

NOTICE OF AMENDMENT

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

June 12, 2020

Jack A. Fusco
President and CEO
Cheniere Energy, Inc.
700 Milam Street, Suite 1900
Houston, Texas 77002

CPF 4-2020-3001M

Dear Mr. Fusco:

On January 16, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Sabine Pass LNG's (Cheniere) flare system and associated procedures at the Sabine Pass facility located in Cameron, Louisiana.

On the basis of the inspection, PHMSA has identified an apparent inadequacy found within Cheniere's procedures, as described below:

1. §193.2617 Repairs.

(b) For repairs made while a component is operating, each operator shall include in the maintenance procedures under §193.2605 appropriate precautions to maintain the safety of personnel and property during repair activities.

Cheniere's written procedure for Control of Work (CoW) Element 5 – Risk Assessment is inadequate because it fails to provide appropriate precautions to maintain the safety of personnel and property during repair activities as required by §193.2617(b). Specifically, Section 6.0 of the Risk Assessment Process does not provide sufficient safety precautions for personnel conducting repair activities while a component is operating.

Based on our review of the procedure Control of Work (CoW) Element 5 – Risk Assessment and two records from activities performed utilizing the procedure, (Task Base Risk Assessment record for Train 1, dated February 2, 2019, and Task Base Risk Assessment record for Train 3, dated February 11, 2019), it appears that the procedures do not provide adequate precautions for activities related to the flare stacks, and require revision in order to provide and maintain the safety of personnel during repair activities to meet the objectives found in the Purpose/Expectation in Section 1 of Cheniere’s procedure to reduce the risks associated with the repair activity to an acceptable level.

Both risk assessment reports identify hazards associated with the task, jobsite, and process. Without any safeguards or controls, the risk levels associated with these activities contain “Very high-risk” elements; however, after the addition current of safeguards and controls, the risk levels are only reduced to “High-risk.”

The Task Based Risk Assessment conducted for the removal of old and installation of new flare tips must be amended to reduce the risk lower than “High” for tasks established in the assessment. As written, the Task Based Risk Assessment does not provide sufficient precautions to maintain the safety of personnel during repair activities by allowing Operator personnel to work on an inactive flare stacks while adjacent flare stacks are operating. The Task Based Risk Assessment must be modified to include controls that limit or prevent personnel injury or fatality to personnel who are working on inactive flare stacks.

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 Cheniere 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, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2020-3001M** 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: Aaron Stephenson, Senior Vice President, Operations, Cheniere Energy, Inc., 700 Milam Street, Suite 1900, Houston, Texas 77002

Maas Hinz, Vice President and Generation Manager Operations and Maintenance, 9243 Gulf Beach Highways, Cameron, Louisiana 70631

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