ miles
- Liquids storage: 80 million barrels
- NGL storage: 32 million barrels
- Crude and NGL volumes: 4.5+ million barrels per day
- Operating locations: 48 U.S. states and 8 Canadian provinces

- **Steve Falgoust – my roles**

- Vice President, OMS ... previously Vice President, Asset Integrity
- Member of our Operations Leadership Team (OLT) and Operations Management Team (OMT)
- Sub-Element Owner for Risk Management, Assurance, Performance Management, and Management Review



PLAINS ALL AMERICAN – IMPLEMENTATION

- **Implementation Status**

- 2015: PSMS membership; element and sub-element responsibilities
- 2016: OMS Requirements, sub-element assessments, operational area assessments, sub-element improvement plans, first management review

- **Successes:**

- Leadership commitment and governance structure
- Build a foundation and continuous improvement



PLAINS ALL AMERICAN – CHALLENGES

- **Hurdles:**

- Requirements (clarified expectation & simplified format from feedback)
- Management Team Functionality/Maturity (collaboration, avoid creating new silos, the way we operate)
- Integrating Two-Way Communications

- **Concerns:**

- Managing Impact on Resources throughout the Organization (competing initiatives and “do more with less”)



MARATHON PIPE LINE – INTRODUCTION

- **Company Basics:**

- **> 6,000 miles** of pipeline in **14 states**
- **199** aboveground storage tanks at **35 U.S. locations**
- **11** active storage caverns at **3** cavern facilities
- www.marathonpipeline.com



HEATHER CHAN— INTRODUCTION



- **Management Systems Coordinator**

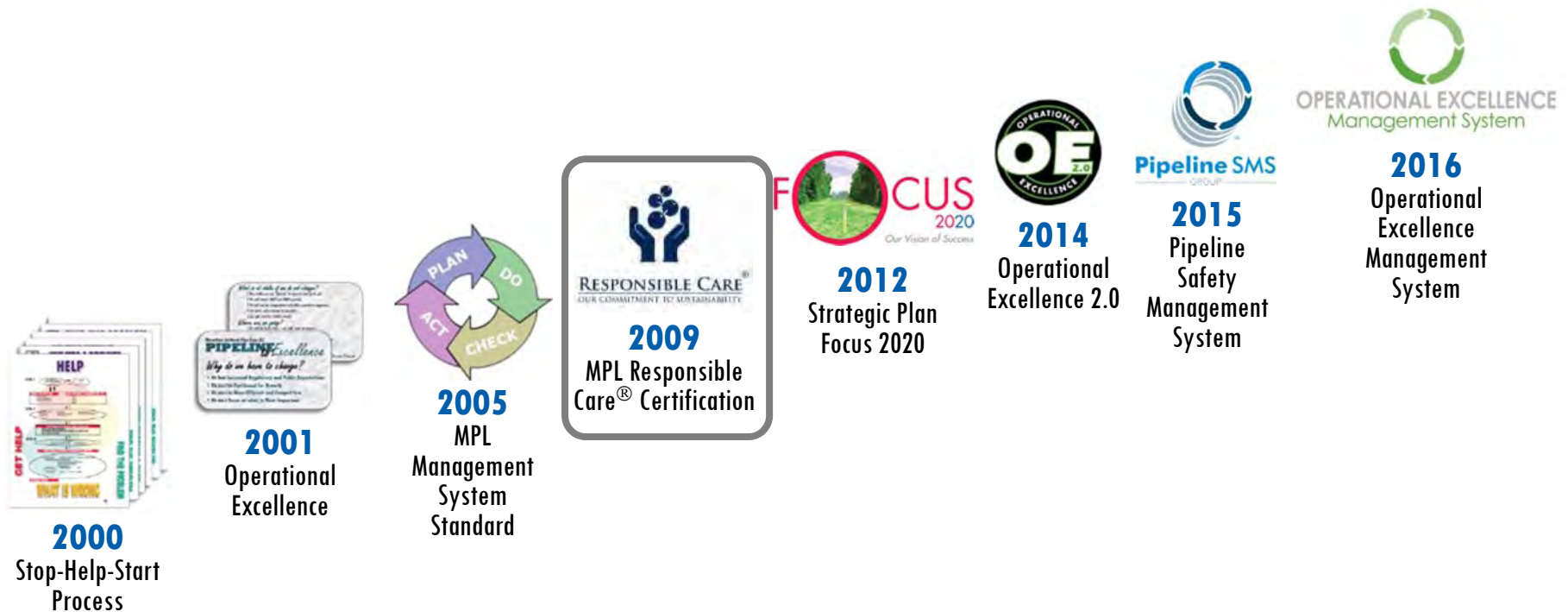
- Process identification and support
- Management systems audits

- **(Sub) Element Owner**

- Policy
- Compliance & Other Requirements
- Leadership Responsibilities
- Making Performance Improvement Routine
- Evaluations
- Management Review
- Continual Improvement



