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THEFTS FROM INTERSTATE PIPELINES

GOVERNMENT
Storage

HEARING BEFORE THE COMMITTEE ON COMMERCE UNITED STATES SENATE

EIGHTY-NINTH CONGRESS
SECOND SESSION

ON

S. 3433

A BILL TO MAKE IT A CRIMINAL OFFENSE TO STEAL,
EMBEZZLE, OR OTHERWISE UNLAWFULLY TAKE
PROPERTY FROM A PIPELINE

AUGUST 25, 1966

Serial No. 89-77

Printed for the use of the Committee on Commerce

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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1966

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THEFTS FROM INTERSTATE PIPELINES

HEARING
COMMITTEE ON COMMERCE
UNITED STATES SENATE
EIGHTY-NINTH CONGRESS

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REPORT

The following is a summary of the results of the experiments conducted during the past year. The first series of experiments was designed to determine the effect of temperature on the rate of reaction between hydrogen peroxide and potassium iodide. It was found that the rate of reaction increased as the temperature increased. The second series of experiments was designed to determine the effect of concentration on the rate of reaction. It was found that the rate of reaction increased as the concentration of the reactants increased. The third series of experiments was designed to determine the effect of a catalyst on the rate of reaction. It was found that the rate of reaction increased when a catalyst was present.

THEFTS FROM INTERSTATE PIPELINES

THURSDAY, AUGUST 25, 1966

U.S. SENATE,
COMMITTEE ON COMMERCE,
Washington, D.C.

The committee met at 10:15 a.m., in room 5110, New Senate Office Building, Hon. A. S. Mike Monroney presiding.

Senator MONRONEY. The Committee on Commerce begins hearings this morning on S. 3433, a bill to make it a Federal offense to steal, embezzle, or otherwise unlawfully take property from a pipeline. The bill amends section 659 of title 18, United States Code, which makes it a Federal offense to steal goods or chattels moving in interstate commerce from a railroad car, wagon, motortruck, or other vehicle, or from any station, station house, platform or depot, or from any steamboat, vessel, or wharf, or from any aircraft, air terminal, airport, aircraft terminal, or air navigation facility.

This bill would give interstate pipelines the same protection enjoyed by the railroads, motor carriers, water carriers, and air carriers.

Without objection there will be printed in the record at this point a copy of S. 3433 together with the official reports on this legislation from the Department of Justice, the Interstate Commerce Commission, the Federal Power Commission, and the Comptroller General. All reports favor enactment.

(The bill and the official reports follow:)

[S. 3433, 89th Cong., 2d sess.]

A BILL To make it a criminal offense to steal, embezzle, or otherwise unlawfully take property from a pipeline

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first paragraph of section 659 of title 18, United States Code, relating to theft, embezzlement, or other unlawful taking from interstate transportation facilities, is amended (1) by inserting before the word "railroad" the word "pipeline," (2) by inserting before the word "station" where it first appears the word "tank," and (3) by striking out the words "or express" and substituting a comma and the words "express, or property".

OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., August 22, 1966.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 3433, a bill to make it a criminal offense to steal, embezzle, or otherwise unlawfully take property from a pipeline.

Section 659 of title 18, United States Code, makes it a Federal offense to steal or unlawfully take money or property moving in interstate commerce.

The first paragraph of section 659 reads as follows:

Staff counsel assigned to this hearing: Donald W. Brodie.

"Whoever embezzles, steals, or unlawfully takes, carries away, or conceals, or by fraud or deception obtains from any railroad car, wagon, motortruck, or other vehicle, or from any station, station house, platform or depot or from any steamboat, vessel, or wharf, or from any aircraft, air terminal, airport, aircraft terminal or air navigation facility with intent to convert to his own use any goods or chattels moving as or which are a part of or which constitute an interstate or foreign shipment of freight or express * * *."

S. 3433 would amend the first paragraph of section 659 by adding "pipeline" and "tank" to the other facilities listed in that paragraph. It would also delete the words "or express" at the end of the paragraph and insert in lieu thereof the words "express, or property".

The words "pipeline" and "tank" may not include all of the facilities intended to be covered by those words. It is suggested that consideration be given to substituting for those terms the words "pipeline system" and "storage tank". It is also suggested that in the interest of clarity the words "express, or property" be changed to "express, or other property".

The eighth paragraph of section 659 provides that in order to establish the interstate or foreign commerce character of any shipment in any prosecution under the section the waybill or shipping document shall be prima facie evidence of the place from which and to which such shipment was made. We are advised that while shipping documents are customarily used in the pipeline industry, crude oil that is delivered to the pipeline for shipment is often commingled with other similar crude during transmission. Any barrel of such commingled oil could not be identified by a specific shipping document, and therefore the interstate or foreign character of the shipment of oil which was unlawfully taken could not be established prima facie by the present provision of paragraph 8 of section 659. We therefore suggest that the following sentence should be added at the end of paragraph 8: "The removal of property from a pipeline system which extends interstate shall be prima facie evidence of the interstate character of the shipment of the property."

It is further suggested that the heading of section 659 be amended to reflect the proposed broader substance of the section.

It is noted that the bill would make only a consummated theft from a pipeline system a crime. It may be advisable to extend the crime to cases of burglary.

This could be accomplished by amending section 2117 of title 18 by (1) striking the comma after the word "vehicle" where it first appears and adding "or of any pipeline system,"; (2) striking the comma after the word "express" and adding "or other property,"; and (3) adding after the word "vehicle" where it second appears "or pipeline system". If section 2117 is amended the heading of that section should also be amended to reflect the expanded scope of the section.

Although the Department of Justice has no information as to the need for this legislation, if it is amended as suggested above we would have no objection to its enactment.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

RAMSEY CLARK,
Deputy Attorney General.

INTERSTATE COMMERCE COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, D.C., August 23, 1966.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

DEAR CHAIRMAN MAGNUSON: This is in response to your request for the Commission's comments on S. 3433, introduced by Senator Monroney, a bill to make it a criminal offense to steal, embezzle, or otherwise unlawfully take property from a pipeline. I am authorized to submit the following comments on behalf of the Committee on Legislation.

Title 18, section 659, of the United States Code, provides that:

"Whoever, embezzles, steals, or unlawfully takes, carries away, or conceals, or by fraud or deception obtains from any railroad car, wagon, motortruck, or other vehicle, or from any station, station house platform or depot or from any steamboat, vessel, or wharf, or from any aircraft, air terminal, airport, aircraft terminal or air navigation facility with intent to convert to his own use any goods or

chattels moving as or which are a part of or which constitute an interstate or foreign shipment of freight or express; or * * * shall in each case be fined not more than \$5,000 or imprisoned not more than ten years, or both; but if the amount of value of such money, baggage, goods or chattels does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both."

S. 3433 would extend this provision to include thefts from pipelines or pipeline facilities. This would give pipelines the same protection now afforded other interstate carriers.

Making it a Federal offense to steal from pipelines or pipeline facilities should be a substantial deterrent to this type of theft. We believe that a decrease in the number of thefts from pipelines should enable pipeline companies to provide better transportation services.

In conclusion, since this proposal would put pipelines on an equal footing with other interstate carriers, we strongly support the enactment of S. 3433.

Sincerely,

COMMITTEE ON LEGISLATION,
JOHN W. BUSH, *Chairman*.
LAURENCE K. WALRATH.
WILLARD DEASON.

FEDERAL POWER COMMISSION,
Washington, D.C., August 24, 1966.

S. 3433, 89th Congress (Monroney).

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to your request of June 2, 1966, the Commission wishes to advise that it does not believe that enactment of the subject bill would have any effect upon its responsibilities. However, it believes that natural gas pipelines should be afforded the same protections as other instrumentalities of interstate commerce, and consequently believes that enactment of S. 3433 would be in the public interest.

Sincerely,

LEE C. WHITE, *Chairman*.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 13, 1966.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of June 2, 1966, requesting our comments on S. 3433 introduced by Senator Monroney. The bill would amend 18 U.S.C. 659 to make it a criminal offense to steal, embezzle, or otherwise unlawfully take property from a pipeline.

The enactment of S. 3433 would not directly affect the functions and operations of our Office. However, the proposed legislation appears to be in the public interest and accordingly, we have no objection to its favorable consideration by your committee.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General
of the United States.

Senator MONRONEY. This morning the committee will hear from the representatives of both oil products and natural gas pipeline companies. Both types of pipelines are within the scope of the bill. These witnesses will detail the growing need for legislation of this nature.

The first witness will be Mr. J. D. Durand, general counsel, Association of Oil Pipelines.

Mr. Durand, we appreciate your coming here this morning. We will be happy to have you come forward and proceed in your own way.

Mr. DURAND. Thank you, Mr. Chairman.

I wonder if it would be acceptable to you if the other four witnesses who are here with me this morning would join me at the table.

Senator MONRONEY. That would be perfectly acceptable.

These are the five witnesses that are listed to be heard?

Mr. DURAND. Yes, sir. And I would also like, if it is agreeable with you, to have Mr. Harris Squire, Service Pipe Line, who is chairman of the association's Federal affairs committee, with us at the table.

Senator MONRONEY. We will be glad to have Mr. Squire.

