

WARNING LETTER

VIA ELECTRONIC MAIL

January 11, 2023

Michael Perkins
Senior Vice President
Venture Global Gator Express, LLC
1001 19th Street North, Ste 1500
Arlington, VA 2209

CPF 4-2023-024-WL

Dear Mr. Perkins:

From August 22 to October 6, 2022, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Venture Global Gator Express, LLC's (Venture Global or the Operator) Gator Express pipeline construction project near Port Sulphur, Louisiana.

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

- § 192.303 Compliance with specifications or standards.**
Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

Venture Global failed to construct its pipeline system in accordance with written comprehensive specifications or standards consistent with Part 192. Specifically, Venture Global failed to follow its written procedure, *Construction Inspection Plan, GX-500600-CNS-PLN-GIE-00003* (Section 8.8.8.2) which specifies that manufacturer's recommendation and procedures must be followed during surface preparation and application of the coating system. The manufacturer's specification, Protal 7200 Brush application, contains coating system application requirements. Section 4.1 of this specification states that "[a]ll contaminants shall be removed from the steel surface to be coated. Oil and grease should be removed in accordance with SSPC SP-1 using non-

oily solvent cleaner (i.e., xylene, MEK, ethanol, etc.).” And section 6.1 states that “[t]he finished coating shall be smooth and free of runs, sags, and or holidays.”

PHMSA, on August 25, 2022, observed coated field joints with embedded grit, rough edges, and weld porosity. After PHMSA identified these issues, the Operator performed an investigation to locate these joints and subsequently attempted repairs. Venture Global then submitted repair records on these identified joints. However, PHMSA was unable to verify the repairs as the pipe had already been buried. Venture Global offered to excavate a field joint to inspect the coating, but PHMSA was uncertain that this would confirm repair of the previously observed defective field joints. Photographs presented by Venture Global seem to show that additional epoxy was applied to the defective field joint coating, but this was not consistent with the repair procedure specified by the manufacturer. This procedure required the defective coating be removed by abrasive blasting and recoated according to the manufacturer’s specifications (Denso Protal 7200 Brush Application Specification, Section 7.0).

Therefore, Venture Global failed to construct its Gator Express pipeline project in accordance with comprehensive written specifications or standards that are consistent with the requirements of Part 192 in accordance with § 192.303.

2. § 192.303 Compliance with specifications or standards.

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

Venture Global failed to construct its Gator Express pipeline in accordance with its written specifications as required by § 192.303. Specifically, Venture Global failed to maintain a weld rejection rate of three percent or less. Section 7.0 of Venture Global’s NDE Procedures and Personnel Certification requirements states that the “[c]ontractor shall maintain a reject rate of three percent or less. Owner has the right to require contractor to submit a mitigation plan to address the conformance of the required weld rejection rate provided the rejection rate is greater than the 3%.”

Venture Global’s construction records indicated that the weld rejection rate for the project was 8.96%. At the time of inspection (August 25, 2022), Venture Global had not yet investigated the cause and required the contractor to submit a mitigation plan.

On September 30, 2022, Venture Global provided the results of an investigation into the high weld rejection rate. The investigation failed to identify a specific cause. However, a technical welding representative employed by the contractor recommended that welders “pay attention to the basic welding techniques of preheat, grinding, buffing, and protecting the weld from inclement weather.” Since the investigation, the weld rejection on the project has trended downward but is still greater than 3%.

Therefore, Venture Global failed to construct its Gator Express pipeline project in accordance with comprehensive written specifications or standards that are consistent with the requirements of Part 192 in accordance with § 192.303.

3. § 192.303 Compliance with specifications or standards.

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

Venture Global failed to construct its pipeline system in accordance with written comprehensive specifications or standards consistent with Part 192. Specifically, Venture Global failed to follow its written procedure, *Welding and Fabrication Specification, VG-000000-PPL-SPC-VGL-00009* (Section 12.2.1) which states that the “NDT Contractor shall assign consecutive weld numbers each day for the given project to determine numbering sequence, and prior to welding on Company facilities.”

During PHMSA’s inspection on August 24, 2022, PHMSA determined that Venture Global failed to assign weld numbers prior to welding, as required by its procedures. Since weld identification numbers are used to associate records for non-destructive examination inspections, visual inspections of welds, weld repair records, and inspections of field joint coatings, improper weld numbering impedes PHMSA’s ability to review these records. Assigning weld numbers after welding is difficult and reduces the reliability of the records. After PHMSA identified this issue, Venture Global committed to modifying its practices to be consistent with its procedures.

