

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 27, 2020

Mr. Michael S. Smith
Chairman & CEO
Freeport LNG Development, L.P.
333 Clay Street, Suite 5050
Houston, Texas 77002

CPF 4-2020-1001M

Dear Mr. Smith:

From June 25 through September 26, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Freeport LNG Development, L.P.'s (FLNG) procedures for the its natural gas transmission pipeline system located in Freeport, Texas.

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

1. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

- a. FLNG failed to establish written procedures for the abandonment or deactivation of facilities in accordance with § 192.727(g) to require the filing of an abandonment report to the National Pipeline Mapping System (NPMS).

PHMSA reviewed FLNG's Gas Pipeline Operations and Maintenance Manual (FLNG-GOM-100) and found it did not provide a provision for the notification of abandonment in the event FLNG chose to abandon its pipeline facilities that cross the intracoastal waterway currently used for commercial navigation.

FLNG must amend its written procedures, FLNG-GOM-100, to require the filing as required by § 192.727(g).

- b. FLNG failed to establish written procedures for pressure limiting and regulating stations in accordance with § 192.743.

PHMSA reviewed FLNG's Gas Operations Manual (FLNG-GOM-100) and found it contains references to Gas Distribution systems - 49 CFR §§192.621/623; See sections 2.6.1 and 2.6.3/2.6.4. FLNG does not operate gas distribution facilities, but rather gas transmission facilities.

FLNG must amend its written procedures to reflect pressure limiting and regulating stations for the transmission facilities it operates.

2. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(c) *Abnormal operation.* For transmission lines, the manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(4) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

FLNG failed to establish written procedures for periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

PHMSA reviewed FLNG's Gas Pipeline Operations and Maintenance Manual (FLNG-GOM-100) and noted that the Manual (GOM) does not include procedures for the periodic review.

FLNG procedures must be amended in accordance with § 192.605(c)(4) and it must include a provision for documentation of the review.

3. § 192.615 Emergency plans.

(b) Each operator shall:

(2) Train the appropriate operating personnel to assure that they are knowledgeable

the emergency procedures and verify that the training is effective.

FLNG's written Emergency Plan does not include training for the appropriate operating personnel to ensure that they are knowledgeable of the emergency procedures as required by § 192.615(b)(2).

During the inspection, PHMSA reviewed the FLNG-GOM-100 (Gas Pipeline Operations and Maintenance Manual). It was noted that Section 10-Emergency Plan does not contain a reference or procedures pertaining to the training of appropriate operating personnel.

FLNG must amend its Emergency Plan to include a training program in the Emergency Plan for the appropriate operating personnel of the 42-inch natural gas transmission pipeline and must include a provision for documentation of the training.

4. § 192.615 Emergency plans.

(b) Each operator shall:

(3) Review employee activities to determine whether the procedures were effectively followed in each emergency.

FLNG's written Emergency Plan does not include a review of employee activities to determine whether the procedures were effectively followed in each emergency as required by § 192.615(b)(3).

During the inspection, PHMSA reviewed the FLNG-GOM-100 (Gas Pipeline Operations and Maintenance Manual). It was noted that Section 10-Emergency Plan does not contain procedures for the review of appropriate operating personnel activities to determine whether the procedures were effectively followed in each emergency.

FLNG must amend the Emergency Plan to include a review of employee activities to determine that procedures were effectively followed in each emergency and must include a provision for documentation of that review.

5. § 192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(i) After December 16, 2004, notify the Administrator or a state agency the participating under 49 U.S.C. Chapter 601 if the operator significantly modifies program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to *InformationResourcesManager@dot.gov*, or by mail to ATTN: Information

Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.

FLNG's Operator Qualification (OQ) program was inadequate because it failed to define "significant" and provide PHMSA's accurate email or mailing address.

During the inspection, PHMSA reviewed the "revised" FLNG OQ Program. FLNG does not define "significant" changes that require the operator to make notifications to PHMSA to comply with the OQ regulations, nor does it have the correct PHMSA email and/or mailing address to submit significant change notifications.

FLNG must define significant as it applies to OQ Program modifications in its Operator Qualification Plan and update PHMSA's email and mailing address.

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 FREEPORT LNG DEVELOPMENT, L.P. (FLNG) maintain 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 4-2020-1001M** 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

cc: Mark Mallett, Vice President of Operations & Engineering, Freeport LNG Development, L.P.,
333 Clay Street, Suite 5050, Houston, Texas 77002

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