STATEMENT OF J. D. DURAND, GENERAL COUNSEL, ASSOCIATION OF OIL PIPE LINES, WASHINGTON, D.C.; ACCOMPANIED BY JACK VICKREY, VICE PRESIDENT AND GENERAL COUNSEL, COLONIAL PIPE LINE CO., ATLANTA, GA.; ROBERT E. THOMAS, PRESIDENT, MID-AMERICA PIPE LINE CO., TULSA, OKLA.; W. H. McCOLLOUGH, VICE PRESIDENT, TEXAS EASTERN TRANSMISSION CORP., HOUSTON, TEX.; KENNETH HEADY, ASSISTANT GENERAL COUNSEL, PHILLIPS PETROLEUM CO., BARTLESVILLE, OKLA.; AND HARRIS G. SQUIRE, VICE PRESIDENT, TRAFFIC SERVICE PIPE LINE CO., TULSA, OKLA.

Mr. DURAND. Mr. Chairman, we all have short prepared statements on the bill and perhaps it would be most economical of the committee's time if we simply read our statements and then answered any questions that you might have.

Senator MONRONEY. Yes.

Mr. DURAND. My name is J. D. Durand. I am general counsel of the Association of Oil Pipe Lines, a voluntary, unincorporated association of substantially all of the interstate, common carrier oil pipelines in the United States. Attached to my statement is a list of the 73 member companies which constitute the association.

The association appears before you today in support of S. 3433, which would amend section 659 of title 18, the Criminal Code of the United States, to make it a Federal offense to steal or unlawfully take property from a pipeline. In its present form, section 659 covers thefts from railroads, motor carriers, air carriers, and water carriers. S. 3433 would extend the protection of this section to interstate pipelines.

There are two basic reasons why interstate pipelines should be covered by section 659. First, like the railroads, motor carriers, air carriers, and water carriers, the pipelines are a vital segment of our interstate transportation system.

The interstate oil pipeline network today consists of approximately 210,000 miles of crude and petroleum products lines, serving every State in the Union except Hawaii. As common carriers the oil pipelines have been subject to economic regulation by the ICC since 1906. They are not in the business of buying and selling petroleum or petroleum products but merely transport those commodities as common carriers, in competition with each other and with other modes of transportation.

The oil pipelines are subject to part I of the Interstate Commerce Act. In accordance with these requirements, tariffs must be filed with the Commission before transportation begins, and the rates and charges provided in the tariffs must be just and reasonable. Strict observance by the carrier with tariff provisions is required. The carrier must provide transportation upon reasonable request therefore by shippers, and may not grant unreasonable preference to any shipper or unduly discriminate among shippers. Furthermore, the carriers are required to establish reasonable through rates with other pipeline carriers, and are forbidden to pool traffic, service, or earnings with another carrier except with the specific approval of the Interstate Commerce Commission.

Finally, the pipeline carriers are required to keep their accounts and records in conformity with the uniform system prescribed by the Commission, and they are required to file such periodic reports as the Commission requires.

The oil pipelines are also subject to safety regulation by the ICC. This is the result of a bill which was introduced by Senator Monroney last year, which was favorably reported by the Senate Commerce Committee in July 1965, passed by the Congress shortly thereafter, and approved by the President on July 27, 1965. Pursuant to the mandate of that legislation the ICC is currently preparing safety regulations for the oil pipelines.

While the oil pipelines are specialists in transportation, the volume of crude oil and petroleum products which they transport is so great that they account for over 17 percent of the total intercity movement of all goods, by all kinds of transportation, whether public or private. They are, indeed, a vital part of our interstate transport system and qualify for the same protection which section 659 of the United States Criminal Code extends to the other forms of transportation.

The second reason why the pipelines should receive the protection of section 659 is that their present and future exposure to theft supports this action. There have been a substantial number of thefts of petroleum and petroleum products from the pipeline system in the past. These have occurred generally from taps on the pipeline, or from pumping stations, where the pipeline comes out of the ground and thus is more accessible to a thief.

However, the industry is deeply concerned with its future exposure to theft, particularly in view of the increasing degree to which pipeline operations are becoming automated.

Pipeline pump stations are generally situated from 50 to 100 miles apart along the pipeline system, and many are in very isolated locations. Until the advent of automation it was necessary for a pipeline company to man these stations around the clock. Now, as automation progresses, more and more pump stations are controlled by a master station many miles away.

A study made by the American Petroleum Institute, in 1964, revealed that there were approximately 1,600 pump stations on the pipeline system. At that time about 500 were remotely controlled and completely unattended, except for occasional visits by maintenance personnel. Approximately 500 were partially attended, meaning that a maintenance man, generally living in the vicinity of the station, would be present at the station for a part of the day. In the 2

years which have elapsed from the date of the API study, a substantial number of attended or partially attended stations have been converted to remotely controlled, completely unattended stations.

Since these unmanned, remotely controlled stations are generally located in isolated areas, the temptation to persons of criminal intent is obvious. The exposure of these stations to theft is increased by the fact that in these isolated areas the law enforcement agencies are thinly spread, and generally lack the personnel and means to patrol the stations or to investigate in depth thefts which might occur. I should hasten to add that this is not intended as a criticism of law enforcement in rural areas. I am merely pointing out the fact that the unattended pump stations are generally found far outside the limits of cities or other populous areas where there is police protection in depth.

It is also true that there are a number of jurisdictions where the applicable State or local laws were not formulated to deal with thefts from pipelines and consequently do not provide penalties which are an effective deterrent to pipeline thefts.

For the reasons stated, the association urges that section 659 be amended to extend its protection to the interstate pipeline system. Such an amendment would give the Federal Bureau of Investigation jurisdiction to investigate pipeline thefts and apprehend the guilty parties. The industry does not believe that this amendment would produce a spate of pipeline cases for the FBI. The reputation of the FBI is so excellent that the grant of authority to that agency of jurisdiction over pipeline thefts would certainly be a powerful influence in preventing them.

The Association of Oil Pipe Lines, therefore, strongly supports S. 3433, and urges its approval by the committee.

(The membership list follows:)

MEMBERSHIP LIST OF THE ASSOCIATION OF OIL PIPE LINES,
AUGUST 1, 1966

- The American Oil Company, P.O. Box 6110-A, Chicago, Illinois 60680.
Ashland Pipe Line Co., % Ashland Oil and Refining Company, 1409 Winchester Avenue, Ashland, Kentucky 41101.
Atlantic Pipe Line Company, 260 South Broad Street, Philadelphia, Pa. 19101.
Badger Pipe Line Company, Pioneer Building, Bartlesville, Oklahoma 74003.
Buckeye Pipe Line Company, 30 Rockefeller Plaza, New York, New York 10020.
Butte Pipe Line Company, % Shell Pipe Line Corp., Shell Building, Box 2648, Houston, Texas 77001.
Cenex Pipeline Company, Box "G", St. Paul 1, Minnesota 55101. ☐
Chanslor-Western Oil and Development Company, 1426 Railway Exchange, 80 E. Jackson Boulevard, Chicago, Illinois 60604.
Cherokee Pipe Line Company, % Continental Pipe Line Co., Drawer 1267, Ponca City, Oklahoma 74602.
Cities Service Pipe Line Co., Pioneer Building, Bartlesville, Oklahoma 74003.
Colonial Pipeline Company, 3330 Peachtree Road, N.E., Atlanta 5, Georgia 30326.
Continental Pipe Line Co., Drawer 1267, Ponca City, Oklahoma 74602.
C R A, Inc., Box 7305, Kansas City, Missouri 64116.
The Crown-Rancho Pipe Line Corp., Post Office Box 1759, Houston, Texas 77001.
Dixie Pipe Line Company, 3376 Peachtree Road, N.E., P.O. Box 4673, Atlanta, Georgia 30326.
The Eureka Pipe Line Company, P.O. Drawer 803, Parkersburg, West Va. 26101.
Everglades Pipe Line Company, % Buckeye Pipe Line Company, 30 Rockefeller Plaza, New York, New York 10020.
Four Corners Pipe Line Company, % Shell Pipe Line Corp., Shell Building, Box 2648, Houston, Texas 77001.

