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Good morning. I am Tom Shaw, President of the Louisiana Offshore Oil Port (LOOP). LOOP is located in south Louisiana and is the nation's only crude oil Deepwater Port. LOOP operates the largest private storage facility in the US and transports approximately eight percent of the crude oil that moves through our nation's economy. Of this supply, approximately 53% is received from foreign sources and 47% is domestically produced.

Development of the LOOP deepwater port was enabled by Congress' passage of the Deepwater Port Act of 1974. This Act authorized the licensing, construction and operation of deepwater ports in federal waters. To facilitate LOOP's development, the State of Louisiana Department of Transportation and Development authorized the issuance of over $700 million in tax-exempt industrial development bonds supported by the guarantee of LOOP's owners. So even prior to transporting its first barrel of crude oil in 1981, LOOP was considered a key link in the national energy infrastructure and was developed with the support of federal and state agencies.

Initially envisioned as a major point of entry for imported crude oil, LOOP has continually adapted to meet the nation's changing energy needs, and now provides a hub in south Louisiana for the transportation of both domestic and foreign crude oil to refineries across the Gulf Coast and Midwest. As the largest single point of entry for crude oil into the US, LOOP continues to serve as a vital link between this nation's energy supply and its refiners.

LOOP's primary operational assets consist of a Marine Terminal which is 18 miles offshore and in 110 feet of water, a 48 inch oil pipeline that connects the Marine

Terminal to onshore assets, and the Clovelly Hub which is the largest private storage facility in the US with a storage capacity of 70 million barrels.

To date in 2014, LOOP has received an average of 1.2 million barrels per day through its Clovelly Hub into US markets. LOOP's unique position in the market and its accessibility to crude oil producers enables the company to adapt and meet the nation's energy needs based on current and changing market conditions.

Incoming Crude Oil Connections

LOOP receives crude oil from three primary sources: the Marine Terminal, pipelines from offshore domestic production platforms, and the Houston to Houma (Ho-Ho) Pipeline. Since completing construction in 1981, the LOOP Marine Terminal has safely offloaded over 9,200 tankers totaling over 9.8 billion barrels of crude oil. LOOP's Marine Terminal includes three single point mooring buoys at which the world's largest tankers can be offloaded. However, at this same terminal, LOOP is also able to accommodate smaller Jones Act vessels to offload domestic crude oil shipped from various ports across the Gulf Coast, primarily Corpus Christi, Texas.

LOOP also receives crude oil through pipelines from the Mars and Thunder Horse offshore production platforms. These production fields rely on LOOP's salt caverns for flow assurance and to maintain crude grade quality, which in turn enhances the value of these offshore investments. This reliance on LOOP's storage and distribution network makes LOOP a key conduit between Gulf of Mexico producers and domestic refiners.

Finally, LOOP also receives domestic crude oil from Texas at its Marine Terminal and through the Ho-Ho pipeline. Although this pipeline's connectivity to LOOP is still in its infancy, as it was just reversed in October of last year, it already accounts for approximately 10% of the crude oil that is received at LOOP's Clovelly Hub and provides LOOP-connected refiners with a more diverse crude selection to optimize their production.

Distribution to the Nation's Refineries

As LOOP receives varying grades of crude oil from sources throughout the world markets and from domestic production sources, it is positioned with excellent connectivity to refineries throughout the Gulf Coast and the Midwest. Due to the large variety of crude oil types that LOOP is able to receive, segregate and store, it is in a unique position to meet the demands of individual refineries so that they can maximize their efficiency. The Clovelly Hub's average receipt of 1.2 million barrels of crude oil per day plays a vital role in fueling the 2.4 million barrel per day refining capacity in LOOP's distribution network. Direct connections to Louisiana refineries as well as a connection

to the Capline system that transports oil the Midwest make LOOP's Clovelly Hub accessible to a large portion of the nation's total refining capacity.

The Largest Private Crude Oil Storage Facility in the US

LOOP's Clovelly Hub contains both above and below-ground crude oil storage vessels capable of storing up to 70 million barrels of crude oil. Below-ground storage exists in eight underground salt caverns that can hold up to nine million barrels each. In addition to this subsurface storage, the Clovelly Hub also has fifteen above ground storage tanks with a capacity of 600,000 barrels each, for a total of 9 million barrels of storage. Each of these tanks is five stories tall and has a diameter that measures the length of a football field. Storage tanks provide LOOP's shippers the ability to segregate and handle unique grades of crude oil as well as the ability to blend specialty grades to optimize refinery capabilities. As a massive storage facility, the Clovelly Hub is designed to accept large cargoes quickly, and then deliver out ratably to area refineries.

Adaptability of LOOP's Assets

Since becoming operational in 1981, LOOP has evolved to meet the changing market needs of its shippers. Originally, LOOP was designed as a port for offloading the world's largest foreign tankers and storing crude oil in underground storage caverns. However, LOOP has evolved to provide for greater flexibility in both receipts and deliveries.