4. § 192.241 Inspection and test of welds.

(a) Visual inspection of welding must be conducted by an individual qualified by appropriate training and experience to ensure that:

(1) The welding is performed in accordance with the welding procedure; and

(2) The weld is acceptable under paragraph (c) of this section.

§ 192.303 Compliance with specifications or standards.

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Venture Global’s welding inspectors failed to perform visual inspections of production welds as required by its procedures and § 192.241. Venture Global’s written specification, *Welding and Fabrication Specification, VG-000000-PPL-SPC-VGL-00009* (Section 8.3) states:

A qualified welding inspector shall examine and accept welds in conformance with the applicable code. All API 1104 code welds shall be 100% visually inspected by the welding inspector prior to NDE and meet the following visual inspection requirements:

8.4. Girth arc welds shall be examined for:

8.4.1. Cracks: Any weld with a crack shall be removed.

8.4.2. Grinder marks: Excessive grinder marks (as judged by the welding inspector) are not allowed.

8.4.3. External undercut exceeding API 1104 acceptance criteria and pinholes in the final cap shall be repaired by grinding and recapping the affected portion of the weld. Spot welding to cover a pinhole in the final cap is not permitted. Welding a stripper bead outside the weld cap to cover undercut is not permitted.

8.4.4. Weld defects greater than 25% of the weld length shall not be repaired and must be cut out.

8.4.5. Weld metal: At no point shall crown surface be below outside surface of the pipe nor shall it be raised above parent metal by more than the height qualified in the WPS. Two beads shall not be started in the same location. Face of the completed weld shall be approximately 1/8-inch wider than and centered along the original groove.

During PHMSA's inspection of the Gator Express pipeline construction project on August 25, 2022, Venture Global failed to perform visual inspections and the acceptability of the visually inspected welds were not performed according to Section 9 of API 1104. Several weld joints with defects were observed as accepted by the welding inspectors. Venture Global's construction records confirmed that it accepted weld joints with defects. After PHMSA identified these issues, the Operator performed an investigation to locate these joints and subsequently attempted repairs. Venture Global then submitted repair records on these identified joints. However, these records did not indicate any weld repairs. Photographs presented by Venture Global seem to show that additional epoxy was applied to the defective weld joints. Additional PHMSA inspections did not observe other weld joints with similar issues.

Therefore, Venture Global failed to perform visual inspections in accordance with its procedures and § 192.241.

5. § 192.461 External corrosion control: Protective coating

(a)

(c) Each external protective coating must be inspected just prior to lowering the pipe into the ditch and backfilling, and any damage detrimental to effective corrosion control must be repaired.

§ 192.303 Compliance with specifications or standards.

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

Venture Global failed to backfill the pipe immediately after the protective coating was inspected as required by its procedures and § 192.461(c). Venture Global's written specification, *Pipeline Construction Specification, VG-000000-CNS-SPC-VGL-00003* (Section 22) states that "[a]ll pipe coating must be inspected just prior to lowering the pipe into the ditch or pulling the pipe into the hole and any damage discovered must be repaired." Section 27.2 states that "[b]ackfilling shall start as soon as possible after the lowering-in operation has been completed to prevent floating of the pipe in case water enters the trench, and to prevent damage to the coating by movement of the pipe caused by temperature changes. Extreme care shall be taken so as not to damage the pipe or pipe coating."

On October 5, 2022, a PHMSA inspection of construction records indicated that pipe was backfilled three (3) days after the external coating was inspected. The pipeline span from Station 616+00 to Station 616+80 was jeeped on September 12, 2022, inspected on September 14, lowered-in on September 15, and backfilled on September 17. Failure to backfill the pipe immediately after inspecting and lowering could cause damage to pipe coating.

Therefore, Venture Global failed to backfill the pipe immediately after the protective coating was inspected as required by its procedures and § 192.461(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For a violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not 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 a violation 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 a violation 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 a violation 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 a violation 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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so may result in additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2023-024-WL**. 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).

Sincerely,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Michael Perkins, Senior Vice President- Project Director, mperkins@vglng.com
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