- Gulf Refining Company, P.O. Drawer 2100, Houston, Texas 77001.
Humble Pipe Line Company, P.O. Drawer 2220, Houston, Texas 77001.
Jayhawk Pipeline Corporation, P.O. Box 1030, Wichita, Kansas 67201.
Kaneb Pipe Line Company, Box 22146, 3431 West Alabama, Houston, Texas 77027.
Kaw Pipe Line Company, % The Texas Pipe Line Co., P.O. Box 52332, Houston, Texas, 77052.
Lakehead Pipe Line Co., Inc., National Trust Building, Suite 901, 7 King Street East, Toronto 1, Canada.
Laurel Pipe Line Company, P.O. Box 426, Camp Hill, Pennsylvania 17011.
Magnolia Pipe Line Company, P.O. Box 900, Dallas, Texas 75221.
Marathon Oil Company, 539 South Main, Findlay, Ohio 45840.
Michigan-Ohio Pipeline Corp., 600 West Pickard Street, P.O. Box 310, Mt. Pleasant, Mich. 48858.
Marathon Pipe Line Co., 539 South Main Street, Findlay, Ohio 45840.
Mid-America Pipe Line Co., 1437 South Boulder Avenue, Tulsa, Oklahoma 74119.
Mid-Continent Pipe Line Co., Sunray Building, 9th and Detroit Streets, P.O. Box 2039, Tulsa, Oklahoma 74101.
Mid-Valley Pipeline Company, Box 2388, Longview, Texas 75603.
Minnesota Pipe Line Company, First National Bank Building, St. Paul, Minnesota 55101.
National Cooperative Refinery Assn., Box 770, McPherson, Kansas 67460.
National Transit Company, 410 Gateway Center, Pittsburgh, Pa. 15222.
Okan Pipe Line Company, % Warren Petroleum Corp., Box 1589, Tulsa, Oklahoma 74101.
Oklahoma Mississippi River Products Line, Inc., P.O. Box 2139, Tulsa, Oklahoma 74101.
Phillips Petroleum Co., Adams Building, Bartlesville, Oklahoma 74004.
Phillips Pipe Line Company, Bartlesville, Oklahoma 74004.
Northern Natural Gas Products Co., 2223 Dodge Street, Omaha, Nebraska 68102.
Plantation Pipe Line Company, P.O. Box 18616, Atlanta, Georgia 30326.
Platte Pipe Line Company, 106 W. 14th Street, 12th Floor, Kansas City, Missouri 64105.
Portal Pipe Line Company 175 East Fourth Street, St. Paul, Minnesota 55101.
Portland Pipe Line Corp., 335 Forest Avenue, Portland, Maine 04101.
Pure Transportation Company, 200 East Golf Road, Palatine, Illinois 60067
Rock Island Oil and Refining Company, Inc., 321 West Douglas Avenue, Wichita, Kansas 67202.
Chevron Pipe Line Company, P.O. Box 117, Salt Lake City, Utah 84110.
Service Pipe Line Company, P.O. Box 1979, Tulsa, Oklahoma 74101.
The Shamrock Pipe Line Corp., % The Shamrock Oil and Gas Corp., Box 631, Amarillo, Texas 79105.
Shell Pipe Line Corp., Shell Building, Box 2648, Houston, Texas 77001.
Sinclair Pipe Line Company, Sinclair Building, Independence, Kansas 67301.
Skelly Pipe Line Company, Skelly Building, Box 1650, Tulsa, Oklahoma 74101.
Sohio Pipe Line Company, 700 Terminal Tower Building, Cleveland, Ohio 44115.
Southern Pacific Pipe Lines, Inc., Pacific Electric Building, 610 South Main Street, Los Angeles, California 90114.
Standard Oil Co. of California, 225 Bush Street, San Francisco, California 94120.
Standard Oil Company (N.J.) Room 1836, 30 Rockefeller Plaza, New York, New York 10020.
Standard Oil Company (Ohio), Midland Building, Cleveland, Ohio 44115.
Southwestern Transmission Corp., 317 West Broadway, Cushing, Oklahoma 74023.
Sun Pipe Line Company, 1608 Walnut Street, Philadelphia, Pa 19103.
Texaco-Cities Service Pipe Line Co., % The Texas Pipe Line Company, P.O. Box 52332, Houston, Texas 77052.
Texas Eastern Transmission Corp., Texas Eastern Building, P.O. Box 2521 Houston, Texas 77001.
Texas-New Mexico Pipe Line Co., % The Texas Pipe Line Co., P.O. Box 52332, Houston, Texas 77052.
The Texas Pipe Line Company, P.O. Box 52332, Houston, Texas 77052.
The Tide-Water Pipe Company, Ltd., 660 Madison Avenue, New York, New York, 10021.
Trans Mountain Oil Pipe Line Company, 400 East Broadway, Vancouver 10, B.C., Canada.

The Vickers Refining Co., Inc., P.O. Box 2240, Wichita, Kansas 67201.
 Wabash Pipe Line Company, 539 South Main Street, Findlay, Ohio 45840.
 West Shore Pipe Line Company, 910 South Michigan Avenue, Chicago, Illinois 60605.
 West Texas Gulf Pipe Line Co., P.O. Drawer 2100, Houston, Texas 77001.
 Williams Brothers Pipe Line Co., P.O. Drawer 2239, Kansas City, Missouri 64142.
 Wolverine Pipe Line Company, 35th Floor, R.C.A. Building, 30 Rockefeller Plaza, New York, New York 10020.
 Wycoc Pipe Line Company, 910 South Michigan Avenue, Chicago, Illinois 60680.
 Yellowstone Pipe Line Co., % Continental Pipe Line Co., Drawer 1267, Ponca City, Oklahoma 74602.

Senator MONRONEY. Thank you very much for your statement, Mr. Durand, and for the information it contains on this new form of theft.

Does robbery from the pipeline occur generally at the pumping station?

Mr. DURAND. Many of the thefts have occurred there, Senator, because the pipeline comes out of the ground there, the pumping station is generally away from populated areas, and there are valves on the pumps to which a hose can be attached and by which the product can be siphoned off as it moves through the pumping station. It affords a very good opportunity for theft.

There have been a number of cases also where enterprising thieves have actually made taps on a line. This is a rather dangerous way of stealing gasoline or crude oil, because the petroleum is moving through the line under considerable pressure. However, with true American ingenuity, a number of thefts have occurred by a thief welding a sleeve on the line with a valve on it, and then puncturing a hole in the line through the sleeve, and quickly closing the valve and then attaching a hose to that.

Senator MONRONEY. In other words, the valve is attached to the sleeve which is welded to the line before he drills through to open the pipe?

Mr. DURAND. Yes.

Senator MONRONEY. And he can use it more than once then of course.

Mr. DURAND. Yes, sir; he covers it up with ground and uses it as long as he gets away with it.

Senator MONRONEY. And because of automation of these more distantly located pumping stations and valve houses and things of that kind, there is not apt to be any employees of the company there to regulate it or to be observing as to whether the line is being tampered with?

Mr. DURAND. That is correct, sir.

Senator MONRONEY. How would they make a tap, I mean, would it always be this method of welding the sleeve on and the valve and then drilling through to use it?

Mr. DURAND. That is the way that has been described to me, Senator, by a number of pipeline engineers.

Senator MONRONEY. Have the States acted at all in this field of legislation?

Mr. DURAND. No, sir; there are no specific statutes covering this subject.

Senator MONRONEY. Not any at all, by any of the States?

Mr. DURAND. No, sir. There are general criminal statutes which sometimes apply, theft statutes.

Senator MONRONEY. Well, if you steal, it doesn't have to be defined as stealing from a pipeline or stealing oil or gasoline, that would be a crime, to go on someone else's property and steal something of value.

Mr. DURAND. That is correct.

Senator MONRONEY. But the lack of enforcement is the problem you have. And unless there is legislation giving the Federal Government jurisdiction nothing can be done, unless it is clearly defined by statute.

Mr. DURAND. That is correct, sir.

Senator MONRONEY. The FBI of course has jurisdiction over thefts from our banking systems and others.

Mr. DURAND. Yes. Section 659, the section which your bill would amend—

Senator MONRONEY. Gives the FBI that jurisdiction.

Mr. DURAND. That gives the FBI jurisdiction over all other forms of interstate transportation.

Senator MONRONEY. And this would provide that the same enforcement, as well as the same penalties would apply.

Mr. DURAND. That is correct.

Senator MONRONEY. Do you have any studies indicating how many States have legislation similar to that which is presented here?

Mr. DURAND. We do not, sir. I am unaware that there are any. Mr. Squire informs me that there are a few statutes making it an offense to tap a pipeline. There is such a statute in Texas. But these are not common.

Senator MONRONEY. I see. We might be able to save time by going on with the other witnesses and then ask our question of all of you.

Would that be all right?

Senator COTTON. I have to leave for a conference committee, so may I ask one thing at this point?

Senator MONRONEY. Yes.

Senator COTTON. It is just along the line of the chairman's question that brought out your answer about enforcement. It isn't quite clear to me why thefts from a pipeline that runs through many States should be selected for Federal enforcement when the thefts must take place in the individual States.

I am prompted to ask you this question: Any pipeline is under supervision by the company, and you have certain people who are responsible for supervision of so many miles of pipeline, is that true?

Mr. DURAND. Yes. The pipelines are patrolled, sometimes by aerial patrol, by the company for safety purposes.

Senator COTTON. So you do have machinery to at least detect thefts taking place?

Mr. DURAND. Well, the patrol is not for that purpose, Senator Cotton. Actually a number of these thefts have occurred in the nighttime when the line is not being patrolled, or at times when the patrol is not taking place. This patrol is to insure the efficient and safe operation of the line and is not to apprehend criminals.

Senator COTTON. When did you detect that there had been thefts even at nighttime? Was there some evidence left? Doesn't the physical act of tapping the pipeline leave some indication that it has been tapped?

Mr. DURAND. It does, if there is a tap on the line, Senator, and it is discovered, of course there is evidence there. But so far as the line is concerned, frequently the taps are made and then covered with earth and then the thief will return in the night or at other times when no one is about and siphon off gasoline or oil from the line.

I think the problem was pointed up by the fact that more and more pumping stations, where thefts have also occurred, due to automation, are becoming unattended around the clock and are controlled from a master station many miles away. All you have there is an anchor fence which can be scaled and the station can be broken into and there are valves on the pumps in these stations and hoses can be attached and gasoline and other petroleum products can be siphoned off, because there is no one around and they are in very isolated areas, in deep woods or out in the country.

Senator COTTON. I can understand that. The whole point of my question and the whole point of the quandary I find myself in is this: if this bill should be approved by the Congress, does it follow that the Federal Government through its various enforcement agencies is going to take over the policing of the pipelines?

Mr. DURAND. No, sir. The way it would work, Senator, is that if a theft were detected by a pipeline, by one means or another, the information would be conveyed to the FBI, and then the expert services of that agency would be available to investigate how the theft occurred, to attempt to discover who committed the offense, and if they could, arrest him and turn him over to the U.S. district attorney for prosecution.

