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May 1, 2012

Mr. Byron Coy
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

**RE: CPF 1-2012-2001M
Response to Notice of Amendment
Neptune LNG LLC**

Dear Mr. Coy,

During the week of August 15, 2011, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted an inspection of Neptune LNG's (Neptune) Operations and Maintenance (O&M) Procedures in Gloucester, Massachusetts. As a result of this inspection, PHMSA identified four (4) apparent inadequacies in Neptune's O&M Procedures and issued a Notice of Amendment (NOA) on April 2, 2012. This letter is our response to the NOA.

Neptune has revised its procedures as needed to address the issues identified in the NOA. The following is our response to each issue. The revised procedures are enclosed.

1. 49 CFR 191.5 Telephonic notice of incidents.

- (a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in 49 CFR 191.3.**

PHMSA Finding

Operator's procedures are inadequate in that they fail to specify a methodology to calculate volume of lost gas during reportable incidents.



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Neptune Response

Neptune has revised its Emergency and Reporting Procedures to show the formula used to calculate the volume of gas lost during a reportable incident with a Shuttle Regasification Vessel (SRV) at the Neptune Deepwater Port (Port) and without an SRV at the Port. The formula has been added to Reporting Procedures, "Procedures for Gathering Data for Incident Reporting (49 CFR 191.5)", paragraph 3, and to Emergency Procedures, "Receiving, identifying and classifying notices of events which require immediate response by an operator (49 CFR 192.615(a) (1)", paragraph 2.

2. 49 CFR 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) Receiving, identifying and classifying notices of events which require immediate response by the operator.**

PHMSA Finding

Operator procedures are inadequate in that they are not specific with respect to the emergency reports that it might receive and the immediate digestion and analysis of those reports to prepare the emergency response. Steps are omitted with respect to the code requirements, instead, directing the operator response personnel to atmospheric gas measurement and repair procedures that may not be feasible during an emergency.

Neptune Response

Neptune has revised its Emergency Procedures, added a new paragraph 1, "Written procedures to minimize the hazard resulting from a gas pipeline emergency (49 CFR 192.615(a))" and a new paragraph 4, "Prompt and Effective Response to a Notice of Each Type of Emergency (49 CFR 192.615(a) (3)", to clarify the immediate digestion and analysis of emergency reports that it may receive to determine if an immediate response is required. Items identified in the NOA that may not be feasible during a response were removed. Additionally, the procedures in paragraph 2, (previously paragraph 1) were revised to provide greater clarity of actions to be taken when an SRV is at the Port and when no SRV is at the Port. Minor revisions were made to paragraphs 5, 7, 8, 9, 11, 12, and 14. The contents of the original paragraph 14, regarding the handling of bubbles reported offshore, has been moved to paragraph 2 of the emergency response section of the Pipeline Operations, Maintenance and Emergency Response manual.



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3. 49 CFR 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:**
- (2) Establishing and maintaining adequate means of communication with appropriate fire, police and other public officials.**

PHMSA Finding

Operator's procedure for establishing and maintaining adequate means of communication with appropriate fire, police and other public officials is inadequate in that it has four federal contact numbers, only one (USCG) of which is useful for assistance in minimizing the hazard resulting from a gas pipeline emergency. Neptune fails to mention communication medium to be employed other than a phone number which may not be adequate as the sole communication during an emergency.

Neptune Response

Neptune has revised the Emergency Procedures, paragraph 3, of the Neptune Deepwater Port Operations, Maintenance and Emergency Response Manual to include local fire, police, Mayors/Town Administrators, State Representatives and the U. S. Representative serving Gloucester, Beverly, Marblehead, Salem and Manchester. Neptune has also added email addresses and fax numbers for all entities to be notified if they were available.

4. 49 CFR 192.616 Public Awareness

- (g) The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the non-English speaking population in the operator's area.**

PHMSA FINDING

The operator's procedures refer to U. S. Coast Guard Notice of Mariners documents, NOAA navigational charts and a company brochure, all distributed in Spanish. There is no mention of gauging the population for other non-English speaking nationalities, nor does it describe efforts to measure and educate them. This does not conform with the guidelines in API RP 1162.



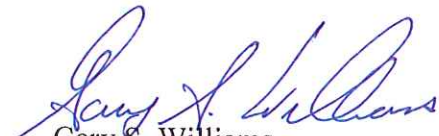
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Neptune Response

Neptune has revised its Public Awareness Program Procedures, paragraph 3, to include gauging for other non-English nationalities via the U. S. Census statistics for the towns of Gloucester, Manchester, Salem Beverly and Marblehead. The statistics from the 2010 census for these towns indicates that the only significant concentration of potential non-English speaking nationalities is Hispanic. Measurement of effectiveness has been addressed in paragraph 5. Neptune will review, annually, but not more than 15 months, the area population make-up through the census results as provided by the U. S. Census Bureau in order to adapt to any significant changes in the populations of these communities.

Two copies of the procedures that have been revised as a result of the NOA are enclosed. One copy has been highlighted to readily identify the changes that have been made for your review and one copy without highlights is provided for your records. We trust that you will find the revisions to these procedures fully address the issues noted in the NOA and you will consider this matter closed. Please do not hesitate to contact me at (617)886-8780 should you have any further questions regarding this matter.

Sincerely,



Gary S. Williams
Director, Port Operations
Neptune LNG LLC