One of the first changes to LOOP's business model was the connection to Gulf of Mexico production platforms. This provided offshore producers the flow assurance needed for consistent and reliable production, as well as access to a wide array of refiners. As Gulf of Mexico exploration and production continues, LOOP will remain an enticing destination for storage and distribution of domestic crude oil.

With the increase of onshore and offshore domestic production as well as access to diverse foreign oil, LOOP added an above ground tank facility to the Clovelly Hub. The tank facility allows LOOP shippers the ability to bring in smaller batches of specialty or "boutique" crude and protect their unique crude quality. Because crude oil markets will inevitably continue to change, LOOP will proactively adapt to developing trends in order to meet the nation's energy needs.

Reliability and Resiliency

LOOP's position of importance in the nation's oil infrastructure demands resiliency of its facilities and personnel even during natural disasters. Nearly ten years after its occurrence, Hurricane Katrina is still fresh in the minds of Louisiana residents, and LOOP was not immune to its effects. While the impact of the storm was

devastating to the local and regional economy, LOOP demonstrated its resiliency by recovering quickly and maintaining flow assurance to area refineries, ultimately lessening the impact of the disaster to national energy prices. As a point of reference, upon LOOP's restart following Hurricane Katrina, a notable and measurable drop in crude oil prices in the US occurred as refineries were able to receive oil.

This rapid restart following Hurricane Katrina was possible due to the robust facility design and emergency planning, which resulted in minimal physical damage in the aftermath of the storm. To insure its readiness for any type of emergency, LOOP continually reviews and enhances its response plans and contingency options to minimize any disruption in the energy supply chain.

In addition to providing for response and contingency plans, LOOP assesses physical and cyber threats to its assets and operations. In light of its operating capabilities and history, the company is one of very few private facilities that are deemed "Critical Infrastructure." Given this designation, LOOP is extremely fortunate to have developed a longstanding relationship with federal, state and local intelligence and law enforcement agencies. The Company maintains state-of-the-art detection and protection programs. LOOP's physical security is enhanced by operational vessels in the deepwater port, an advanced security surveillance camera system monitored 24-hours a day, digital virtual fencelines around key components of its facilities, armed security guards, and security screenings of all individuals entering its facilities. LOOP also protects its data and control systems by maintaining cutting-edge digital security on all of its servers and shares intelligence on threats with government intelligence agencies.

In the event of a disruption to the nation's crude supply, LOOP's reliability is enhanced by its ability to store large volumes of crude oil. This storage capacity provides LOOP with a short-term buffer to provide flow assurance to its customers Additionally, LOOP's connectivity to multiple refineries and connecting pipelines insures that deliveries will not be cut off in the instance of a disruption in one sector of the market.

While it maintains its position in the crude oil market as a reliable and resilient operation, LOOP also maintains a remarkable environmental record as it has safely transported 99.999999% of the crude oil it has moved since inception. By comparison, the original environmental impact study developed during the permitting of the port concluded that LOOP would release an average of five barrels for every one million barrels it offloads. If that statistic were reality, LOOP would release almost five barrels every day; however, so far this year, LOOP has only released ¾ of a gallon of crude oil. To quote environmental author Jason Theriot in his 2014 book on the impact of American Energy on the Gulf Coast, "[LOOP] created one of the nation's most

environmentally sound and technologically innovative oil projects of the twentieth century."[1]

Looking Into the Future

As LOOP continues to look forward at the nation's crude oil supply and demand trends, it will continue to adapt to meet the needs of its customers and the country. The Quadrennial Energy Review is an excellent conduit for the private and public energy sector to preemptively address potential regulatory hurdles prior to anticipated changes in crude infrastructure needs. An efficient and effective regulatory review process will aid industry in proactively adapting its infrastructure to meet these changing needs. Permitting reviews which take place without undue administrative delays can effectively address public and environmental concerns while simultaneously considering industry timing needs. This cooperative approach can help eliminate regulatory hurdles before opportunities are impacted due to regulatory delays.

LOOP will continue handling varying types of crude oil with its close proximity to Gulf of Mexico production, connectivity to onshore domestic production, and deepwater port access for foreign imports. LOOP's combination of pipeline, marine and inland storage facilities provide a unique link in the nation's critical infrastructure chain to safely and reliably transport large volumes of crude oil. LOOP remains a critical piece of the US crude oil infrastructure, able to adapt to market changes and provide flow assurance to its global clients. Through continued cooperative efforts between private industry and energy policy-makers, changes to infrastructure can be developed to meet the nation's needs into the future.

[1] Theriot, Jason P. *American Energy, Imperiled Coast: Oil and Gas Development in Louisiana's Wetlands*. Baton Rouge: Louisiana State University Press, 2014.