

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

VIA ELECTRONIC MAIL TO: seanlalani@eaglelng.com

August 29, 2024

Mr. Sean Lalani
President
Eagle LNG Partners
Research Forest Lakeside No. 4
2445 Technology Forest Blvd, Suite 500
The Woodlands, TX 77381

CPF 4-2024-042-NOPV

Dear Mr. Lalani:

From April 17 to 19 and on May 10, 2023 of the on-site inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Maxville liquefied natural gas (LNG) facility in Jacksonville, FL.

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

1. § 193.2637 Remedial measures.

Prompt corrective or remedial action must be taken whenever an operator learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by this subpart.

Eagle LNG Partners failed to take prompt corrective or remedial action whenever an operator learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by this Part 193, Subpart G in accordance with § 193.2637. Specifically, during the inspection, the PHMSA inspector observed extensive outer corrosion on the N2 Recycle Compressor especially near the flanges.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For 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 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 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 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.

Also, for each violation involving LNG facilities, an additional penalty of not more than \$97,179 occurring on or after December 28, 2023 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$94,128 occurring on or after January 6, 2023 and before December 28, 2023 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$87,362 occurring on or after March 21, 2022 and before January 6, 2023 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$82,245 occurring on or after May 3, 2021 and before March 21, 2022 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$81,284 occurring on or after January 11, 2021 and before May 3, 2021 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$79,875 occurring on or after July 31, 2019 and before January 11, 2021 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$77,910 occurring on or after November 27, 2018 and before July 31, 2019 may be imposed.

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

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. All material you 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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 your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2024-042-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Tim Robertson, Director, Operations, timrobertson@eaglelng.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Eagle LNG a Compliance Order incorporating the following remedial requirements to ensure the compliance of Eagle LNG with the pipeline safety regulations:

- A. In regard to 1 of the Notice pertaining to Eagle LNG's failure to take prompt corrective or remedial action whenever an operator learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by this Part 193, Subpart G, Eagle LNG must reinspect the N2 Recycle Compressor, remediate all corrosion, and provide inspection records and photographs of the remediation of the N2 Recycle Compressor to the Director, Southwest Region, PHMSA within **60** days of receipt of the Final Order.
- B. It is requested (not mandated) that Eagle LNG maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, 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.