

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

July 30, 2019

Dan Callens
Senior Vice President, Terminal Operations
Cameron LNG, LLC
2925 Briarpark, Suite 1000
Houston, Texas 77042

Dear Mr. Callens:

Our office submitted a NOPV PCP PCO Letter, **CPF 4-2019-3001**, DATED, July 22, 2019.
Please discard the letter that was submitted previously, and use this letter that is enclosed in the
place of it.

Sincerely,

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

Enclosure

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

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July 22, 2019

Dan Callens
Senior Vice President, Terminal Operations
Cameron LNG, LLC
2925 Briarpark, Suite 1000
Houston, Texas 77042

CPF 4-2019-3001

Dear Mr. Callens:

On May 20, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Cameron LNG facility in Hackberry, Louisiana.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. **§193.2011 Reporting.**

Incidents, safety-related conditions, and annual pipeline summary data for LNG plants or facilities must be reported in accordance with the requirements of Part 191 of this subchapter.

§191.5 Immediate notice of certain incidents.

(a) At the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, each operator must give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.

(b) Each notice required by paragraph (a) of this section must be made to the National Response Center either by telephone to 800-424-8802 (in Washington, DC, 202 267-2675) or electronically at <http://www.nrc.uscg.mil> and must include the following information:

- (1) Names of operator and person making report and their telephone numbers.**
- (2) The location of the incident.**
- (3) The time of the incident.**
- (4) The number of fatalities and personal injuries, if any.**
- (5) All other significant facts that are known by the operator that are relevant to the cause of the incident or extent of the damages.**

(c) Within 48 hours after the confirmed discovery of an incident, to the extent practicable, an operator must revise or confirm its initial telephonic notice required in paragraph (b) of this section with an estimate of the amount of product released, an estimate of the number of fatalities and injuries, and all other significant facts that are known by the operator that are relevant to the cause of the incident or extent of the damages. If there are no changes or revisions to the initial report, the operator must confirm the estimates in its initial report.

Cameron LNG, LLC (CLNG), failed to notify the National Response Center of two incidents that occurred at its liquefied natural gas (LNG) facility in accordance with §191.5, Immediate notice of certain incidents. CLNG experienced an unintentional release of LNG during initial startup operations on January 9, 2019 and again on May 15, 2019. The January 9, 2019, and the May 15, 2019 incidents both involved the release of LNG from a flanged joint connection, and were not reported through the NRC.

On January 9, 2019, during commissioning activities of the BOG compressors, CLNG Operations observed an intermittent LNG leak originating at XV-60001, BOG inlet to D-6003 BOG Compressor Suction Drum (see CAM-60-PID-0186. A temperature variance in the pipe consequently caused LNG to leak from the XV-60001 outlet flange.

On May 15, 2019, CLNG personnel observed LNG dripping near the isolation valve of the low pressure dry flare header at the battery limits between ISBL Train 1 and OSBL in WA-110, at the south-east corner of Train 1. At the time of the discovery, both CCJV and CLNG did not consider the LNG release an incident or a significant event and therefore failed to make the required NRC notification.

2. §193.2017 Plans and procedures.

(a) Each operator shall maintain at each LNG plant the plans and procedures required for that plant by this part. The plans and procedures must be available upon request for review and inspection by the Administrator or any State Agency that has submitted a current certification or agreement with respect to the plant under the pipeline safety laws (49 U.S.C. 60101 et seq.). In addition, each change to the plans or procedures must be available at the LNG plant for review and inspection within 20 days after the change is made.

The CLNG procedure *Emergency Response Plan CAM-MN-HS-001, Appendix 5* does not provide sufficient detail for reporting incidents in accordance with §191.5. The procedure does not outline the required events for reporting, includes unclear direction for the reporting of incidents, and does not provide personnel with basic description of company defined events that meet the definition of an incident.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, 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. Also, for each violation involving LNG facilities, an additional penalty of not more than \$77,910 occurring on or after November 27, 2018 may be imposed. For each violation involving LNG facilities occurring on or after November 2, 2018, and before November 27, 2018, an additional penalty of not more than \$76,352 may be imposed. For each violation involving LNG facilities occurring prior to November 2, 2015, an additional penalty of not more than \$75,000 may be imposed. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$41,600 as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 1 | \$41,600 |

Proposed Compliance Order

With respect to items 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Cameron LNG, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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, or request a hearing under 49 CFR § 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2019-3001** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Cameron LNG, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Cameron LNG, LLC with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the operator's inadequate procedure for reporting incidents, Cameron LNG LLC shall modify its Emergency Response Procedures to ensure that all events required to be reported under §191.5 are adequately defined. The revised procedure must include guidance for personnel whose responsibilities include gathering appropriate information and/or reporting on what significant events meet the definition of an incident. In revising the procedures, Cameron LNG LLC must ensure that all appropriate training to the revised procedures is completed and documented.
2. Cameron LNG, LLC must complete and submit all documentation for the revisions under Item 1 of this Compliance Order within 60 days of issuance of the Final Order.
3. It is requested (not mandated) that Cameron LNG, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.