At the present time in several cases where thefts that have been discovered, the pipeline—because the theft was in a thinly populated area, where the police protection was not in depth, as it is in the city, the pipeline went to the FBI and said, "We are losing gasoline, there are thefts being committed, please help us." The FBI said—

We would like very much to, because we think this is an interstate facility and this product is moving in interstate commerce, but unfortunately under the Criminal Code we can only investigate thefts from railroads, motor carriers, air carriers, and water carriers. We have no authority to assist you. However, if the law were changed, we would be happy to do it.

So that is the reason for this legislation.

Senator COTTON. Well, I think that answers my inquiry. Despite the fact that I think almost all States—and as a prosecuting attorney I have had some experience in my own State, now have State police, rangers, or State patrols, to cover the whole State.

You still feel that the investigation of a theft, after it has taken place, and the machinery of the State constabularies is inadequate to give you sufficient protection?

Mr. DURAND. Certainly that would not be true in all cases, Senator. But it is true in some cases. And this may be partly due to the fact that the State statute is not drawn so that it will provide adequate penalties in the case of theft from pipelines. It is sometimes hard to prove how much gasoline and oil has been stolen. So it is hard to know what your monetary loss is. Therefore we think this Federal statute would help.

The second beneficial effect of it would be if it became known, as it would be, that the FBI had jurisdiction over this type of theft,

that would be a powerful deterrent, without saddling the FBI with a lot of cases.

Senator MONRONEY. This is very interesting and important questioning.

Senator COTTON. I get your point. If someone breaks into my camp on a lake in New Hampshire and steals a television set, it presents no difficulty if you apprehend the thief, to draw an indictment, say what he stole and the value of it and to satisfy the rules of procedure. But if somebody taps a pipeline you just don't know how much he has taken. You don't know whether it is a misdemeanor or a felony. It is difficult to allege it.

Mr. DURAND. That is right, sir.

Senator COTTON. And this bill would take care of that?

Mr. DURAND. It will, sir; yes.

Senator COTTON. In other words, it attaches a particular penalty to tapping a pipeline whether the theft is an ounce or a ton?

Mr. DURAND. The mere tap would be an offense under one section of this bill.

Senator COTTON. I see.

Senator MONRONEY. This can result in a rather significant dollar loss, can it not, to back up at midnight or some time and fill a large tank transport with high test gasoline and take it maybe into another State for bootlegging to filling stations?

Mr. DURAND. Yes, sir; it could run into many thousands of dollars.

Senator MONRONEY. Thousands per theft and it can be repeated in a number of places before the pipeline company would be aware of the fact it is going on?

Mr. DURAND. Yes, sir.

Senator MONRONEY. You have no way of knowing when the tap has been made unless you discover the leak in the pipe or the valve equipment which you detailed earlier?

Mr. DURAND. Yes, sir.

Senator MONRONEY. Do you have any questions, Mr. Dominick, before we proceed with the other witnesses?

Senator DOMINICK. Just a couple, along the same line.

I ask these only because I want to continue the same line of questioning.

Do you have any pattern of where the thefts occur, geographically?

Mr. DURAND. No, sir; I don't think we have a pattern geographically. There is a pattern in that they generally occur at unattended pump stations, or by taps on the line in isolated places. And sometimes from distribution centers. But I don't think you could say that one section of the country is worse than another.

Senator DOMINICK. So all sections of the country are equally affected, as far as you can see?

Mr. DURAND. Yes, sir; wherever there is a pipeline system.

Senator DOMINICK. Do you have any pattern of who is responsible for it? Are they possibly other operators, or are they just plain old common ordinary garden variety crooks?

Mr. DURAND. I know of no pattern. I might ask my associates here if anyone is aware of one. I know of none.

Senator DOMINICK. Did I understand you correctly to say that thefts from railroads, airlines, and water carriers are already subject to FBI investigation?

Mr. DURAND. That is correct, sir.

Senator DOMINICK. What would happen, if we put your industry under the same status by passage of this bill, to the gas pipelines? Do they have that problem?

Mr. DURAND. They are covered by this bill, sir. Their problem, as I understand it, is probably not as great as ours, because it is much more difficult to tap a gas transmission line than an oil transmission line.

Senator DOMINICK. How many cases per year are we dealing with?

Mr. DURAND. You have to divide up these cases, Senator Dominick, as between cases where the theft has occurred and it is known and some effort has been made to apprehend the thief, and cases where thefts have not been discovered for a number of years, because the thief has been so clever that his device has gone undetected.

We have attempted to make a study of thefts from pipelines but we found that it had limited value, because sometimes the companies would report "Well, we have found this sleeve welded on our pipe out in the boondocks and obviously from its condition, it has been there for a number of years and there have been a number of thefts and we don't know how much oil and gasoline we have lost."

It is hard to say that is just one criminal offense. But we have listed these cases that way, because we knew of no other way to list them. Over a period of approximately 10 years there have been 54 thefts from pipelines or pipeline pump stations.

Senator DOMINICK. Are those the ones that have been prosecuted or are those the ones that have been discovered and reported?

Mr. DURAND. They have been discovered and reported. Sometimes there were prosecutions, and in a few cases there were convictions, but more often than not the thief wasn't discovered, or if he was discovered, he was not prosecuted.

So the picture is complicated.

Senator DOMINICK. How many additional FBI personnel, if any, do you think would be required?

Mr. DURAND. We don't think any.

Senator DOMINICK. Without trying to rehash everything that the distinguished Senators from Oklahoma and New Hampshire have already said to you, how can we, for the record, determine that State enforcement and State prosecution is insufficient if, as you say, many of the thefts are not prosecuted, even when the person has been found?

Mr. DURAND. Well, Senator, I meant to indicate that the fact that there are cases where there were no prosecutions doesn't arise from any desire on the part of the pipeline that there not be a prosecution. The local law enforcement officers may feel their case is not sufficiently good, or the statute may not be sufficiently clear in its treatment of the theft, to insure successful prosecution.

One of my associates, Mr. Vickrey, points out in some cases you have a theft in one State and a sale in another, and this leads to a confused jurisdictional situation.

Senator DOMINICK. Your estimate is that there have been 54 cases over 10 years?

Mr. DURAND. There have been 54 known thefts through taps on the pipeline or theft from pump station, which have been reported to the association by its members. But that figure is misleading in that a number of our members said we discovered a tap on our pipe-

line at point X, which had obviously been there for a number of years and we are confident that we have lost a lot of gasoline or a lot of petroleum during those years but we don't know how much—So we don't know what we lost, but we are sure from the dimensions of the tap that it was a substantial amount.

Senator DOMINICK. Do we have any estimate of value on those 54 cases that were reported.

Mr. DURAND. That is difficult, and we erred on the conservative side, but it is on the order of \$300,000 to \$500,000.

Senator DOMINICK. Thank you, Mr. Chairman.

Senator MONRONEY. You have a problem, do you not, in the fact that the portion of the United States Code, 659, which this bill would amend sets the following penalties: \$5,000 and 10 years imprisonment, but if the value of the product does not exceed \$100, the penalty is \$1,000 and 1 year? Wouldn't your difficulty in measuring the losses present problems under this section?

Mr. DURAND. I think we would still have problems. I don't think they would be as serious as the ones we have now. We have to prove our case in any event.

Senator MONRONEY. And the very fact you can make a tap on the line and bury evidence of it at least by covering it with dirt, leads to uncertainty as to how much has actually been taken from a theft or a series of thefts.

Mr. DURAND. We will still have problems; yes, sir.

Senator MONRONEY. You don't expect though if we passed legislation like this that the FBI would assume the full responsibility for safe transport without theft of all of the oil, and oil products that go through the lines?

Mr. DURAND. No, sir.

Senator MONRONEY. It would be like the railroads, the pipelines are going to have to maintain a pretty good surveillance themselves as well?

Mr. DURAND. Yes, sir.

Senator DOMINICK. Could I ask one more question?

Senator MONRONEY. Yes.

Senator DOMINICK. Don't you have metering devices at each of the pumping stations to determine how much oil or gas has gone by?

Mr. DURAND. I would like to ask one of my associates to answer that.

Mr. VICKREY. My name is Jack Vickrey, Colonial Pipe Line Co.

Yes, there are metering facilities at points of interchange, where they go through stations or reduce from one size line to another, or for some reason or other go into a tank or out of a tank. But those devices are not sufficiently sophisticated in a large pipeline to detect amounts as small as might be stolen. For instance, on the Colonial Pipeline system we have a minimum batch of 75,000 barrels, moving through a 36-inch line at 5 miles per hour, and you can steal a substantial amount of gasoline from a tap and we would have very much difficulty in detecting it. The meter would be off a small amount, and that would take care, probably, of the amount of the theft.

Another problem is that, like in our system, the products originate on the front end of the line, around the Houston area. We have over a hundred delivery points up and down the line. And it is not until

you make the final delivery that you calculate the total amount that might be missing. And there is always some variation.

From a practical standpoint, it is impossible to detect a small amount of loss at any particular point on a large system.

Senator DOMINICK. Well, I won't go into how small is small and how large is large. But I would think that part of the problem that we have been talking about here is the ability of the pipelines to be able to determine where the leak is and whether or not it is due to a sleeve, due to a break in the pipe, or whether it is due to some kind of osmosis of another kind, that the oil gets out of the line. You have these metering devices on gas pipelines and you have them on electric current and you have them on water.

