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By Docket Room at 7/11/2022 4:27 PM

July 1, 2022 · 1:12 PM PDT

Last Updated 4 days ago

Energy

U.S. regulator bars Freeport LNG plant restart over safety concerns

By Gary McWilliams



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Pipes are seen at Dominion's Cove Point liquefied natural gas (LNG) plant on Maryland's Chesapeake Bay in this picture taken February 5, 2014.
REUTERS/Tim Gardner/File Photo

**Summary****Regulator finds conditions posing public safety risk****U.S. set timeline for independent review of plant, repair plan****June 8 blast released 120,000 cubic feet of LNG, methane****Freeport sees partial resumption in early October**

HOUSTON, June 30 (Reuters) - The second-biggest U.S. liquefied natural gas export facility hit by fire earlier this month will not be allowed to repair or restart operations until it addresses risks to public safety, a pipeline regulator said on Thursday.

The June 8 blast and fire knocked out Freeport LNG's 15 million tonnes per year (mtpa) Quintana plant, exacerbating global LNG shortages amid reduced gas flows from Russia,

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"Continued operation of Freeport's LNG export facility without corrective measures may pose an integrity risk to public safety, property or the environment," the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) said in its preliminary report.

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A problem with a safety valve led an 18-inch (46-cm) pipe with inner and outer stainless steel layers to overpressurize and burst, releasing LNG and methane that caused the blast, PHMSA said in its report.

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It laid out a series of steps for investigating what caused a 300-foot (91-m) section of pipe to burst and release about 120,000 cubic feet of LNG.

The root cause analysis likely will delay a partial restart of the plant for 90 to 120 days, and could delay a full restart, analysts said.

Closely-held Freeport said it will continue working with PHMSA and other regulatory bodies to obtain necessary approvals to restart operations. It estimated resumption of partial liquefaction operations to be in early October and a return to full production by year-end.

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U.S. natural gas futures tumbled 15% on Thursday due to the report and on a continued inventory build, contributing to a 33% price drop in June, the biggest monthly drop since 2018. [read more](#)

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But based on PHMSA's past history, once it understands the cause of the blast and is confident in a repair plan, it likely will let a portion of the facility resume processing sooner, he said.

Freeport LNG has said the likely cause of the blast was an over-pressurized pipeline and that the equipment to chill natural gas into a liquid for export was not damaged. [read more](#)

The regulator ordered the company to submit within 60 days a plan for an outside investigator to provide a report on the extent of the damage to the facility. It did not say how long it would take to approve a plan. Freeport must also hire a third-party to review the state of its LNG storage tanks.

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Only after the reviews are completed can the company submit a plan to repair the damage, it said, further complicating Freeport LNG's aim for a partial restart in September and full operation by year-end.

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Reporting by Gary McWilliams Editing by Marguerita Choy

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