

**NOTICE OF PROBABLE VIOLATION
AND
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

June 19, 2013

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

Dear Mr. Shaw:

CPF 4-2013-5015

From May 13 through 31, 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted a review of an accident which occurred at the LOOP, LLC Clovelly Tank Facility on May 12, 2013, pursuant to Chapter 601 of 49 United States Code. The accident was reported by LOOP LLC to the National Response Center (NRC) in NRC Incident Number 1046897.

As a result of the investigation, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The results of the investigation and probable violation are:

1. §195.406 Maximum operating pressure.

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

On May 12, 2013, LOOP LLC reported an accident involving Tank 6416 at the Clovelly Tank Facility. The accident was generally described as a release of 7.6 barrels of crude oil resulting from a valve closure and overpressure condition during valve maintenance activities.

The PHMSA accident review found that the technician, in performing annual preventive maintenance to verify that flow valve (FV) 6416 was operational prior to the hurricane season, closed FV 6416 while a delivery was being made to Tank 6416 from LOOP's Main Oil Line from the 42-inch inlet

header. The closure of the valve during this maintenance activity caused an overpressure of the line which resulted in the failure of two flexitallic gaskets that were part of an ANSI 150# Flange Pair in the line. The pressure at the time of the failure was 519 psig, as measured by a pressure transmitter approximately 2100 feet from Tank 6416 at the Clovelly Tank Facility Pressure Reducing Station. The maintenance task was being performed using LOOP LLC's procedure titled "Tank Facility Tank Hydraulic Valve TFRHYDVLV Annual PM," revision date 07/25/2012 (maintenance procedure).

PHMSA identified that inadequate controls were in place which allowed the pressure of the piping system between the inlet header and Tank 6416 to exceed 110% of the system's MOP. The maintenance procedure failed to identify the fact that FV 6416 must remain open during tank deliveries to Tank 6416 to ensure that overpressure of the line did not occur. Similarly, the maintenance procedure did not identify that no maintenance of FV 6416 can occur while deliveries are being made to Tank 6416.

Proposed Compliance Order

With respect to Item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to LOOP LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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.

In your correspondence on this matter, please refer to **CPF 4-2013-5015** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

Proposed Compliance Order

Pursuant to 49 United States Code §60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to LOOP LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of LOOP LLC with the pipeline safety regulations:

1. LOOP LLC shall perform a Root Cause Failure Analysis (RCFA) of the accident that occurred on May 12, 2013, and determine any corrective actions that must be carried out to prevent recurrence of similar overpressure events at the Clovelly Tank Facility. The RCFA shall be completed within 90 days following receipt of the Final Order.
2. LOOP LLC shall revise its procedure titled "Tank Facility Tank Hydraulic Valve TFRHYDVLV Annual PM," revision date 07/25/2012, and ensure that adequate controls are in place to prevent overpressure of the system, and ensure safe performance of the maintenance activities. This shall be completed within 30 days of completion of Item 1 of this Compliance Order.
3. LOOP LLC shall implement the corrective actions, if any, identified in Item 1 of this Compliance Order within 30 days of completion of Item 1.
4. LOOP LLC shall provide training to its technicians and Control Room personnel having responsibility for the Clovelly Tank Facility operations to ensure that the revised procedures, any corrective actions identified in the Root Cause Failure Analysis, and Maximum Operating Pressures are understood by the Clovelly Tank Facility operating and maintenance personnel. This shall be completed within 30 days of completion of Items 2 and 3.
5. LOOP LLC must complete and submit all documentation for actions initiated under Items 1 through 4 of this Compliance Order.
6. It is requested (not mandated) that LOOP LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.