

May 30, 2024

VIA ELECTRONIC MAIL TO: paul.ruppert@bhegts.com

Paul Ruppert
President, Gas Transmission and Storage
Cove Point LNG, LP
6603 West Broad Street
Richmond, Virginia 23200

Re: CPF No. 4-2023-033-NOPV

Dear Mr. Ruppert:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

for Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure (Final Order)

cc: Mr. Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Daniel Woods, Vice President, LNG Operations, Cove Point LNG, LP,
daniel.woods@bhegts.com
Mr. Michael Ferguson, Manager, Pipeline Integrity, Cove Point LNG, LP,
mike.ferguson@bhegts.com
Mr. Drew Mongold, Pipeline Integrity Engineer, Cove Point LNG, LP,
drew.mongold@bhegts.com

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

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In the Matter of)	
)	
Cove Point LNG, LP,)	CPF No. 4-2023-033-NOPV
)	
Respondent.)	
)	

FINAL ORDER

From August 15 through September 29, 2022, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an inspection of Cove Point LNG, LP’s (CPLNG or Respondent) liquefied natural gas (LNG) facility in Lusby, Maryland. CPLNG is an LNG export facility with a storage capacity of over 14 billion cubic feet of natural gas.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated April 21, 2023, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent committed three violations of 49 C.F.R. Part 193 and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also included an additional warning item pursuant to 49 C.F.R. § 190.205, which warned the operator to correct the probable violation or face possible future enforcement action.

CPLNG responded to the Notice by letter dated June 14, 2023 (Response), contesting two items (Items 1 and 2), and providing additional information addressing post-inspection compliance actions. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 193, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 193.2521, which states:

§ 193.2521 Operating records.

Each operator shall maintain a record of results of each inspection, test and investigation required by this subpart. For each LNG facility that is designed and constructed after March 31, 2000 the operator shall also

maintain related inspection, testing, and investigation records that NFPA-59A-2001 (incorporated by reference, *see* § 193.2013) requires. Such records, whether required by this part or NFPA-59A-2001, must be kept for a period of not less than five years.

The Notice alleged that CPLNG failed to maintain a record of results of each inspection, test and investigation required by Subpart F in accordance with § 193.2521. Specifically, the Notice alleged that CPLNG failed to maintain inspection records for leak checks carried out following a “trip off” incident that occurred June 14, 2022, on the main cryogenic heat exchanger (MCHE) in accordance with § 193.2505(b)¹ and CPLNG’s procedures.²

Respondent contested Item 1, stating that a cooldown stabilization was not required after the June 14, 2022 trip off incident, and therefore the requirement to conduct and record leak checks under § 193.2505(b) was not applicable. CPLNG explained that after the facility tripped off, the MCHE was restarted using procedure MCHE 5E505. CPLNG stated that the MCHE 5E505 procedure “is used to start equipment that is already at cooldown stabilization.”³ The Response explained that a CP0002 Piping/Equipment Cooldown Checklist (required by procedure SOP-020-01, Cooldown Leak Checks) did not need to be completed because a cooldown was not required. CPLNG noted that other procedures for performing a cooldown from near atmospheric temperature do include a requirement for a leak test.

Having reviewed the relevant procedures, I note that although Respondent states that MCHE 5E505 addresses the startup of equipment that is already at cooldown stabilization, that procedure by its terms is not so limited. There is not language in the procedure specifying it may only be used when cooldown stabilization is not impacted by the trip off. To the contrary, the list of precautions in section 3 of the procedure indicates that temperature may not be stable following a trip off incident and that temperature changes can and do occur.⁴ Additional procedures address temperature changes, including section 8.2, which addresses warming up the MCHE after a trip and section 8.4, which contains MCHE cool down procedures. Given the potential for temperature changes following an unplanned trip of the MCHE, cooldown is not stabilized unless or until the associated equipment is returned to normal operations.⁵ Finally, the MCHE 5E505 procedure addressing the startup process does not appear to address the separate, and distinct, requirement under § 193.2505(b) that “[a]fter cooldown stabilization is reached, cryogenic piping systems must be checked for leaks in areas of flanges, valves, and seals.”

¹ Section 193.2505(b) states: “After cooldown stabilization is reached, cryogenic piping systems must be checked for leaks in areas of flanges, valves, and seals.”

² A “trip off” incident is generally understood as an unplanned shutdown due to either faulty instrumentation or an abnormal operation, such as pressure, flow, or temperature outside of normal ranges.

³ Response, at 2.

⁴ The precautions in section 3 warn against exceeding certain limits on cool-down and warm-up rates, temperature differences, and other temperature limitations, any of which if exceeded require further action by the operator.

⁵ SOP-020-01, section III.A.1, states that cooldown leak checks must commence as soon as cooldown of any component begins and must continue until all cooled down piping and components have stabilized.

