

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

VIA ELECTRONIC MAIL

May 4, 2023

G. Clark White
Executive Vice President Operations
Targa Downstream LLC
811 Louisiana Street Suite 2100
Houston TX, 77002

CPF 4-2023-044-NOPV

Dear Mr. White:

From February 22 to October 17, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Targa Downstream, LLC's (Targa) Grand Prix and Orange NGL pipeline systems in Houston, TX.

As a result of the inspection, it is alleged that Targa has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Targa failed to follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies in accordance with § 195.402(a) and Targa failed to include the procedures required by § 195.402(c)(13). Specifically, Targa failed to conduct periodic reviews of work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and take corrective action where deficiencies were found in accordance with § 195.402(c)(13).

During the inspection, PHMSA requested records associated with periodic reviews of the work done by operator personnel for the calendar year 2020, 2021 and 2022. Targa failed to provide records of any periodic reviews.

Further, Targa's *Hazardous Liquid OM&E – Operations & Maintenance Manual* (Aug. 13, 2010) failed to include an adequate procedure for periodically reviewing the work done by personnel to determine the effectiveness of procedures in accordance with § 195.402(c)(13). This procedure failed to include details on how the work done by operator personnel is reviewed to determine effectiveness of procedures, and how the results of the reviews is documented.

Therefore, Targa failed to follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies in accordance with § 195.402(a) & (c)(13).

2. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*

(1) General. After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.

Targa failed to periodically evaluate the integrity of each pipeline segment that could affect a high consequence area (HCA) in accordance with § 195.452(j)(1) and Targa failed to have and follow procedures implementing § 195.452(j)(1) in accordance with § 195.402(c)(3). Specifically, Targa failed to conduct a periodic evaluation for the Davis pump station in Murray County, OK and failed to provide a process in its integrity management plan to periodically evaluate the integrity of each pipeline segment that could affect an HCA.

During the inspection, Targa failed to provide records of a periodic evaluation for the Davis pump station in Murray County, OK. Targa provided a spreadsheet for the Akoma to Velma segment but it failed to address specific risk factors and analysis for this facility. The record failed to demonstrate that a periodic evaluation was performed to address the risk associated with the Davis pump facility, which is in an HCA.

Targa's *Integrity Management Plan for Liquids Transmission Pipelines Section 7.1* (Apr. 1, 2020) failed to include provisions for periodic evaluations of each pipeline segment that could affect an HCA. Rather, this section only included the assessment process for line pipe at specified intervals. The procedure failed to provide details on how the periodic evaluation would be conducted for pump station facility.

Therefore, Targa failed to periodically evaluate the integrity of each pipeline segment that could affect a high consequence area (HCA) in accordance with § 195.452(j)(1) and Targa failed to have and follow procedures implementing § 195.452(j)(1) in accordance with § 195.402(c)(3).

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. For violation occurring on or after November 2, 2015 and before November

27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 Items 1 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Targa. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

This amended Notice is issued in accordance with 49 C.F.R. § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

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. 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).

Following the 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 4-2023-044-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: Bryan J. MacKenzie, Sr. Manager Pipeline Integrity, bmackenzie@targaresources.com
Gregg Johnson, Director of Pipeline Compliance, gjohnson@targaresources.com

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item 1 of the Notice pertaining to Targa's failure to conduct periodic reviews of work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance, and take corrective action where deficiencies were found and failure to establish a proper procedure for the same, Targa must amend its procedures to include provisions for periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found within **30** days of issuance of the Final Order.
- B. In regard to Item 2 of the Notice pertaining to Targa's failure to periodically evaluate the integrity of each pipeline segment that could affect a high consequence area, Targa must develop a procedure in its integrity management plan to periodically evaluate the integrity of each pipeline segment that could affect a high consequence area within **30** days of issuance of the Final Order. Targa must perform the periodic evaluation of Davis pump station facility and submit the evaluation to the Director, Southwest Region within **60** days of issuance of the Final Order.
- C. It is requested (not mandated) that Targa 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.