MPL's JOURNEY



CONFORMANCE \neq “HOW WE RUN OUR BUSINESS”

	CONFORMANCE	OPERATIONAL EXCELLENCE
GOAL	Pass the conformance audit	Continual performance improvement
INDICATORS	<ul style="list-style-type: none">• Silo'd communications and responsibilities• Uncoordinated data collection and use• Ad-hoc processes and improvements	<ul style="list-style-type: none">• Way of life• Improvement-focused• Self-regulating• Data improves decision making• All processes work towards continual improvement



MPL IS STILL HERE

SUCCESSES FOR ENERGY TRANSFER TO BUILD UPON

- A Company Vision for Conducting Operations, Maintenance, and Construction Activities with ZERO Incidents
- A Demonstrated Commitment from Upper Management for Continuous Improvement
- Creation of the Framework for the Company Safety Management System Program



CHALLENGES FOR ENERGY TRANSFER

- **#1 Challenge - Assimilation of Employees from the Combined Companies into One Culture**
 - Identify the Best Individuals for the SMS Program Management Team and Provide the Resources for Success
 - Identify the Key Stakeholders and Subject Matter Experts for the Element Teams
- **Locate all Existing Procedures and Standards to Complete a Comprehensive Baseline Assessment**
- **Keep Participants Motivated, Even when Impediments Surface**



ENERGY TRANSFER'S CONCERNS WITH IMPLEMENTATION

- Stakeholders Must Buy-In to Change
- Implementation Schedules Must be Aggressive But Realistic
- Communication Process Must be Sufficient to Properly Train New Employees
- Program Must be Dynamic Enough to Make Adjustments as Business Needs Change or Opportunities Arise



EXPLORER PIPELINE

- ~1800 miles of pipeline
 - 28"/24" line Houston to Chicago
 - 10" line Houston to Arlington
- 650Mbbls/day of Gasoline, Jet, Diesel, and Diluent
- ~230 employees; Headquarters in Tulsa, OK
- Many policies, programs, processes, and procedures in place
- No formal management system in place
- 1 person on SMS team has experience implementing SMS



EXPLORER'S SMS JOURNEY

- 2013-2015
 - CEO participation on API1173 Development Team
- 2016
 - Preliminary 1173 Gap Analysis
 - Project Scoping; Leadership Review; Introduction Meetings
- 2017
 - Company Strategic Initiative — SMS Formation
- 2018
 - Ongoing Implementation & Continuous Improvement

