

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 11, 2018

Jeffrey Brightwell, P.E.
Vice President, LNG Operations
Lake Charles LNG Company, LLC
8100 Big Lake Road
Lake Charles, Louisiana 70605-0300

CPF 4-2018-3004M

Dear Mr. Brightwell:

From January 23 through January 27, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Lake Charles LNG Company (LCLNG) procedures for maintenance and operations in Lake Charles, LA.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within LCLNG's plans or procedures, as described below:

1. § 193.2505 Cooldown.

(b) After cooldown stabilization is reached, cryogenic piping systems must be checked for leaks in areas of flanges, valves, and seals.

The LCLNG Standard Operating Procedures (SOP), Volume III-Section J, Cooldown of Components was inadequate because it did not reflect the requirements of performing a leak survey in area of flanges, valves, and seals before, during and after cooldown stabilization for each cryogenic piping system.

During the inspection, PHMSA identified this issue and noted it missing from LCLNG's procedures. On March 26, 2018, LCLNG submitted the revised procedure (Standard Operating Procedures, Volume III- Section J- Cooldown of Components) to PHMSA reflecting compliance with § 193.2505 (a)(b).

PHMSA reviewed the revised procedure and found the revisions acceptable.

2. §193.2605 Maintenance procedures

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component , including any required corrosion control. The procedure must include:

(1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and

The LCLNG Technical Procedures Manual, Section 8.4 Internal Corrosion Control: Corrosion Coupons was inadequate and did not reflect the detail criteria of the inspections or tests of the internal corrosion monitoring devices under §193.2605 (b)(1).

During the inspection, PHMSA reviewed several corrosion coupons results. The results show the weight loss of the coupons such as 0.50 mils/year, 0.42mils/year, etc., but the procedure does not mention any threshold limit of the weight loss that could lead to further investigation and/or corrective action. PHMSA addressed the lack procedure detail to LCLNG. On March 26, 2018, LCLNG submitted the revised procedure (Technical Procedures Manual, Section 8, Corrosion Control Procedures) to PHMSA reflecting the action level criteria for corrective action and further evaluation when two consecutive corrosion rates exceed 2.5 mils per year.

PHMSA reviewed the revised procedure and found the revisions acceptable.

3. §193.2619 Control systems

(b) If a control system is out of service for 30 days or more, it must be inspected and tested for operational capability before returning it to service.

The LCLNG Maintenance Procedures Manual, Section 69.0, Instrumentation was inadequate and did not reflect the requirements of inspection and testing of the control system if the control system is out of service for 30 days or more.

During the inspection, PHMSA identified this issue and noted it missing from the LCLNG procedure. On March 26, 2018, LCLNG submitted the revised procedure (Maintenance Procedures Manual, Section 69.0 Instrumentation) to PHMSA reflecting compliance with §193.2619(b).

PHMSA reviewed the revised procedure and found the revisions acceptable.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that LCLNG maintains documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mary L. McDaniel P.E., Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2018-3004M** and, for each document you submit, please provide a copy in electronic format whenever possible.

In regard to Items 1, 2 and 3 listed above, LCLNG updated their manual and submitted verification via email to PHMSA on March 26, 2018. After considering the material provided the modifications appear to be adequate.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*