After the MCHE was restarted following the trip off incident and cooldown stabilization was re-achieved and normal operations resumed,⁶ no records reflect CPLNG performed the required leak checks under § 193.2505(b) and CPLNG's relevant procedure (SOP-020-01, Cooldown Leak Checks). According to SOP-020-01, section III.A.1, cooldown leak checks must commence as soon as cooldown of any component begins and must continue until all cooled down piping and components have stabilized. Depending on the duration of a trip off, fluid may remain relatively cold and require less operator action to return to normal operating conditions. However, a lesser level of warmup does not negate the requirements of § 193.2505(b) regarding checking for leaks when cooldown stabilization has been lost. The required leak checks help ensure cryogenic systems are functioning safely once cooldown stabilization has been achieved.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2521.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 193.2605(b)(1), which states:

§ 193.2605 Maintenance procedures.

- (a)
- (b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedures must include:
 - (1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance;

The Notice alleged that Respondent's manuals of written procedures for the maintenance of each component failed to include the details of the inspection or tests determined under § 193.2605(a) in accordance with § 193.2605(b)(1).⁷ Specifically, the Notice alleged that CPLNG failed to develop procedures for the inspection and testing of high temperature detector sensors and low temperature detector sensors.

In its Response, CPLNG stated that applicable reference documents, which it explained were previously available to technicians, have now been combined into a single procedure, GD-0007 Instrument Testing, to provide guidance to technicians performing maintenance on the high- and low-temperature detector sensors. The Director's recommendation for final action⁸ in this case states that on June 21, 2023, Respondent provided a training roster showing that CPLNG had trained its personnel on the new procedure.

Having reviewed the record, including the explanation of the alleged violation in Item 2 and CPLNG's Response, I find certain reference documents were available to personnel, but the requisite procedures related to the inspection and testing of high- and low-temperature detector

⁶ See Exhibit A-4 in the case file.

⁷ Section 193.2605(a) states: "Each operator shall determine and perform, consistent with generally accepted engineering practice, the periodic inspections or tests needed to meet the applicable requirements of this subpart and to verify that components meet the maintenance standards prescribed by this subpart."

⁸ Submitted pursuant to § 190.207(b)(7).

sensors were not, at the time of the inspection, part of the manual of procedures specifically required by § 193.2605(b)(1).

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2605(b)(1).

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 193.2801, which states:

§ 193.2801 Fire protection.

Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA-59A-2001 (incorporated by reference, *see* § 193.2013). However, LNG plants existing on March 31, 2000, need not comply with provisions on emergency shutdown systems, water delivery systems, detection systems, and personnel qualification and training until September 12, 2005.

The Notice alleged that CPLNG failed to maintain fire protection at its LNG facility in accordance with NFPA-59A-2001 and § 193.2801. Specifically, the Notice alleged that CPLNG failed to conduct an adequate evaluation to determine the spacing and location of fire detectors in its 106H building in accordance with NFPA-72-1999.

CPLNG did not contest Item 4. In its Response, CPLNG stated that it would conduct a follow-up NFPA 59A evaluation on the UV/IR detectors in the 106H building and submit the evaluation records within 60 days of the issuance of this Final Order.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2801.

These findings of violation will be considered prior offenses in any subsequent enforcement actions against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, and 4 for violations of 49 C.F.R. §§ 193.2521, 193.2605(b)(1), and 193.2801, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has already completed the actions proposed in the Notice to correct the violation described in Item 2. Therefore, it is not necessary to include the proposed compliance terms for Item 2 in this Final Order.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 193.2521 (**Item 1**), CPLNG must provide documentation to the Director within 60 days of issuance of this Final Order that it will complete and maintain records of leak checks in accordance with its procedures.
2. With respect to the violation of § 193.2801 (**Item 4**), CPLNG must provide adequate records or conduct an evaluation that demonstrates consideration of the size of the flaming fire to be detected, and addresses the requirements in sections 2-4.3.2.1, 2-4.3.2.2, and 2-4.3.2.3 of NFPA-72-1999 and submit the evaluation to the Director within 60 days of issuance of this Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (*see* 49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 3, the Notice alleged a probable violation of Part 193 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be warning item under § 190.205. The warning was for:

49 C.F.R. § 193.2637 (**Item 3**) - Respondent's alleged failure to take prompt corrective or remedial action after learning that atmospheric, external, or internal corrosion is not controlled as required by Subpart G in accordance with § 193.2637 and CPLNG's procedures.

CPLNG stated in the Response that the cathodic protection did not impact gas, LNG, or environmentally sensitive piping. Respondent also stated that the cathodic protection on the fire water system is independent, and that it had remediated these items as of September 28, 2022. Under § 190.205, PHMSA does not adjudicate warning items to determine whether a probable violation occurred. If OPS finds a violation of this item in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey

Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including any corrective actions, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this order are effective upon service in accordance with 49 C.F.R. § 190.5.

May 30, 2024

for Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued