

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 29, 2009

Thomas L. Shaw
President
Louisiana Offshore Oil Port, LLC (LOOP)
111 Veterans Memorial Blvd, Suite 600
Metairie, LA 70005

CPF 4-2009-7004W

Dear Mr. Thomas Shaw:

On November 17-21, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your LOOP pipeline system from the Marine Terminal to the Clovelly Salt Dome storage facility in Galliano, LA.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.589 What corrosion control information do I have to maintain?

(c) You must maintain a record of each analysis, check demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient, detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a), and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

§195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under §195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

During the inspection, LOOP was requested to provide documentation to demonstrate that they are keeping records as required by §195.589(c), exposed pipe inspection reports. This office understands that in 2008, the Fourchon Booster Station Sump Tank was replaced with a new Sump Tank and piping. The construction for the new tank exposed buried pipeline facilities, all jurisdictional to PHMSA. To date this office has not been provided copies of these records.

2. §195.132 Aboveground breakout tank.

- (a) Each aboveground breakout tank must be designed and constructed to withstand the internal pressure produced by the hazardous liquid to be stored therein and any anticipated external loads.**
- (b) For aboveground breakout tank first placed in service after October 2, 2000, compliance with paragraph (a) of this section requires one of the following:**
 - (3) Vertical, cylindrical, welded steel tanks with internal pressures at the tank top approximating atmospheric pressures (i.e., internal vapor space pressures not greater than 2.5 psig (17.2 kPa), or not greater than the pressure developed by the weight of the tank roof) must be designed and constructed in accordance with API Standard 650.**

Breakout tanks 6402 and 6409 were inspected during the site visits. Both tanks were built to API Standard 650, 10th Edition. In API Standard 650, *Welded Steel Tanks for Oil Storage*, § 5.7.5 *Shell Manholes*, § 5.7.5.1 states “*Shell manholes shall conform to Figures 5-7A and 5-7B and Tables 5-3 through 5-5 (or Tables 5-6 through 5-8), but other shapes are permitted by 5.7.1.8. Manhole reinforcing plates or each segment of the plates if they are not made in one piece shall*

be provided with a 6 mm (1/4 in.) diameter telltale hole (for detection of leakage through the interior welds). Each hole shall be located on the horizontal centerline and shall be open to the atmosphere.

It was noted during the inspection that the telltale holes were sealed with 1/4 inch plugs and therefore were not open to the atmosphere.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Louisiana Offshore Oil Port, LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2009-7004W**. 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).

Sincerely,

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