

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 31, 2009

Mr. R. C. Thompson
President
LOOP, LLC
P.O. Box 7250
Metairie, LA. 70010-7250

CPF 4-2009-7003M

Dear Mr. Thompson:

On October 15-17, 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code performed a team inspection of LOOP, LLC's procedures for Operations and Maintenance (O&M) in Metairie, LA. This was a follow-up to the March 26-30, 2007, inspection to address issues identified during that time.

LOOP had stated during the 2007 inspection that the corrosion section of their manual was incomplete and being re-written during the first inspection, so the follow-up was to review the new procedures. All previously identified issues from the March inspection were reviewed, and had been corrected prior to this follow-up. During review of the new corrosion procedures section, PHMSA has identified the apparent inadequacies found within LOOP, LLC's procedures, as described below:

1. **§195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**

(c) Maintenance. You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with 195.571.

LOOP's O&M procedure to require maintenance of test lead wires in an appropriate condition must be sufficiently detailed to ensure consistent application or reference the applicable preventive maintenance procedure(s).

2. §195.571 What criteria must I use to determine the adequacy of cathodic protection?

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP0169-96 (incorporated by reference, see Sec. 195.3).

LOOP's O&M procedure to require appropriate criteria for determination of cathodic protection adequacy must be sufficiently detailed to ensure consistent application or reference the applicable procedure(s). During the inspection, Loop presented procedures not referenced by the O&M containing the necessary information to comply with the requirements of the regulations. It was discussed that the O&M must reference this procedure to fulfill the requirements of the regulations.

3. §195.573 What must I do to monitor external corrosion control?

d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under Sec. 195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

LOOP's O&M procedure to require monitoring of external corrosion control of breakout tanks must be sufficiently detailed to ensure consistent application or reference the applicable tank procedure(s). Loop addresses this requirement in their tank procedures but did not reference the tank procedures to the O&M manual.

4. §195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.

(b) You must install one or more insulating devices where electrical isolation of a portion of a pipeline is necessary to facilitate the application of corrosion control.

(c) You must inspect and electrically test each electrical isolation to assure that isolation is adequate.

(d) If you install an insulating device in an area where a combustible atmosphere is reasonable to foresee, you must take precautions to prevent arcing.

(e) If a pipeline is in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or in other areas where it is reasonable to foresee

fault currents or an unusual risk of lightning, you must protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

LOOP's Piping and Construction Guidelines, Section 2.1.1 establishes criteria used for evaluation of electrical isolation devices during maintenance, and the O&M must sufficiently detail this requirement to ensure consistent application or reference the applicable procedure(s) in the O&M.

5. §195.579 What must I do to mitigate internal corrosion?

(a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.

(b) Inhibitors. If you use corrosion inhibitors to mitigate internal corrosion, you must--

(1) Use inhibitors in sufficient quantity to protect the entire part of the pipeline system that the inhibitors are designed to protect;

(2) Use coupons or other monitoring equipment to determine the effectiveness of the inhibitors in mitigating internal corrosion; and

(3) Examine the coupons or other monitoring equipment at least twice each calendar year, but with intervals not exceeding 7 1/2 months.

(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

(d) Breakout tanks. After October 2, 2000, when you install a tank bottom lining in an aboveground breakout tank built to API Specification 12F, API Standard 620, or API Standard 650 (or its predecessor Standard 12C), you must install the lining in accordance with API Recommended Practice 652. However, installation of the lining need not comply with API Recommended Practice 652 on any tank for which you note in the corrosion control procedures established under Sec. 195.402(c)(3) why compliance with all or certain provisions of API Recommended Practice 652 is not necessary for the safety of the tank.

LOOP's O&M procedure to require actions taken to mitigate internal corrosion must be sufficiently detailed to ensure consistent application or reference the applicable preventive maintenance procedure(s). Loop's process was to inject inhibitor and monitor internal corrosion using the vendor's recommended corrosion rates. However, Loop's O&M procedures did not document the vendor's recommended acceptable corrosion rates. It was recommended that LOOP expand their O&M procedures to include these corrosion rates.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 4-2009-7003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

In regard to Items 1 through 5 listed above, LOOP provided finalized documentation via email to PHMSA on November 07, 2008 of various changes made to the O&M Manual and associated procedures. After considering the material provided, PHMSA deemed the modifications adequate, and no further action is required in response to this Notice.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials
Safety Administration