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February 22, 2013

Rodrick M. Seeley
Director, Southwest Region
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
8701 South Gessner, Suite 1110
Houston, TX 77074

Subject: **CPF 4-2013-5003W**
Response to Warning Letter

Dear Mr. Seeley:

LOOP LLC provides this letter in response to the Pipeline and Hazardous Materials Safety Administration's (PHMSA) warning letter, CPF 4-2013-5003W dated January 22, 2013. The warning letter addressed items of probable violations resulting from PHMSA's 2012 Standard Inspection of the LOOP LLC Deepwater Port Complex. LOOP understands that a response to the warning letter is not required; however, it is LOOP's practice to provide PHMSA with information regarding the status of probable violations in order to bring closure to the matter.

Please feel free to contact me at (985)276-6282 if you need any additional information or have any further questions regarding this matter.

Sincerely,

CaSandra J. Cooper-Gates

Enclosures (4)

Warning Letter Finding 1:

PHMSA Position
Pertinent Regulation:
49 CFR §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.

Findings:
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 pipeline on a high pressure line before receiving and approving the pressure test report for that piece of pipe, which was tested by a contractor.

LOOP LLC Response:
Following its 2012 Standard Inspection, LOOP supplied PHMSA with inspection and pressure-test records that were generated prior to installation of the referenced drain pipeline. The documents demonstrate that LOOP's designated contractor witnessed, verified, and acknowledged the pressure test prior to installation of the drain pipeline. The documents were not signed by LOOP's Integrity Management Coordinator; however, separate third parties performed the pressure test and verified the component's integrity before the drain pipeline was ever placed into service.

Subsequently, LOOP has updated its procedure S-000-HT-1 01 to require that pressure testing be witnessed by a LOOP project representative as well as verified and reviewed by the LOOP Engineering Department or its technical representative. It has always been LOOP's practice to verify that pipeline components are structurally sound and safe to operate prior to placing them in service.

Warning Letter Finding 2:

PHMSA Position
Pertinent Regulation:
49 CFR §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 informational analysis.

Findings:
LOOP LLC 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.

LOOP LLC Response:
LOOP respectfully disagrees with PHMSA's finding that LOOP did not follow its procedures for geometry tool ILI runs. Prior to utilizing a geometry tool, LOOP performs pre-inspection requirements per LOOP Spec. No.: S-700-NE-101. Section 6.2.4 of that specification states that "The CONTRACTOR shall provide an ILI Tool Performance Specification Report listing the tool's tolerances for LOOP records." Before commencing its 2008 geometry tool run, the contractor supplied LOOP with an ILI Tool Performance Specification Report that listed, among other details, the tool's tolerance for LOOP's records. The report included fact sheets stating the tool's capabilities (See Attachment A).

ILI tools are initially calibrated by the tool vendor under controlled conditions inside of their facility. Prior to introducing a tool into LOOP's pipeline, a field check is performed by a vendor technician to verify the tool's calibration. Results of the 2008 geometry tool run were supplied to LOOP in the ILI vendor's final report. This report revealed no dents (defined as a minimum inside diameter ("ID") reduction, equal to or greater than the evaluation and reporting criteria/threshold of 2% of the pipeline outside diameter ("OD")) were present. A secondary inspection tool, an ultrasonic wall measurement tool, was introduced into the pipeline and reported three (3) geometry features with sensor lift-off no greater than 210 mils (See Attachment B). Although, this tool is not designed to measure pipe geometry deformation features, it has excellent detection and characterization capabilities for geometry features. The data results of this secondary tool provided a high level of confidence in the performance of the geometry tool. For these reasons, LOOP took no additional action in further validating performance of the geometry tool.

ATTACHMENT A

GE
Oil & Gas
PII Pipeline Solutions

CaliPPer Technical Specification

48 Inch

Operational Parameters

Number of Discrete Channels		20	
Minimum Bend Radius		1.5D	
Minimum Clearance -	75% of Nominal OD	914 mm	36.0 in
Bend Radius Classification		1.5D/3D/5D/>5D	
Bend Angle Classification		(+/-) 5 degrees	
Orientation Accuracy		30 degrees	
Odometer System		Two, Measured as 3 impulses per revolution	
Maximum Travel Distance		250 km	155 miles
Minimum Tool Speed:	all samples	>0.2 m/s	>0.66 ft/s
Optimal Tool Speed		1-3 m/s	3.3 - 9.8 ft/s
Maximum Pressure		75 bar	1088 psi
Minimum Temperature		0 C	32 F
Maximum Temperature		60 C	140 F
Battery Capacity, Standard		75 hours	
Battery Capacity, Extended		150 hours	
Media		Liquid - Petroleum base and Water. Gas, acids and toxic materials require applications approval.	
Tool Length		3100 mm	10.2 ft
Tool Weight		510 kg	1125 lbs

Reporting Specifications

		Sensitivity @ 90% POD*	Accuracy @ 85% Confidence
Wall Thickness Changes		0.3%	(+/-) 0.10%
Dents	ID Reduction < 10%	0.5%	(+/-) 0.4%
	ID Reduction > 10%	0.5%	(+/-) 0.6%
Ovalities	ID Reduction < 5%	0.5%	(+/-) 0.4%
	ID Reduction 5 - 10%	0.5%	(+/-) 0.8%
	ID Reduction > 10%	0.5%	(+/-) 1.2%

Location / Distance Accuracy = +/- 1.0%

*POD, Probability of Detection

Revision Date: Aug-2006

COE: # 432, 2880-45 AVE SE, CALGARY, ALBERTA, CANADA T2B 3M1 TEL. 1-403-235-1650 FAX. 1-403-235-3710
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Note: 1) Some individual detection criteria can be changed by modification of relevant tool parameters.
2) The ultrasonic technique can measure wall thickness down to a lower limit. This minimum measurable remaining wall thickness is specified for each particular pipe size and nominal wall thickness.

G2. CaliPPer Defect Detection Capabilities

The CaliPPer tool detects pipeline geometry features as specified below:

		Sensitivity @ 90% POD *	Accuracy @ 85% Confidence
Wall Thickness Changes		0.3%	(+/-) 0.10%
Dents	**ID Reduction < 10%**	0.5%	(+/-) 0.4%
	ID Reduction > 10%	0.5%	(+/-) 0.6%
Ovalities	**ID Reduction < 5%**	0.5%	(+/-) 0.4%
	ID Reduction 5 - 10%	0.5%	(+/-) 0.8%
	ID Reduction > 10%	0.5%	(+/-) 1.2%

Location / Distance Accuracy = +/- 1.0%

*POD, Probability of Detection

The CaliPPer tool specification sheet is provided overleaf.

Metal Loss Clustering Rules

Two Metal loss features are considered to interact if either the axial length is less than 1 inch or the circumferential distance between them is less than 6 times the wall thickness (6T). in such cased the features are considered a single cluster.

CaliPPer

The criteria for features to be evaluated and reported in the pipeline listing are as follows:

Dent:

Minimum ID reduction:	2% OD

Ovality:

Minimum ID reduction	5% OD

Bend:

Minimum turn angle:	5°