Mr. VICKREY. The metering devices on the products pipeline are probably as sophisticated as any metering devices known, but if you are moving, as we are in the Colonial system, 800,000 barrels a day, right now our current movement is 760,000 barrels a day, and that is moving at 5 miles an hour continuous flow through the system, continuously, never stopping, you would have to have a very fine meter to detect say the theft of 1,000 barrels of gasoline at some points on the line.

Senator DOMINICK. Thank you, Mr. Vickrey.

Senator MONRONEY. Thank you, Senator Dominick.

May we hear from the other witnesses and then we will proceed with any other questions we might have?

Mr. DURAND. Our next witness is Mr. Jack Vickrey, Colonial Pipeline.

Senator MONRONEY. He is vice president and general counsel, Colonial Pipeline, Atlanta, Ga.?

Mr. VICKREY. Yes, sir.

Senator MONRONEY. We are happy to have you here, Mr. Vickrey.

Mr. VICKREY. Thank you. Colonial Pipeline Co. is a Delaware corporation which owns and operates a petroleum products pipeline extending from Houston, Tex., to the New York Harbor area. The Colonial system consists of 1,531 miles of trunkline, ranging from 36 to 30 inches in diameter, and 1,315 miles of lateral lines, and is presently capable of transporting about 800,000 barrels per day of gasoline, kerosene, home heating oil, diesel fuel and jet fuels from five input points on the Gulf coast to 164 delivery terminals throughout the south and eastern seaboard. Colonial has in its custody at all times about \$70 million worth of petroleum products belong to its shippers. Colonial is a wholly interstate common carrier subject to part I of the Interstate Commerce Act and regulated by the Interstate Commerce Commission.

The Colonial Pipeline system is highly automated, and has a number of pumping stations on the main line which are unattended at night. One such station is located at Bremen, Ga., some 35 miles southwest of Atlanta. This station has an operator who works a day shift, but no one works at night. The Bremen station is enclosed by a tall chain-link fence with a locked gate, and is lighted by floodlights.

On Saturday, October 23, 1965, at about 2 a.m., two Colonial employees went to the Bremen station to check on some product movements. They discovered two men inside the fence loading gasoline into a large truck containing three 560-gallon tanks, by means of a hose connected to a valve on the 36-inch main line. The two men

escaped through the open gate into the darkness, leaving the truck behind. The Colonial employees reported the theft to the Bremen Police Department, who obtained some bloodhounds from a nearby State prison camp, and tracked down and arrested a man hiding in the woods. He said he was possum hunting. The Federal Bureau of Investigation was notified of the theft, but after a preliminary investigation, they withdrew from the case because the U.S. attorney gave them an opinion that the thefts from interstate shipments statute (18 U.S.C.A. sec. 659) did not apply to pipelines and there was no Federal jurisdiction.

Colonial also notified the sheriff of Haralson County, Ga., the Georgia Motor Fuel Tax Office, the Georgia Bureau of Investigation, and employed a firm of private investigators to investigate the thefts.

The facts developed by these various investigative agencies revealed that the thefts from Colonial's Bremen station had continued on a regular basis for more than a year. Four or more men, who were also in the business of running moonshine whiskey, had been using two tank trucks and had been selling the gasoline at discount prices to several service stations in Georgia and Alabama. The thieves had obtained a key to the gate through an employee of one of the contractors who built the station. Their practice was to enter the station at night by unlocking the gate, and two men could fill the tanks on their truck in about 7 minutes. Another man in a pickup truck watched the road entering the station, and they maintained communication by means of walkie-talkie radios, one of which was found on the abandoned truck.

At the time of the thefts, Colonial was moving approximately 750,000 barrels per day of petroleum products through the main line at Bremen station at a speed of about 5 miles per hour, and because of the large volumes being moved through the line, it was impossible for Colonial to detect or calculate the losses at this particular station, but Colonial undoubtedly lost several thousand barrels of products over the year's period.

This is the only actual theft on Colonial's system which has been in operation about 2 years, so far as we know, but during the construction stage Colonial unearthed a 2-inch valve which had been tapped on its 32-inch main line just north of Greensboro, N.C., by some enterprising thief.

I worked several years as a special agent of the FBI and I am convinced that if the FBI could have continued on this case the culprits would have been apprehended and brought to justice.

The sheriff's office of Haralson County has sole jurisdiction over the Bremen theft, since our station is located outside the city limits. After a brief investigation, the sheriff's office released the prisoner, and no prosecutions are expected. The Georgia Motor Fuel Tax Office and the Georgia Bureau of Investigation made a diligent effort to uncover tax violations on the gasoline sales, but as yet have not obtained sufficient tangible evidence for a prosecution. Their investigation was made more difficult by the fact that the thefts and sales of the stolen products involved many people in several States.

As Mr. Durand pointed out, today there are over 200,000 miles of crude oil and petroleum products pipelines in the United States, which move three-fourths of the crude oil and one-fourth of all petroleum products in this country; about 17 percent of all intercity

freight in this country moves through these pipelines. We believe there is as much reason for the Federal Government to protect interstate pipeline shipments as there is to protect interstate shipments by rail, airline, motor vehicle, bus or water vessel. Actually, pipelines are far more vulnerable to thievery than other types of carriers because of the impossibility of constantly patrolling a 200,000-mile pipeline network.

In my opinion, the Federal Bureau of Investigation is the only agency that can properly investigate and handle interstate thefts of this kind, and Colonial Pipeline Co. fully supports S. 3433.

Senator MONRONEY. Thank you very much, Mr. Vickrey, for your statement. Did you wish to ask any questions now, or do you want to go on to the other witnesses first?

Senator DOMINICK. I will wait until later.

Senator MONRONEY. The next witness is Mr. Robert E. Thomas, president of the Mid-America Pipeline Co., Tulsa, Okla. We are happy to have your statement, Mr. Thomas.

Mr. THOMAS. Thank you.

My name is Robert E. Thomas. I am president of Mid-America Pipeline Co., of Tulsa, Okla. Mid-America is a publicly owned company whose stock is listed on the New York Stock Exchange. Among other business activities, Mid-America owns and operates a 2,600 mile common carrier pipeline system for transporting liquefied petroleum gases, in liquid form, from gasoline plants in the Southwest where they are produced to the upper Middle West. I am here today to express our support for S. 3433.

Beginning in early 1963, we experienced a steady loss of product on our Snyder line in west Texas. Our regular aerial patrol found nothing to account for the loss. We then placed the pipeline under careful surveillance by having our personnel actually walk the right-of-way several times. Finally, on November 5, 1963, one of our personnel walking the line discovered an illegal line tap south of Lion Diamond M. gasoline plant. The tap was made with a half-inch pipe and had a small, relatively low-pressure valve attached for ease in removing product from the line. A cover had been made for the tapped area and covered with dirt so that it was impossible to detect it by aerial patrol.

We then called in the Texas Rangers and the local sheriff, who arranged for a detailed surveillance of the area. After 2 weeks, during which no stealing of product was observed, we decided we must remove the tap and return the pipeline to a normal operating condition.

The half-inch valve used in making the line tap was a valve rated for 400 pounds pressure. Operating line pressures at this particular point varied from time to time from 500 pounds to more than 1,000 pounds pressure and this tap was, therefore, a constant menace to anybody nearby. Fortunately, it was located in an unpopulated area.

Any individual attempting the theft of product from a pipeline by making a line tap of this sort would usually not possess the proper type of equipment nor would he have a knowledge of pipeline pressure, flow, and other operating conditions as they might vary from day to day. Our pipeline crews frequently tap one of our lines but this is tapping done under controlled conditions after line pressure has been reduced and the whole job requires a great deal of skill and knowledge.

and some specialized equipment. Only in this way can a line tap be done with safety to company personnel as well as the public. Any person with a knowledge of pipeline operations knows that uncontrolled tapping by unauthorized people could result in serious injury or death, not only to the persons making the tap but also to innocent members of the public who might be affected similarly or whose property might be substantially damaged.

There, of course, is also the question of monetary loss to our company from this theft. We feel that we lost at the time no less than 50,000 gallons of propane, which had an estimated value at retail prices then prevailing of possibly \$4,000.

The Texas Rangers, together with the Texas Tax Commission, did an excellent job of maintaining their search for the parties guilty of this tap. They finally located two men who admitted taking small quantities of propane and selling it to various individuals in the area. These two men were subsequently prosecuted for tax evasion and also for stealing, and were found guilty.

I do feel that the proposed legislation will be beneficial to pipelines and that we are entitled as an industry to have the weight of the Federal Government behind convictions for thefts of this sort. There are many individuals, rightly or wrongly, who continue to have far more fear of the Federal Government than they do of State and local governments and this very fear may in the future, provided this legislation is passed, be instrumental in preventing these thefts, and of course, instrumental in preventing the occurrences of the dangerous conditions which can result from the tapping of relatively high-pressure pipelines with inadequate equipment and inadequate knowledge of the hazards involved.

I strongly recommend favorable action by the committee upon S. 3433.

Senator MONRONEY. Thank you very much, Mr. Thomas. Do you move any of your product on rail transportation, tank car transportation?

Mr. THOMAS. No; we do not.

Senator MONRONEY. I was wondering what the experience was in loss of the product from tank cars which probably are not locked. They just have the ordinary railroad seal, which for decades has furnished protection to shipments moving by rail.

Mr. THOMAS. I have no knowledge on railroad tank car losses. I am sure there must be some, however, there is loss of many other products moving by railroad and I would think that the tank cars wouldn't be exempt from that risk.

