



Q. In your consulting practice, what do you see as the top issue for pipeline operators re: midstream sector?

A. In my view there are two main issues, balancing the often conflicting demands placed on them by their myriad of stakeholders, and renewing the work force.

Q. Lets discuss the first one first. Could you provide more details?

A. When I first stated in the business management's concerns were focused on their owners, mostly integrated oil companies in the case of liquid lines, and investors with a utility mind set in the case of natural gas companies. Now customers, landowners, employees, regulators, legislatures, other government officials, environmental, and other special interest groups, increasingly demand their seats at the table as well. Unfortunately, the safety, reliability, and environmental responsibility demands of these stakeholders, are seen as competing with the owner's profit and return expectations. The nymby mentality also makes permitting new facilities and maintaining existing ones more difficult and expensive.

Q. What are operating pipeline companies and the pipeline industry doing to meet these demands?

A. Increased communication is a key strategy. Experience teaches us well informed stakeholders are better prepared to dialogue towards common solutions. Industry associations, INGAA, AOPL, API, AGA, APGA, and others, as well as individual companies, spend more time educating and building relationships than they did even 10 years ago. One great example of increased stakeholder education is the Common Ground Alliance, a broad based collation of those involved with underground utilities. Strikes by excavation equipment are a major cause of pipeline releases. CGA promotes communication regarding underground utilities and has developed really great Best Practice materials with it shares with any interested party.

So, stakeholder education is one response.

Q. What are some other examples of how operating companies are meeting increased stakeholders demands?

A. Asset integrity is critical to safety, reliability, environmental performance, and efficiency – meet those criteria and much of the stakeholder concern goes away. Operators are employing technologies such as, Internal Line Inspection (ILI) devices, Direct Assessment (DA), geospatial mapping of facilities, hazards, and sensitive areas, and risk based approaches in their integrity programs.

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Q. What about work force renewal?

A. Operators are hiring some bright young people but the work force age distribution has a dumb bell shape with concentrations at the lower and upper ends of the curve. Just the last year or so the training part of my practice has really picked up. I take that as a sign operators as well as vendors, contractors, and engineering consulting companies are responding to this need.

Q. Good examples, but what about investors. What advice would you give them?

A. From a pipeline operating company and industry supplier investment standpoint, understanding the industry and the quality of management at the particular company is critical before investing. Investors looking at production and marketing related investments should understand what infrastructure supports their properties. In the MarCellus Shale for example, production was waiting on the export pipeline before it could get to market.

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