



Cheniere Energy, Inc.
700 Milam Street, Suite 1900
Houston, Texas 77002
phone: 713.375.5000
fax: 713.375.6000

September 7, 2016

Mr. Rod Seeley
U.S. Department of Transportation - PHMSA
8701 South Gessner, Suite 630
Houston, Texas 77074

Dear Mr. Seeley:

Re: Corpus Christi Liquefaction, LLC
Operator ID No. 39501
Notice of Potential Violation and Proposed Civil Penalty CPF 4-2016-3001

On August 15, 2016, Corpus Christi Liquefaction, LLC ("Corpus Christi") received your Notice of Potential Violation and Proposed Civil Penalty CPF 4-2016-3001 ("NOPV") dated August 5, 2016. In the NOPV, the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), Office of Pipeline Safety ("OPS") noted two probable violations of the Pipeline Safety Regulations: Section 191.22(a) OPID Request, and Section 191.22(c)(1)(iii) Construction of a new LNG plant or LNG Facility. In accordance with Section 190.208(a)(1), Corpus Christi is providing a written explanation within 30 days of receipt of the NOPV. Each of the regulatory requirements referenced in the NOPV is reproduced in italics below, followed by an explanation of Corpus Christi's actions taken to address each issue raised.

Section 191.22(a) OPID Request. Effective January 1, 2012, each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must obtain from PHMSA an Operator Identification Number (OPID). An OPID is assigned to an operator for the pipeline or pipeline system for which the operator has primary responsibility.

Corpus Christi is not yet an operator of an LNG facility, as its first LNG terminal is currently under construction. However, recognizing the administrative need for an OPID, on June 27, 2016 Corpus Christi submitted an OPID assignment request and was assigned OPID number 39501.

Section 191.22(c)(1)(iii) Construction of a new LNG plant or LNG facility.

On June 27, 2016, Corpus Christi submitted a start of construction notice of June 1, 2015. This date in 2015 represents the date on which construction equipment was mobilized to the site. In the NOPV, PHMSA stated, "the start date of construction was actually May 13, 2015 which was when [Corpus Christi] issued their Notice to Proceed to their contractor." However, as is often

the case with large construction projects, the commercial notice date precedes the date upon which construction activities actually commence. In the absence of a regulatory definition of start of construction, Corpus Christi maintains that June 1, 2015, is the proper date for start of construction and site preparation activities.

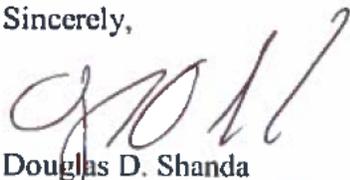
Notably, before site activities commenced on June 1, 2015, Corpus Christi coordinated closely with the PHMSA Engineering and Research Branch on permitting and planning of construction activities. Corpus Christi relied upon the ongoing coordination and communication with PHMSA staff as notification that construction activities were to commence, and upon being advised by PHMSA staff of the need to do so, Corpus Christi immediately made an electronic notification.

Corpus Christi recognizes PHMSA's regulatory authority and takes compliance seriously. It is Corpus Christi's intent to be compliant with all applicable regulatory requirements and to be open and transparent with PHMSA regarding all regulated facilities and activities. Corpus Christi has a history of close coordination with regulatory agencies and is committed to regulatory compliance and establishing best practices in the emerging domestic LNG liquefaction and export industry.

Actions were taken by Corpus Christi immediately following input from PHMSA staff related to both regulatory requirements referenced in the NOPV. Corpus Christi will continue to advance communications with your Office regarding Corpus Christi Liquefaction activities with a goal to prevent any further misunderstandings in the future. In light of Corpus Christi's actions taken immediately following input from PHMSA staff, our commitment to compliance and transparency, and PHMSA Engineering and Research Branch's close coordination with Corpus Christi during permitting and construction activities, we respectfully request reconsideration of the penalty assessed.

We appreciate your attention to this matter. If you have any additional comments or questions, please feel free to contact me at (713) 375-5527

Sincerely,



Douglas D. Shanda
SVP, Terminal Operations

cc: Ari Aziz - CCL
Cathy Rourke - HSE
file