Senator MONRONEY. Yes. Our next witness is Mr. W. H. McCollough, vice president, Texas Eastern Transmission Corp., Houston, Tex.

Senator DOMINICK. Mr. Chairman, just one question before Mr. McCollough testifies.

Senator MONRONEY. Yes.

Senator DOMINICK. In the last portion of your statement, Mr. Thomas, you say the passage of the bill would be instrumental in preventing the occurrence of the dangerous conditions which can result from tapping of relatively high-pressure pipelines. Are you saying that this is true solely because the fear of the FBI would cut down the amount that is expected or anticipated to occur in the

future or are you saying that the FBI would be required to do some policing of the pipelines?

Mr. THOMAS. No. I wouldn't think the FBI would be expected to do any policing, Senator Dominick. They would have as much difficulty policing it on an everyday basis as the pipeline company itself does. I do feel that the knowledge, and that knowledge would gradually get around among the common variety of crooks, as you call them, that the Federal Government would take an interest in thefts of this sort and would prosecute, that would by itself be a deterrent to a certain number of these people who might otherwise think it an attractive venture.

Senator DOMINICK. Thank you. I just wanted to clear the record on that.

Senator MONRONEY. It would be possible, would it not, Mr. Thomas, on these isolated pumping stations and other switch points, to post notice that Federal law prohibits the violation of section so and so of the Federal code for the theft of products moving through interstate pipelines.

Mr. THOMAS. I believe the posting of such a notice would be feasible; yes.

Senator MONRONEY. It would be helpful as a sort of an extra guard at least.

Mr. McCollough, we are happy to have you give your statement at this time.

Mr. MCCOLLOUGH. I am William H. McCollough. I am vice president of Texas Eastern Transmission Corp., of Houston, Tex., and general manager of that firm's Products Pipeline Division. This division operates a petroleum products system, including the little big inch pipeline, extending from points of origin on the Texas gulf coast to Chicago, Ill., and other population centers in the upper Midwest, and also extending to points near Philadelphia, Pa., and Albany, N.Y. This system transports a full range of refined petroleum products, including gasoline, kerosene, fuel oil, jet fuel, propane, and butane. The system consists of over 3,200 miles of petroleum products pipelines and numerous delivery terminals and pump stations located in nine States. We operate as a common carrier in interstate commerce, and the division is regulated by the Interstate Commerce Commission.

I support legislation making it a crime to steal from pipelines. It is our belief that such legislation will act as a significant deterrent to illegal acts that have become an increasing problem to petroleum products pipelines.

Since we commenced products pipelining operations about 10 years ago we have experienced small but frequent thefts of petroleum products from our system as a result of what is known in the industry as an illegal "tap" of a line. This "tap" generally consists of a clamp and valve attached to a pipeline through which a hole is drilled into the line. By connecting a hose or pipe to this valve the thief can fill a tank truck or steel drums. Tapping a high-pressure line is a hazardous operation when conducted by persons who are not trained and who do not use the proper equipment.

Since January 1958, there have been at least 11 instances of illegal taps or attempted illegal taps to our lines. Many of these were discovered when the line was damaged in the installation of the tap.

Others were detected under our normal inspection and monitoring procedures. Due to the very large volumes passing the point where the taps are installed, it has been difficult to ascertain the volume of product stolen through these taps. We are certain, however, that over the years tens of thousands of gallons of gasoline have been stolen from us in this manner. Since we are a common carrier we are responsible for losses occurring in our lines and must reimburse our shippers for shortages. Some of this stolen material has undoubtedly found its way into commercial channels and consequently has deprived governmental agencies of motor fuel tax revenue.

Since a pipeline is an "invisible highway," many of the communities along our lines are unfamiliar with our company and the business in which we are engaged. In many areas where we operate there are no company personnel for many miles and no installations above ground. Understandably, in most instances local law enforcement agencies do not have the personnel, training, or the inclination to deal with the problem of pipeline thefts.

An instance occurring in May of this year is typical. A suspect who had been observed hauling barrels in a truck at regular intervals was arrested by a local deputy sheriff who thought the suspect was engaged in moonshining activities. After the arrest he found that the drums contained 275 gallons of gasoline which later proved to be from our pipeline. If the suspect is prosecuted, which appears doubtful, any punishment will be insignificant.

Local laws do not provide sufficient deterrent for this type of crime, particularly when prosecution under such laws that do exist is uncertain. If the theft of goods in interstate commerce running in a pipeline constituted a violation of Federal law, the penalties and certainty of prosecution would be sufficient deterrent to greatly reduce crimes of this type. Since in almost every instance we have discovered the thefts ourselves we do not believe additional personnel or significant time of Federal agencies would be involved in enforcing the legislation.

It is my belief that without Federal legislation the problem of theft from pipelines will greatly increase. In pipelining the trend is toward more unattended automatic facilities, which are inviting targets for theft. To compound the problem, it is our experience that the thefts are being more skillfully conducted by better organized gangs. Recent taps have been made by use of intricate valving and piping with great skill used to reduce chances of detection. A recent tap involved installation of a buried pipeline from the tap to a filling depot many feet off the pipeline right of way.

The problem of theft from pipelines exists, it appears to be increasing, it is difficult to control the situation through local law enforcement agencies and Federal legislation is therefore needed.

Senator MONRONEY. Thank you very much, Mr. McCollough. You mention on page 1 that your transportation system includes gasoline, kerosene, fuel oil, jet fuel, propane, and butane.

Mr. McCOLLUGH. Yes, sir.

Senator MONRONEY. Do you have trouble with several different kinds or are most of the taps on gasoline?

Mr. McCOLLUGH. Most of them have affected gasoline. The lines that have been tapped by and large have been those that are in straight gasoline service. We have lines that we run all of these

products through and we have others that will stay in one product service for a considerable period of time.

Senator MONRONEY. Tapping and attempting to move propane or butane could be very hazardous, could it not, to anyone unfamiliar with it or lacking equipment to move it?

Mr. McCOLLOUGH. Yes, sir; it is a very dangerous operation, if they are not trained to do it.

Senator MONRONEY. In your theft example, Mr. McCollough, you stated that the gasoline proved to be from your pipeline. How did you determine this?

Mr. McCOLLOUGH. When the deputy shook this fellow down, he wanted to know where the gasoline came from, and the fellow took him to our pipeline and showed him where the tap was installed.

Senator MONRONEY. I see. But even then you didn't get a conviction?

Mr. McCOLLOUGH. No, sir. The fellow posted a nominal bond of \$50, something like that, and he hasn't been prosecuted, and I don't think he will be.

Senator MONRONEY. Do you have any questions at this time?

Senator DOMINICK. No.

Senator MONRONEY. Next we have Mr. Kenneth Heady, assistant general counsel, Phillips Petroleum Co., Bartlesville, Okla. We are happy to have you, Mr. Heady.

Mr. HEADY. Thank you Senator. I want to thank you for the opportunity to appear before you and explain our reasons for favoring adoption of the Senate bill, S. 3433. Phillips Petroleum Co. and its subsidiary, Phillips Pipe Line Co., each operate extensive interstate pipeline systems transporting crude oil and petroleum products. This system necessarily requires a large number of pumping stations. Because of the remote location of most of these stations, in recent years we have converted many of them to completely automated or semiautomated stations. As a result, over 75 percent of these stations are operated in such a way that company employees will be on the site only part of the time, usually during daylight hours.

Up to this point we have had relatively little problem with thefts from these pipelines and pumping stations. We had gone for some time without being victimized—at least to our knowledge. But early this month, two men were surprised in the act of taking gasoline at our La Junta, Colo., terminal.

It is the unmanned stations where we anticipate most of our troubles will occur. The longer these automated and semiautomated stations are in operation, the more general and widespread will be the knowledge that they are wholly or partly unattended. We expect our problem of thefts from these stations will increase substantially in the future.

The organized criminal society seems to have its own effective methods of communication. If one element in one area should find that these unattended stations present a good opportunity to get away with a substantial quantity of a salable product with little risk, it won't be very long before we will find the same thing happening at several other points on our system.

The vulnerability of these automated and semiautomated stations to pilfering and theft is compounded by the remote locations of most of them. Out of 69 main line pumping stations, only a half dozen or

so are located close to well-populated areas. None of them is located inside city limits. And as a general rule, it is the fully manned stations which are located in the populated areas. The automated and semi-automated stations, on the other hand, are located in sparsely populated areas, often miles from a community of any kind.

As a result, local authorities are able to provide little if any police protection or assistance. If a theft does occur, in most cases we must depend upon the county authorities of a sparsely populated county which has neither the personnel nor the means to pursue an active investigation.

We believe the existence of a statute making thefts from a pipeline a Federal offense, with the possibility if not the certainty of bringing to bear the extensive investigative forces of the Federal Bureau of Investigation, will in and of itself provide a healthy deterrent to pilfering and thefts from these remote locations. In this respect, these pipelines will have the same type of protection which is presently afforded to other carriers.

I would like to discuss with you also a second type of theft from interstate pipelines. In addition to the crude oil and products pipelines which I have described, Phillips Petroleum Co. also operates a number of natural gasoline extraction plants. Each of these plants is served by an extensive gas gathering system, consisting of a series of gas pipelines extending from the wells to the plants. In most cases, the residue gas remaining after liquid extraction is sold to interstate pipeline companies, and the courts have held that the gas moving through these gathering lines is "in" interstate commerce from the time the gas leaves the well. Our experience with regard to these gas pipelines has been far more discouraging than with the crude oil and products pipelines.

