

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

**ELECTRONIC MAIL - RETURN RECEIPT REQUESTED**

September 23, 2021

Jack Fusco  
President and Chief Executive Officer  
Sabine Pass LNG, L.P.  
700 Milam Street, Suite 1900  
Houston, Texas 77002

**CPF 4-2021-022-NOPV**

Dear Mr. Fusco:

From March 2, 2020 through March 12, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Sabine Pass LNG, L.P's (Cheniere) procedures and records at its terminal in Cameron, Louisiana.

As a result of the inspection, it is alleged that Cheiere has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item insepcted and the probable violation is:

**1. § 193.2503 Operating procedures.**

**Each operator shall follow one or more manuals of written procedures to provide safety in normal operation and in responding to an abnormal operation that would affect safety. The procedures must include provisions for:**

- (a) Monitoring components or buildings according to the requirements of § 193.2507.**
- (b) Startup and shutdown, including for initial startup, performance testing to demonstrate that components will operate satisfactory in service.**
- (c) Recognizing abnormal operating conditions.**
- (d) Purging and inserting components according to the requirements of § 193.2517.**
- (e) In the case of vaporization, maintaining the vaporization rate, temperature and pressure so that the resultant gas is within limits established for the vaporizer and the downstream piping;**

**(f) In the case of liquefaction, maintaining temperatures, pressures, pressure differentials and flow rates, as applicable, within their design limits for:**

- (1) Boilers;**
- (2) Turbines and other prime movers;**
- (3) Pumps, compressors, and expanders;**
- (4) Purification and regeneration equipment; and**
- (5) Equipment within cold boxes.**

**(g) Cooldown of components according to the requirements of § 193.2505.**

Cheniere failed to follow its written procedures developed to provide safety in normal operations and in responding to an abnormal operation that would affect safety per § 193.2503. Specifically, Cheniere did not follow its *Alarm Management Strategy, SP-TS-PRCSS-STR-004165, 4.3.1 Alarm Rationalization* (Revision Date: 8/22/2019), which requires an alarm rationalization study to be completed “every two years after initial review against operating data to validate the accuracy of the design assumptions and effectiveness of alarms and operator response.”

Cheniere provided documentation of its initial Alarm Rationalization Study which was completed in calendar year 2017, but failed to produce a copy of a repeated study that should have been completed in calendar year 2019 per Cheniere’s previously-referenced written procedures.

#### Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Sabine Pass LNG, L.P (Cheniere) is subject to a civil penalty not to exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violations occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violations occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violations 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. Also, for each violation involving LNG facilities, an additional penalty of not more than \$82,245 occurring on or after May 3, 2021, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$81,284 occurring on or after January 11, 2021, and before May 3, 2021, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$79,875 occurring on or after July 31, 2019, and before January 11, 2021, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$77,910 occurring on or after November 27, 2018, and before July 31, 2019, may be imposed. For each violation involving LNG facilities occurring on or after November 2, 2015, and before November 27, 2018, an additional penalty of not more than \$76,352 may be imposed.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to Item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Sabine Pass LNG, L.P (Cheniere). 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 Enforcement 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, 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 4-2021-022-NOPV** 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 Enforcement Proceedings*

cc: Aaron Stephenson, Senior Vice President, Operations, Cheniere Energy, Inc.  
Maas Hinz, Vice President and Generation Manager Operations and Maintenance,  
Cheniere Energy, Inc.

## PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Sabine Pass LNG, L.P. (Cheniere) a Compliance Order incorporating the following remedial requirements to ensure compliance of pipeline safety regulations:

- A. In regards to Item 1 of the Notice pertaining to Cheniere's failure to perform the required Alarm Rationalization review, Cheniere must complete an Alarm Rationalization study as required by its *Alarm Management Strategy*. Cheniere must provide a copy of the completed study to the Director, Southwest Region within 30 days of receipt of the Final Order.

It is requested (not mandated) that Sabine Pass LNG, L.P (Cheniere) maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, Director, Southwest, 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.