

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: mmallett@freeportlng.com

November 2, 2023

Mark Mallett
Chief Operating Officer
Freeport LNG Development, LP
333 Clay Street
Houston, Texas 77002

CPF 4-2023-059-NOA

Dear Mr. Mallett:

From February 27 to April 4, 2023, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Freeport LNG Development, LP's (FLNG) integrity management plan and maintenance and operations procedures in Freeport, Texas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within FLNG's plans and/or procedures as described below:

1. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a)
 - (b) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
 - (1)
 - (2) **Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.**

§ 192.493 In-line inspection of pipelines.

When conducting in-line inspections of pipelines required by this part, an operator must comply with API STD 1163, ANSI/ASNT ILI - PQ, and NACE SP0102, (incorporated by reference, *see* § 192.7). Assessments may be conducted using tethered or remotely controlled tools, not explicitly discussed in NACE SP0102, provided they comply with those sections of NACE SP0102 that are applicable.

FLNG's written procedures for controlling corrosion were inadequate to assure the safe operation of a pipeline facility in accordance with § 192.605(b)(2). Specifically, FLNG's procedure for conducting in-line inspections (ILI), *In-Line Inspection and Analysis*, PPL-OPS-PRC-9001-071.0001 (Revision: 0, dated April 28, 2021), failed to include ILI survey acceptance criteria required by *NACE SP0102*, section 5.1.5 Survey-acceptance criteria in accordance with § 192.493.

Section 2.2.1.2 of FLNG's *In-Line Inspection and Analysis* procedure stated that FLNG will rerun the ILI tool if the results are not acceptable, as determined by the ILI Project Manager. However, FLNG's procedure does not include the requirement to develop and agree to a set of survey-acceptance criteria that define when a rerun survey is required in accordance with section 5.1.5 of *NACE SP0102*.

Therefore, FLNG's written procedures for controlling corrosion were inadequate to assure the safe operation of a pipeline facility in accordance with § 192.605(b)(2). FLNG must amend its *ILI and Analysis* procedure to require development of ILI survey acceptance criteria as required by *NACE SP0102*.

2. § 192.615 Emergency plans.

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(1)

(12) Each operator must develop written rupture identification procedures to evaluate and identify whether a notification of potential rupture, as defined in § 192.3, is an actual rupture event or a non-rupture event. These procedures must, at a minimum, specify the sources of information, operational factors, and other criteria that operator personnel use to evaluate a notification of potential rupture and identify an actual rupture. For operators installing valves in accordance with § 192.179(e), § 192.179(f), or that are subject to the requirements in § 192.634, those procedures must provide for rupture identification as soon as practicable.

FLNG's written procedure to minimize the hazard resulting from a gas pipeline emergency was inadequate to assure safe operation of a pipeline facility in accordance with § 192.615(a)(12). Specifically, FLNG's procedure *Freeport LNG Facilities – Integrated Contingency Plan* (Revision: 0, dated August 2022) failed to include criteria to evaluate and identify whether a notification of potential rupture, as defined in § 192.3, is an actual rupture event or a non-rupture event in accordance with § 192.615(a)(12).

FLNG failed to include written rupture identification procedures in its *Integrated Contingency Plan*. The procedure failed to specify the sources of information, operational factors, and other criteria that operator personnel use to evaluate a notification of a potential rupture and identify an actual rupture.

Therefore, FLNG's written procedure to minimize the hazard resulting from a gas pipeline emergency was inadequate to assure safe operation of a pipeline facility in accordance with § 192.615(a)(12). FLNG must revise its procedure as specified above.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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, revised procedures, or a request for a hearing under § 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Freeport LNG Development, LP, maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Bryan Lethcoe, Director, Southwest, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2023-059-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings

cc: Michael Stephenson, Regulatory Compliance Manager, MStephenson@freeportlng.com
David Pesses, Sr. Compliance Specialist, DPesses@freeportlng.com