In the last 10 years Phillips Petroleum Co. has uncovered over 30 instances in which gas was being removed secretly and without permission from these gas gathering lines. The fact that these gaslines are operating under high pressure makes tapping them dangerous to the line and to the individual, but the frequency with which such tapping occurs indicates that it is not particularly difficult. Civil remedies, such as injunctions against further tapings, have offered some protection to us, but for a number of reasons these civil remedies do not provide an adequate deterrent.

In two instances, criminal convictions have been obtained under State pipeline tapping statutes, one in Sherman County, Tex., and one in Texas County, Okla. These isolated convictions under local criminal statutes do not mean, however, that local statutes provide adequate protection. Most States have statutes preventing illegal or unauthorized connections with gaslines. These were intended, and are often framed, to apply to unauthorized connections or bypassing of meters on local gas distribution systems. Many of these statutes would probably not be applicable to illegal connections to high-pressure gaslines. In any event, because of the fact that these State statutes were intended to apply in situations in which the quantities would be small, the penalties provided by them are often small, in most cases involving only a misdemeanor. It is doubtful that these local statutes provide any effective deterrent to the type of tapping of gas pipelines which I have described. Our experience would indicate that they have provided no deterrent of any kind.

The taking of gas from pipelines poses even more difficult problems of prevention and apprehension than does the taking from a crude oil or products pipeline. The means of taking is buried completely in the ground. In many instances the illegal tap is made on property owned or occupied by the taker, so that the illegal connection may be accomplished without raising any undue suspicion.

For reasons similar to those stated earlier, local authorities cannot be expected to provide adequate protection and assistance. Also, the nature of the taking of gas and the circumstances under which it is accomplished are apt to result in situations in which local authorities find themselves investigating and perhaps accusing friends and neighbors of long standing. These circumstances are not such as to result in the most intensive efforts of investigation, apprehension, and prosecution.

We, therefore, strongly urge the adoption of the proposed amendment. We believe that the mere existence of a statute which makes the unauthorized taking from an oil or gas pipeline a Federal offense will by itself constitute a wholesome preventive measure. Persons who might be wholly unconcerned about prosecution by local authorities might very well reach a different conclusion if their act could bring them to account before Federal authorities. In those cases where thefts do occur from oil or gas pipelines, the amendment would substantially increase the likelihood of apprehension and punishment of the offenders.

We are grateful for the opportunity to express our views to this committee and we appreciate your attention and interest. We respectfully urge the adoption of this amendment.

Senator MONRONEY. Thank you very much, Mr. Heady for your testimony. You mention in your statement that some of these thefts are by the owners of the land through which the pipeline runs. This would not apply necessarily to the connections with the well on the property, would it? As I understand it, the custom has been to give to the person owning the well whatever gas he cares to use?

Mr. HEADY. The Senator is familiar, of course, with the usual provision of the oil and gas lease, which provides to the lessor the right to use gas free of charge for domestic purposes. This is not the type of situation which we have involved here.

Senator MONRONEY. This is transit through property of the pipeline without any production necessarily there?

Mr. HEADY. Yes, we have had many connections to our gathering systems, in which the gathering line is simply crossing the property under a pipeline right-of-way or easement and the connection is made by tapping to that gathering line.

Senator MONRONEY. But most of your leases already permit the giving of gas free to the owner of the well, or rather to the owner of the land on which the gas well is situated, whatever gas he might need?

Mr. HEADY. The lease does provide generally in terms to the principal dwelling on the lease for inside lights or stoves free gas for that purpose. We have had some instances in which that privilege has been abused, and the line which leads from the well to the principal dwelling has itself been tapped or connected to draw gas from that source. In that instance there is a further effect in the sense that that gas is usually not measured, because the gas for the principal dwelling is usually in relatively small quantities. If the gas is taken

from there it is not measured, the State loses the gross production tax revenues. There is no royalty paid on it and there are additional losses, above just the gas itself.

Senator MONRONEY. Sometimes it is used to pump irrigation wells, is it not?

Mr. HEADY. This is the most common circumstance which we have run into; yes, sir.

Senator MONRONEY. But that would not be a situation if the well supplying the gas is on the farmer's land?

Mr. HEADY. We would view this statute as covering a situation where the gathering line is tapped for the purpose of providing gas for that purpose. There are several companies in the area where we have had this trouble, which are in the business of selling and distributing gas for that purpose. And in many instances the taps made on our lines apparently have been for the purpose of avoiding buying the gas from those companies.

Senator MONRONEY. I see. You feel that legislation in the Federal field would aid the actually policing of this, and that the effect of the thoroughness of the Federal prosecution of these cases in the Federal court would be more effective?

Mr. HEADY. Senator, I am not sure but what the mere fact that it could be a serious offense under Federal law and that the person doing it could be brought to account before Federal authorities would itself provide the deterrent. The mere knowledge that this was a Federal offense I think would in itself operate to cause many of these people to think twice about their acts.

Senator MONRONEY. You feel the skill in building the case, or getting the evidence, even though they were not actually policing the lines, would have a deterrent effect?

Mr. HEADY. Yes; I believe so, very definitely.

Senator MONRONEY. Senator Dominick?

Senator DOMINICK. Mr. Heady, what did you do in La Junta?

Mr. HEADY. In that particular circumstance one of the men was captured. He has been prosecuted. The other man got away and the one who was captured has, at the last of my knowledge, has refused to identify the other man with him. But the one man who was captured has been prosecuted, and—I'm sorry, but I do not know the actual result of that, or whether there has been a final result.

Senator DOMINICK. I am just happy to see the local law enforcement officers were on the ball there anyhow.

Mr. HEADY. Yes. I think all of us are in the position that none of us is in any sense being critical of local law enforcement agencies.

Certainly I must say this, that in the instance of the two criminal convictions which I mentioned, we had the utmost cooperation from the local law enforcement officers, and particularly so in Sherman County, Tex. But I think the circumstances are such that the local enforcement provisions and local enforcement agencies simply find this a situation with which they are not equipped to deal.

Senator DOMINICK. That is all, Mr. Chairman.

Senator MONRONEY. At what point, Mr. Durand, do you think the FBI should act? At the discovery of an individual tap on a line, or when a significant loss of volume has been reported or occurred?

Mr. DURAND. I think it is a little difficult to generalize about that, Senator. May I have Mr. Vickrey answer that?

Mr. VICKREY. The reason I would like to answer that is because I said earlier I spent 3 or 4 years as a special agent in the FBI myself and I am somewhat familiar with their practices, although this is years ago. The FBI, as far as I know, doesn't police anything. They simply receive complaints when they are filed with them, they take a look at the complaint, possibly make a preliminary inquiry. And if they think there is enough substance to it, that it might merit further investigation, they do so. Then when they get the facts, they take it to the U.S. attorney, and present it to him, and he tells them whether or not it is sufficient to take it before a grand jury.

In these cases I would say that probably if you detected the tap you would probably report it to the FBI, and they might do what was necessary to see if they could catch the culprits. Or if you caught someone in the act, as we did in Bremen, they could take and interview—they did actually in this case interview the man before they talked to the U.S. attorney. I am satisfied there were adequate leads in that case. And if they had followed them up with the expertise which they can, they would have made that case, whereas the local deputy sheriffs don't know that much about investigative work. They are limited in their ability to follow these things up, particularly where you have to go to other States for some information. But I have no fear at all that by bringing the pipelines under this law would create any additional burdens on the FBI, and I don't think they would think so. It would only mean we would be treated the same as railroad thefts and other thefts, and if there was sufficient information to justify an investigation, they would do so. But they wouldn't be called upon to police it, nor does this mean that the pipelines would in any way stop their policing activities. Because basically what we have got to do is do everything we can to protect against these thefts, and we do so. But 200,000 miles of pipelines, unattended, is very difficult to police.

Senator MONRONEY. Running hundreds of millions of dollars worth of products each month.

Mr. VICKERY. Yes, sir.

Senator MONRONEY. Therefore, you think the primary advantage in this bill is not necessarily in the penalties, but in the expertise of the FBI investigation and the thoroughness of court action.

Mr. VICKREY. Yes, sir.

Senator MONRONEY. And this you feel would be conducive to correcting a climate that is getting steadily worse?

Mr. VICKREY. I think it would be a deterrent to organized gang activities which they could very well become.

Senator MONRONEY. And the pipeline companies would still have to exercise vigilance through their regular pipeline inspections, aerial flights, and checking in any way possible to discover the losses. You would not expect the FBI to be a policeman on duty, but rather one that would respond to a call when you detect pilferage or thievery from your lines?

Mr. VICKREY. Yes, sir; it would be treated the same as a theft from a railroad car, or a theft from one of the other types of interstate transporting agencies that is covered. And I am sure they would give it the attention that each case deserved.

Senator MONRONEY. Is the industry trying to develop ways of detecting more accurate measuring of the large volumes to allow them to determine exactly how much is being stolen?

Mr. VICKREY. That is right, sir. Even if you have absolutely accurate measuring devices, where you move a product, say over a hundred- or two hundred-mile trip before you take it out of the line, even if you had a large enough theft that you knew something was missing, you wouldn't know exactly where it was on that line. It might take you a long time to find it.

Senator MONRONEY. You might have a leak that goes undetected, I guess, into the ground and not show up from the aerial surveillance; is that correct?

Mr. VICKREY. That is correct.

