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November 25, 2020

Via: Email and FedEx

Ms. Mary L. McDaniel P.E.,
Director Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner, Suite 1110
Houston, Texas 77074

Re: Response to - CPF 4-2020-3004 – Notice of Probable Violation and Proposed Civil Penalty

Dear Ms. McDaniel:

This letter constitutes the formal response of Sabine Pass Liquefaction LLC (Sabine Pass) to the Notice of Probable Violation and Proposed Civil Penalty CPF 4-2020-3004 issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA), dated October 27, 2020 (“NOPV”). Sabine Pass has reviewed the NOPV and elects not to contest the allegations in Item 1 and will pay the proposed civil penalty in accordance with PHMSA’s instructions. With respect to Item 2, for which PHMSA issued a “Warning,” Sabine Pass provides the following clarifying information for PHMSA’s consideration in development of the Final Order.

In Item 2 of the NOPV, PHMSA alleges the following:

§193.2707 Operations and maintenance.

(a) Each operator shall utilize for operation or maintenance of components only those personnel who have demonstrated their capability to perform their assigned functions by –

- (1) Successful completion of the training required by §§193.2713 and 193.2717; and**
- (2) Experience related to the assigned operation or maintenance function; and**
- (3) Acceptable performance on a proficiency test relevant to the assigned function.**

Sabine failed to utilize personnel who had demonstrated their capability to perform their assigned functions per §193.2707 for maintenance activities performed at the SLNG facility. Refinery Terminal Fire Company (RTFC) personnel installed a valve on the perlite fill nozzle that supported the vent stack to control the release of natural gas, which escaped from the annular space during the maintenance activities on Tank S-102 that occurred on April 26, 2018. The RTFC, however, was not trained to perform the function of the valve installation. It is also not clear if Sabine maintenance personnel, who have demonstrated capability to perform this function, accompanied and directed the installation of the valve to control the

release of natural gas.

A review of training records from the RTFC demonstrated that the RTFC personnel had not received training for the installation valves and that the RTFC was in the vicinity during the perlite refilling maintenance activity on Tank S-102 only for high angle rescue. The RTFC personnel had not been trained to perform the valve installation or demonstrated their capability to perform such a function as required by §193.2707.

Sabine Pass Response to Item 2

Section 193.2707 (b) provides that “A person who does not meet the requirements of paragraph (a) of this section may operate or maintain a component when accompanied and directed by an individual who meets the requirements.” The block valve installation completed by RTFC was done under the direction of a Sabine Pass maintenance employee qualified to perform the maintenance.¹ We confirmed this via interviews as well as a review of RTFC logs, which indicate that “camloc caps” were installed “with Cheniere personnel present.” *See attached Employee Interview and RTFC Log.*

Cheniere is committed to working with PHMSA at our facilities and we appreciate you and your team’s time and engagement on this issue. If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,
Sabine Pass Liquefaction, LLC



Mr. Maas Hinz
Vice President and General Manager

Cc: Mr. Jack Fusco, President & Chief Executive Officer, Cheniere Energy, Inc.
Mr. Aaron Stephenson, President, Sabine Pass Liquefaction, LLC
Mr. Paul Nielson, Manager, Regulatory Assurance, Cheniere Energy, Inc.
Mr. Michael Weller, Senior Counsel, Cheniere Energy, Inc.
Mr. Andrew Kohout, Director, Division of LNG Facility Reviews and Inspections, FERC

¹ Cheniere previously provided to PHMSA on May 23, 2018 the maintenance qualification for the Sabine Pass maintenance employee that oversaw RTFC’s installation of the block valve.