

WARNING LETTER

VIA ELECTRONIC MAIL TO: seanlalani@eaglelng.com

August 26, 2024

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

CPF 4-2024-043-WL

Dear Mr. Lalani:

From March 13 to 15 and from May 9 to May 10 of the on-site inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Maxville LNG Train 2 Project in Jacksonville, FL.

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

1. **§ 193.2304 Corrosion control overview.**
(a) Subject to paragraph (b) of this section, components may not be constructed, repaired, replaced, or significantly altered until a person qualified under § 193.2707(c) reviews the applicable design drawings and materials specifications from a corrosion control viewpoint and determines that the materials involved will not impair the safety or reliability of the component or any associated components.

Eagle LNG failed to have a person qualified under § 193.2707(c) review applicable design drawings and materials specifications from a corrosion control viewpoint and determine that the materials involved will not impair the safety or reliability of the component or any associated components before they were constructed, repaired, replaced, or significantly altered in accordance with § 193.2304(a). Specifically, Eagle LNG failed to provide records indicating the review required by § 193.2304(a) was conducted.

During the on-site inspection, the inspector reviewed the Eagle LNG Partners Maxville 2nd Liquefaction Train Project Process Hazard Analysis (PHA) Report, Rev 1 (Feb. 28, 2023) (PHA Report). PHMSA does not object to the use of the PHA process for the purposes of the § 193.2304(a) corrosion control review, however, the PHA Report failed to demonstrate that the PHA Team was made up of at least one person who is deemed by the operator to be qualified under § 193.2707(c).

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 \$2,391,142 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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so may result in Eagle LNG being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2024-043-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: Tim Robertson, Director, Operations, timrobertson@eaglelng.com