



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 17, 2016

Mr. R. Keith Teague
Sabine Pass LNG, L.P.
700 Milam Street
Houston, TX 77002

CPF 4-2016-3002

Dear Mr. Teague:

From June 24, 2016 to August 17, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your late submittal of an operator registry notification by Sabine Pass LNG, L.P., a wholly owned subsidiary of Cheniere Energy.

As a result of the late submittal, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, and Code of Federal Regulations. The items inspected and the probable violation is:

1. §191.22 National Registry of Pipeline and LNG operators.

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe that costs \$10 million or more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;

(ii) Construction of 10 or more miles of a new pipeline; or

(iii) Construction of a new LNG plant or LNG facility.

Sabine Pass LNG failed to provide adequate notification for the construction of Train 5 which is a part of Cheniere's Sabine Pass LNG project as required by 49 CFR §191.21(c)(1). On June 28, 2016, Sabine Pass LNG submitted an OPID assignment request to PHMSA (J-20160628-11783). The construction project described in this submittal had an anticipated start date of field work activities on January 4, 2016 which was before the notification date. Sabine Pass LNG's representative and Cheniere's website confirmed that construction began prior to the date of operator registry notification. The notification should have been submitted no later than November 5, 2015 in order to provide PHMSA the required 60 day notice prior to construction as required by §191.21(c)(1). As a result, Sabine Pass LNG notified PHMSA 236 days late.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, 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. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with maximum penalty not to exceed \$1,000,000 for related series of violations. Also, for LNG facilities, an additional penalty of not more than \$75,123 for each violation may be imposed. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$32,400.

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 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2016-3002** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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