KEY PROJECT PLAN DELIVERABLES

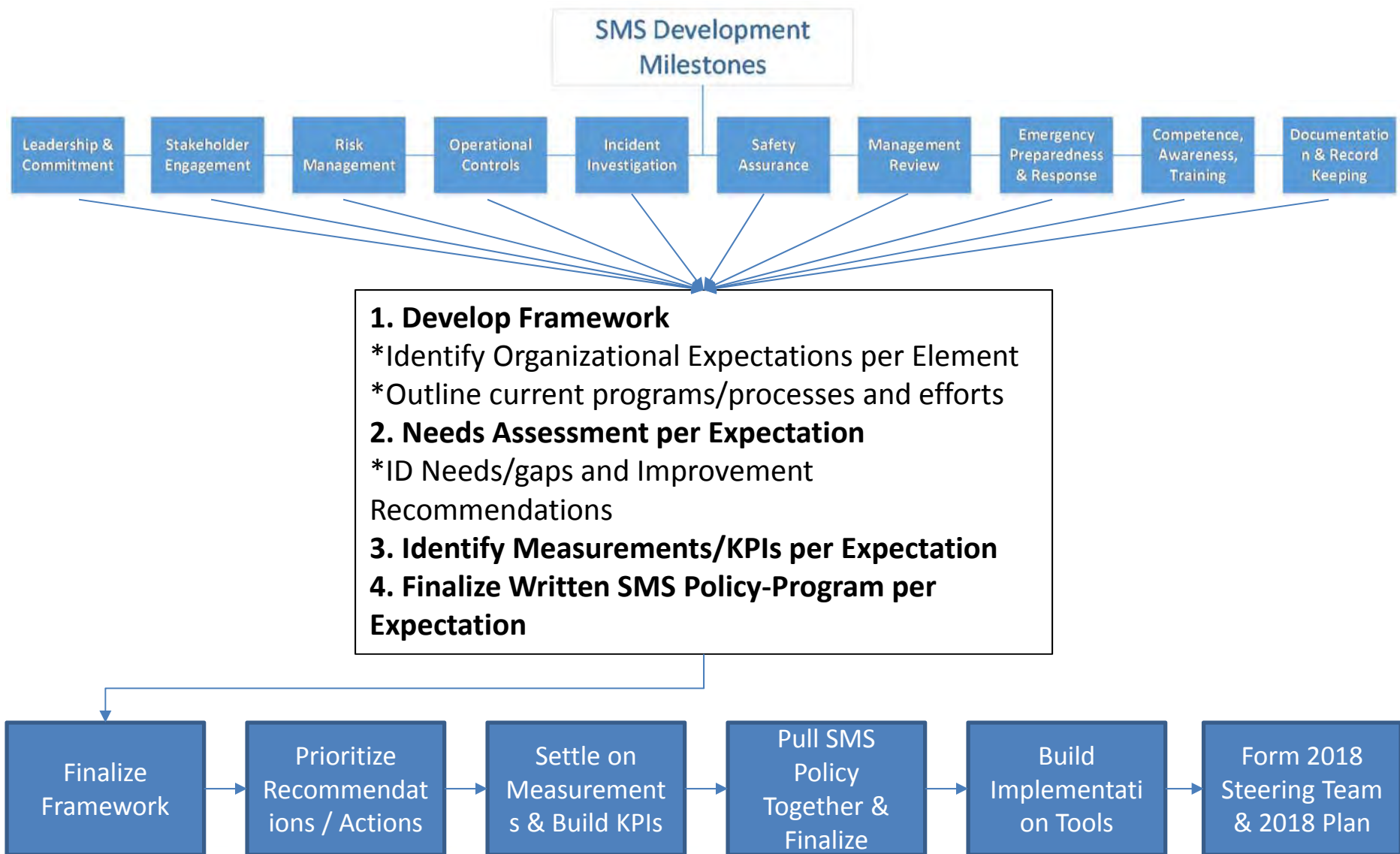
- **Project Plan Highlights**

- Project Charter: deliverables; values; mechanics; vision for success
- Project Plan
 - Deliverables by quarter for easy viewing/understanding by all
 - Detailed project plan with tasks by deliverable and meeting schedule / deliverables for Project Manager

- **Form the Project Team and associated sub-teams**

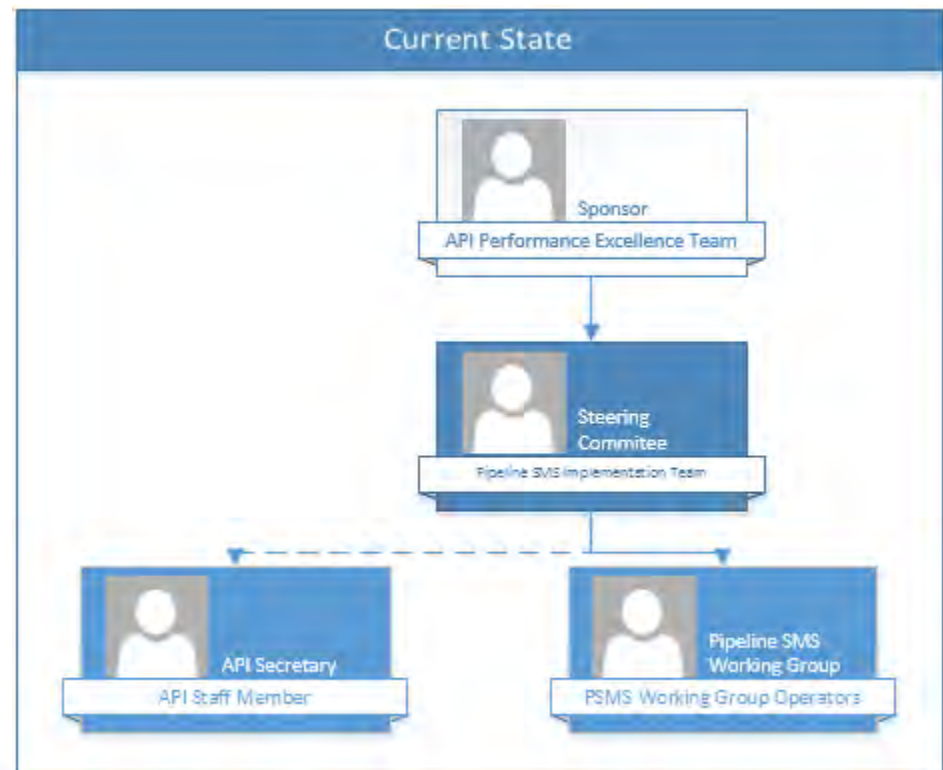
- All Leadership Team Members on the Project Team
- 27% of the Company is on the Project Team or Sub-teams
- All teams and all levels represented
- 31% Field employees





PIPELINE SMS GROUP

- Charter
- Current state/Future state
- Communication plan
- Initial communication



REVIEW AND CLOSING REMARKS



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ABOUT

MORE SYSTEMS

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EVENTS

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www.pipelinesms.org

What is a Pipeline SMS?

[Learn More](#)

Welcome to Pipeline Safety Management Systems (Pipeline SMS)