Senator MONRONEY. Isn't it also a fact that most of the product, if it is gasoline that is being stolen and then sold, would be escaping both the Federal and State taxation? That taxation occurs at the point of sale so that if it is illegally sold it would not be reported; and therefore the gasoline tax for the Federal Interstate Highway System and for the State highway construction would be lost?

Mr. VICKREY. That is true. I understand the Federal Government relies primarily on the State tax agencies to develop that.

Senator MONRONEY. Do you feel that any of this theft is being conducted by organized gangs?

Mr. VICKREY. This was an organized gang in the Bremen area from what information we had. There were at least four men that were known criminals that were in the bootlegging activity. And they had it down to where they had at least two trucks and they had at least three service stations. This we got from confidential informers.

Senator MONRONEY. Their own service station or friends?

Mr. VICKREY. One of the gang members did own a station and the others sold to others. But the information we have gotten on this is not sufficient to merit prosecution, but it is enough to know what is going on.

Senator MONRONEY. Are there enough thefts for you to have a department to inspect lines specifically for taps put on for theft? It would be uneconomic, wouldn't it, in the light of what you know, about the volume of loss?

Mr. VICKREY. Well, if there was sufficient loss in the line at any point to suspect that there was either a leak or was a theft, they would certainly make an effort to uncover it. But the difficulty is that you don't make your final calculations until you make your final deliveries, and 3,000 miles of pipeline is a long area to look for one.

Senator MONRONEY. And there is no way you can even walk the line and be likely to find a valve that has been tapped on, because it would be covered up by dirt or foliage or something?

Mr. VICKREY. That is true.

Senator MONRONEY. Would there be any benefit of having some of the manned stations in the sparsely populated areas to monitor the volume, so you would know what goes in and what goes out, or past these two points?

Mr. VICKREY. Well, actually you take the Colonial system, we batch a minimum of 75,000-barrel batches, but we have a wide range of products from each shipper and they move their own products.

For instance, Gulf, which has three brands of gasoline, the Gulf gasoline would be kept separate from the Texaco gasoline. So one comes right after the other, and the line has to be monitored sufficiently that we know exactly where the beginning point is of the Gulf

gasoline and where it leaves off and some other shippers' gasoline goes in. So it is carefully monitored, and we have got about a \$2 million supervisory system, these mechanical brains, that keep up with all that.

But still, when you are dealing with large volumes like, say, 75,000 barrels, you can see that 100 gallons is not sufficient to make a big noticeable change in your metering.

Senator MONRONEY: I can understand that. It would be very difficult, I would think, to get equipment that could measure down to that many gallons.

Mr. VICKREY. The engineers tell me you can't do it, not today.

Senator MONRONEY. Do you have any questions, Senator Dominick?

Senator DOMINICK. No.

Senator MONRONEY. You recommended that, or you mentioned that the taps often occur at these pumping stations. Is the industry working on any means to make these valves more tamperproof? For example, could they give an electrical signal or some kind of signal that would notify a central office 50 miles distant what was going on, like a burglar alarm?

Mr. VICKREY. Well, we made a check after this theft was discovered. We made a check of all of our unattended stations and took all sorts of protective measures to see that there were no valves that could be connected to and if there were, that you would detect it. But I don't know how you would prevent someone from finding some remote place on your pipeline and digging a hole and getting in there and making a tap and covering it up. It would be absolutely impossible for you to do that, unless your line flyer detected a change in the earth or something like that.

Senator MONRONEY. But they could cut into the line, or drill into the line, at any isolated point. They don't have to cut into the line at a pumping station or a place that is apt to be fenced off. Is that correct?

Mr. VICKREY. Yes, sir.

Senator MONRONEY. There are no valves that they can open, however, at a pumping station?

Mr. VICKREY. This was accidental. This valve had been put there for a special purpose and it happened to fit a regular hose that is connected to a gasoline pump. So it was quite easy. They just connected this and turned it on. That is not the usual situation. But when you have that much products going in and out of all of these stations, there are ways to do it. And if someone has enough knowledge of pipelining, he can do it.

Senator MONRONEY. It could lead, if the practice grew, to where the tap could be left open and dump thousands of gallons of gas a day; could they not?

Mr. VICKREY. Yes, sir; it could be very dangerous. And one interesting thing to me is that on our system, for instance, where we batch different products, they wouldn't have any knowledge of what they were taking out. It might be gasoline, it might be kerosene, it might be aviation gasoline, and they might get some product that they would turn out to be aviation gasoline or it might be kerosene, and there is danger in the use of those products. It is hazardous there.

Senator MONRONEY. Do you batch propane and butane, too?

Mr. VICKREY. No, sir; our line doesn't carry any LPG (liquefied petroleum gases) products. I don't believe you can batch LPG products through the same line you do regular petroleum products.

Mr. McCOLLOUGH. Yes; you can. It is done.

Senator MONRONEY. This could be very dangerous, couldn't it?

Mr. McCOLLOUGH. Yes.

Senator MONRONEY. Mr. Durand, I believe you have seen the comments of the Department of Justice and their recommendations for some amendments. I would like your comment on those.

Mr. DURAND. Yes, Senator; we have seen those. We think that with one exception the recommendations of the Deputy Attorney General would improve and strengthen the bill, and we support the recommendations made by the Department of Justice. The only recommendation that—

Senator MONRONEY. Would you elaborate on those for the purpose of the record? I think we need that for the record.

Mr. DURAND. Yes, sir; I will be happy to.

The first recommendation was that instead of inserting in section 659 merely the word "pipeline," the coverage could be made more comprehensive by inserting the phrase "pipeline system." We agree that that is true, and that that would be a very good improvement to the bill. In other words, "pipeline" might not cover, for example, a scraper trap or some connected facility to the system, where it would be possible to steal gasoline or oil, which should be covered, because it is part of the interstate movement of the product. So we believe that inserting "pipeline system" instead of "pipeline" is desirable.

Senator MONRONEY. And didn't they suggest also storage tanks?

Mr. DURAND. Yes, sir; the bill that the Senator introduced inserts the word "tank," and they recommend "storage tank." That is the only recommendation that gives us a problem. By narrowing down the definition of "tank" to "storage tank," since this is a criminal statute and very strictly construed, it could be concluded that the so-called working tanks were not covered by the word "tank." There are a number of tanks that are merely bulges in the line, so to speak, which are used to reduce pressure or to accumulate a certain amount of product before it goes into the line, and they are called working tanks in the industry. And if you say "storage tank" it might be construed to mean you were excluding those. So, rather than "storage tank," we would recommend that the phrase "tank or storage facility" be substituted. I think it does what the Justice Department has in mind, and it would also take care of the situation I just described.

With that, Mr. Chairman, we would support 100 percent all of the recommendations of the Department of Justice.

Senator MONRONEY. Including the one that extends to any interstate pipeline the fact that robbery from it would be prima facie evidence of the interstate character of the shipments of the property, if the line did go across State lines?

Mr. DURAND. Yes, sir.

Senator MONRONEY. Would this allow you to include the gathering lines, then?

Mr. DURAND. Yes, I think so.

Senator MONRONEY. Because they are engaged in interstate commerce, if they have connection with—

Mr. DURAND. They are part of the system.

Senator MONRONEY. They are part of the system.

Mr. DURAND. In that connection, Mr. Thomas reminds me we should make an additional point, in the discussion of the words "tank or storage facility." With your permission, I would like him to enlarge on that point.

Senator MONRONEY. Yes.

Mr. THOMAS. Senator Monroney, many of the pipelines carrying propane and butane, the liquified petroleum gases, store these products underground in salt formations or in shale formations where they actually mine out the shale and place the product underground. Mid-America has several of these facilities and stores millions of barrels of propane and butane and natural gasoline underground in storage facilities of this type.

We have one facility which happens to be away from one of our terminals where we do store over 400,000 barrels of propane. That is an unattended facility, although it is visited frequently by company personnel.

We are quite anxious that the bill be made clear that it covers underground storage of this type. And it is not only our company that is involved, but there are other pipelines who also carry propane and butane.

Senator MONRONEY. Aren't those pretty well attended, though? In other words, I am wondering how you are going to justify a storage reservoir as interstate transportation.

Mr. THOMAS. One of these is just as much a part of our pipeline system as the pipeline itself. And the reason for having these storage facilities is to be able to handle the tremendous seasonal peak in the wintertime. They are not located at distribution points necessarily; they are simply points on the pipeline where for reasons of suitable geology and so forth, because you can't put one of these underground just wherever you happen to want it, it has to be located where the formation is correct for the storage.

Senator MONRONEY. It has to be airtight?

Mr. THOMAS. It has to be liquid tight and it has to be related to your pumping capacity. And these storages are as much a part of Mid-America's pipeline system for the delivery of these products as is the pipeline itself.

Senator MONRONEY. And they are not built adjacent to the sites where they are used?

Mr. THOMAS. That is correct. And the language we propose is, I hasten to add, broad enough to cover, I am not a lawyer, but "storage facilities" will certainly cover underground storage caverns.

Senator MONRONEY. I see.

Do you have any further comment, Mr. Durand, or any of your witnesses?

Mr. DURAND. No, sir. That concludes our case.

Senator MONRONEY. We appear to have no witnesses in opposition to testify.

We do appreciate your bringing these men who have familiarity with this problem to the committee for these hearings.

The committee will be adjourned and this bill will be considered by the full committee.

Thank you very much.

(Whereupon, at 11:45 a.m., the committee was adjourned.)