

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 13, 2017

Mr. John O'Leary  
Cameron LNG, LLC  
2925 Briarpark  
Suite 1000  
Houston, TX 77042

**CPF 4-2017-5024W**

Dear Mr. John O'Leary:

From February 21, 2017 to February 24, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Cameron liquefaction construction project in Hackberry, LA.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

**1. §193.2301 Scope.**

**Each LNG facility constructed after March 31, 2000 must comply with requirements of this part and of NFPA-59A-2001 (incorporated by reference see §193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.**

NFPA-59A-2001

6.3.4 Welding.

6.3.4.1 Qualification and performance of welders shall be in accordance with Section 328.2 of ASME B31.3, *Process Piping*, and 6.3.4.2 of this standard.

ASME B31.3

328.5 Welding Requirements

328.5.1 General

(a) Welds, including addition of weld metal for alignment [paras. 328.4.2(b)(4) and 328.4.3(c)(3)], shall be made in accordance with a qualified procedure and by qualified welders or welding operators.

QW-409 Electrical Characteristics

QW-409.1 An increase in heat input, or an increase in volume of weld metal deposited per unit length of weld, over that qualified.

On February 22, 2017, Cameron LNG's welding inspector failed to ensure that welding was done according to the qualified weld procedure, WPS ER70S-3. Specifically, the welding inspector did not monitor variables such as electrical characteristics of weld FW04 including voltage and amperage for the root and the hot pass. These parameters are listed in the qualified WPS, Procedure 17 (document number CAM0-CN-PR-000017). ASME B31.3 also requires that weld metal alignment shall be made in accordance with a qualified procedure and by qualified welders or welding operators.

During the inspection, PHMSA inspectors witnessed the welding process of two field welds (FW02 and FW04) at the Cameron LNG facility in Hackberry, LA, where the welding inspector failed to verify and document the visual inspection of the above mentioned production welds. As a result, on February 24, 2017, PHMSA requested records that would validate adherence to ASME B31.3 and WPS ER70S-3. Specifically, PHMSA requested documents pertaining to the two welds (FW02 and FW04) and the "Pipe Weld Visual Inspection" report (document number 18440-CAM0-720-02-CK-60200).

On March 10, 2017, PHMSA received records indicating that the electrical parameters and travel speed variables were not documented as having been inspected for the root and hot pass for these two welds. Furthermore, no electrical characteristics were recorded on the "Pipe Weld Visual Inspection" record for weld FW02. The operator must complete their visual inspection for all passes of a weld and record the electrical parameters on the "Pipe Weld Visual Inspection" document.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 identified in this letter. Failure to do so will result in Cameron LNG, 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 4-2017-5024W**. 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,

Jon Manning  
Acting Director, Southwest Region  
Pipeline and Hazardous Materials Safety Administration