

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

November 1, 2021

Aaron Stephenson
Senior Vice President, Operations
Midship Pipeline Company, LLC
700 Milam Street, Suite 1900
Houston, Texas 77002

CPF 4-2021-057-NOPV

Dear Mr. Stephenson:

From March 29, 2021, through June 8, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Midship Pipeline Company, LLC's (Midship) Cheniere Gas Transmission pipeline system beginning near Kingfisher County and terminating near Bennington, Oklahoma.

As a result of the inspection, it is alleged that Midship has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

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

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Midship failed to follow its manual of written procedures for conducting operations and maintenance activities, specifically for the remediation of a broken test lead, in accordance with § 192.605. Midship's written procedure, *Operations and Maintenance Manual, Cathodic Protection Remediation, OMP-PPL-6052, 2.3 Cathodic Protection Remediation* (Effective Date: December 31, 2014), written to the requirements of § 192.620(d)(8)(i), Alternative maximum allowable operating pressure for certain steel pipelines, requires the completion of the remediation of broken test leads within six months of discovery.

In its April 2021, PHMSA reviewed Midship's Annual Pipeline Corrosion Survey record for its Trunk 1200 structure, which was conducted in August 20, 2020. The record indicated that the test lead at station 9927+2 was broken, resulting in inaccurate potentials (lower than the actual true potential). The broken test lead was determined to still be broken at the time of the inspection in April 2021, eight months later.

The remediation of test station 9927+2 exceeded the six-month time frame required by Midship's *Operations and Maintenance Manual, Cathodic Protection Remediation, OMP-PPL-6052, 2.3 Cathodic Protection Remediation* (Effective Date: December 31, 2014).

2. §192.603 General provisions

(a) ...

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

§192.605 Procedural manual for operations, maintenance, and emergencies

(a) ...

(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:

(1) ...

(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.

Midship failed to include in its procedural manual a provision for keeping records of the results of its periodic reviews of operator personnel to determine the effectiveness of the abnormal operation procedures as required by 192.605(c)(4). During the PHMSA inspection, Midship provided a revision log to demonstrate that the procedure was reviewed; however, no records were included to show that the periodic review of the response of personnel had been carried out as part of the effectiveness review of the procedure.

3. § 191.22 National Registry of Operators.

(a) *OPID request.* Effective January 1, 2012, each operator of a gas pipeline, gas pipeline facility, UNGSF, LNG plant, or LNG facility must obtain from PHMSA an Operator Identification Number (OPID). An OPID is assigned to an operator for the pipeline, pipeline facility, or pipeline system for which the operator has primary responsibility. To obtain an OPID, an operator must submit an OPID Assignment Request DOT Form PHMSA F 1000.1 through the National Registry of Operators in accordance with § 191.7.

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

(1) . . .

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

- (i) A change in the primary entity responsible (*i.e.*, with an assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs;**
- (ii) A change in the name of the operator;**

Midship failed to submit the required notification for a change in the name of the operator and for a change in the primary entity responsible for managing and administering its pipeline safety program. At the time of the inspection, the assigned Operator Identification Number (OPID) for this system was Cheniere LNG O&M Services, LLC (OPID 39728). Midship did not have an assigned OPID.

It was observed during the inspection, on three separate instances, that the operator name, Midship Pipeline Company, LLC, was in use without having been assigned an OPID:

- The pipeline markers placed on the pipeline right of way reflected Midship Pipeline Company, LLC as the operator of the pipeline;
- A review of the information included in the Public Awareness mail outs reflected Midship Pipeline Company, LLC as the operator of the pipeline; and
- The Notification pursuant to 49 CFR 192.620(C)(2-3) for alternative maximum allowable pressure on the pipeline system submitted to PHMSA's Southwest Region on April 7, 2020 reflected Midship Pipeline Company, LLC as the operator of the pipeline, even though it did not have an OPID at the time.

On May 4, 2021, Midship completed a notification to the National Registry effecting the operator name change for OPID 39728 from Cheniere LNG O&M Services, LLC to Midship Pipeline Company, LLC to be effective May 1, 2021. As such no further action is required on this item.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Midship Pipeline Company, LLC subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violations occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not 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.

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 Items 1 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Midship Pipeline Company, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to Item 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time; therefore, no further action is required at this time.

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 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 4-2021-057-NOPV** and, for each document submitted, 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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Midship Pipeline Company, LLC (Midship) a Compliance Order incorporating the following remedial requirements to ensure compliance with the pipeline safety regulations:

- A. In regards to Item 1 of the Notice pertaining to the remediation of the broken test lead, Midship must submit a plan to remediate the test lead within **30** days of receipt of the Final Order.
- B. In regards to Item 2 of the Notice pertaining to maintaining records showing the periodic review of work done by personnel to determine the effectiveness of the abnormal operation process, Midship must amend its procedures to require a record keeping instruction for the process of reviewing work done by personnel within **30** days of receipt of the Final Order.
- C. Midship must submit all documentation relating to compliance of items A and B of this Final Order to PHMSA within 180 days of the issuance of the Final Order.

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