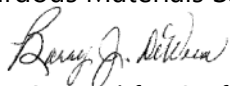




Memorandum

Date: October 16, 2018

Subject: INFORMATION: Audit Announcement | PHMSA's Oversight of Liquefied Natural Gas Facilities | Project No. 19S3003S000
Pipeline and Hazardous Materials Safety Administration

From: Barry J. DeWeese 
Assistant Inspector General for Surface Transportation Audits

To: Pipeline and Hazardous Materials Safety Administrator

The Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), has regulatory authority over siting, design, construction, operation, and security of liquefied natural gas (LNG) facilities. The Agency regulates 151 LNG plants in 38 States and territories, and oversees those plants in conjunction with State pipeline safety offices. PHMSA's oversight responsibilities for LNG facilities may increase, as the U.S. Energy Information Agency estimates that American LNG exports will rise from about 3 billion cubic feet per day in 2018 to 15 billion cubic feet per day in 2030.

To successfully meet its future challenges, PHMSA will need effective and efficient oversight of these facilities. Accordingly, our objectives for this self-initiated audit are to assess PHMSA's oversight of (1) LNG facility operators' compliance with Federal regulations, and (2) States that conduct inspections of LNG facilities.

We plan to begin the audit this month and will coordinate with your audit liaison to schedule an entrance conference. We will conduct our work at PHMSA headquarters and field offices, as well as selected LNG facilities. If you have any questions, please contact me at 202-366-5630 or Kerry R. Barras, Program Director, at 817-978-3318.

cc: DOT Audit Liaison, M-1
PHMSA Audit Liaison, PH-4