

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 22, 2013

Mr. Thomas Shaw
President
LOOP LLC
137 Northpark Blvd.
Covington, LA 70433

CPF 4-2013-5003W

Dear Mr. Shaw:

On multiple occasions from August 20 through September 27, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code was onsite and inspected your LOOP Offshore Galliano pipeline unit in Cut Off, 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 violation(s) are:

1. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

LOOP LLC did not follow its procedure S-000-HT-1 01 Pressure Testing of Pipelines, Piping Systems, and Aboveground Breakout Tanks Specification, Rev. 2 dated October 9, 2008, Section 8.3-Documentation – Review, Approval, and Records. Section 8.3 requires “A pressure test is

not considered complete or accepted until all results are reviewed and approved by the LOOP Integrity Management Coordinator. This includes all final documentation and reports.”

LOOP LLC installed a drain pipe on a high pressure line before receiving and approving the pressure test report for that piece of pipe, which was tested by a contractor.

2. §195.452 Pipeline integrity management in high consequence areas.

f. (4) Criteria for remedial actions to address integrity issues raised by the assessment methods and information analysis.

LOOP LCC did not follow its procedure, Spec. No.: S-700-NE-101 Geometry Tool In-Line Inspection Survey, Rev. 1 dated October 31, 2011.

Sec. 6.2, 6.3, and 6.4 require the contractor of the ILI Tool to provide a report of the tool’s tolerance validation to LOOP personnel. LOOP LLC did not validate the inspection tool tolerance in their anomalies analysis.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a 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 LOOP 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 4-2013-5003W**. 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