

DEC 23 2009

Mr. Marc O. Breitling
Vice President
Targa Midstream Services LP
Targa Resources, Inc.
1000 Louisiana St, Suite 4300
Houston, TX 77002

Re: CPF No. 4-2007-2002

Dear Mr. Breitling:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$14,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon payment. Service of this document is in accordance with 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R. M. Seeley, Director, Southwest Region, PHMSA

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7005 0390 0005 6162 5272]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
Targa Midstream Services LP,)	CPF No. 4-2007-2002
)	
Respondent.)	
_____)	

FINAL ORDER

On July 10–14, 2006, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the Seahawk and Pelican offshore gas pipelines operated by Targa Midstream Services LP (Targa or Respondent) in Lake Arthur, Louisiana. Targa, a subsidiary of Targa Resources, Inc., operates natural gas and hazardous liquid pipelines in Texas, Louisiana, and the Gulf of Mexico, including the 120-mile Seahawk and Pelican offshore gas pipelines.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated June 4, 2007, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of the natural gas pipeline safety regulations in 49 C.F.R. Part 192, and proposed assessing a civil penalty of \$24,000 for the alleged violations. In accordance with 49 C.F.R. § 190.205, the Notice also proposed finding that Respondent had committed certain other probable violations of 49 C.F.R. Part 192 and warned Respondent to take appropriate corrective action to address them or be subject to future enforcement action.

Respondent responded to the Notice by letter dated July 2, 2007 (Response). Respondent contested several of the allegations, offered information to explain the allegations, and requested that the proposed civil penalty be reduced. Respondent did not request a hearing, and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent committed two violations of 49 C.F.R. Part 192, as follows:

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.477, which states:

§ 192.477 Internal corrosion control: Monitoring.

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with intervals not exceeding 7½ months.

The Notice alleged Respondent violated § 192.477 by failing to check each coupon or other means of monitoring internal corrosion two times per calendar year, with intervals not exceeding 7½ months. Specifically, the Notice alleged that Respondent had not extracted coupons for the Seahawk Lowry plant between December 18, 2002, and May 12, 2004. The Notice further alleged that Respondent had not extracted coupons for the same location between November 30, 2004, and May 23, 2006. During the OPS inspection, Targa did not have records to demonstrate that the coupons had been extracted during these time periods. The most recent record available during the inspection indicated that a coupon had been installed on December 31, 2005, and removed May 23, 2006.

In its Response, Targa explained that the company had been able to locate most of the missing records documenting the extraction of coupons during the periods referenced in the Notice. Targa submitted those records for review. After a review of the records, I find they demonstrate compliance under § 192.477 with respect to all of the coupons referenced in the Notice, except for the coupon installed on June 16, 2005, and removed December 13, 2005 (the “June 2005 coupon”). Targa acknowledged in its Response that it could not locate any record of checking the June 2005 coupon, and the company offered no further evidence that the coupon had actually been checked as required under § 192.477.

Accordingly, after considering all the evidence, I find that Respondent violated 49 C.F.R. § 192.477 by failing to check the June 2005 coupon two times per calendar year, with intervals not exceeding 7½ months.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 192.739, which states:

§ 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and

(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation

The Notice alleged that Respondent violated § 192.739(a) by failing to inspect and test each relief device at intervals not exceeding 15 months, but at least once each calendar year. Specifically, the Notice alleged that Respondent had not inspected relief valve PSV 101A between January 28, 2004, and July 5, 2005, and had not inspected relief valve PSV 101B between January 28, 2004, and September 1, 2005. During the OPS inspection, Targa did not have records to demonstrate that PSV 101A and 101B had been inspected at the required intervals.

In its Response, Targa contended that relief valves PSV 101A and 101B, which are mounted on a pressure vessel at the Pelican Separation Facility, are not relied upon to provide primary overpressure protection for the pipeline. Primary protection for the pipeline is provided by offshore overpressure shutdown. Respondent explained that in the past, inspection and testing of relief valves PSV 101A and 101B had been performed by personnel who operated the Pelican Separation Facility. Targa committed to using its own pipeline personnel in the future to test and inspect these valves every calendar year, with intervals not to exceed 15 months, and to document those inspections to ensure compliance.

With regard to Respondent's contention that relief valves PSV 101A and 101B are not relied upon for primary overpressure protection, I note that § 192.739(a) requires each relief valve to be inspected and tested at the requisite intervals, not just those valves providing primary protection. Therefore, Respondent is required to test and inspect PSV 101A and 101B, regardless of whether they are relied upon for primary overpressure protection. After considering all of the evidence, I find Targa violated 49 C.F.R. § 192.739(a) by failing to inspect and test relief valves PSV 101A and PSV 101B at intervals not exceeding 15 months.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations. The Notice proposed a total civil penalty of \$24,000 for the two violations.

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

Item 4: The Notice proposed a civil penalty of \$15,000 for the violation of § 192.477. As noted above, I found that Respondent committed a violation of § 192.477 by failing to regularly check a coupon used to determine the effectiveness of steps taken by the company to minimize internal corrosion. While Targa was able to demonstrate compliance with respect to most of the coupons contained in the allegation of violation, the company could not provide any documentation or other evidence demonstrating that the June 2005 coupon had been checked.

The use of coupons to determine corrosion rates is important for predicting and mitigating future internal corrosion. Failure to check coupons at requisite intervals and take appropriate mitigating action based on the results of those checks may lead to an eventual pipeline failure and release of natural gas that is hazardous to the public, property, and the environment. Respondent has categorized this violation as merely a “recordkeeping management error,” but the absence of supporting evidence in the record makes it more likely that the coupon was not checked, which poses a risk to public safety. Accordingly, I find this violation warrants a civil penalty.

I do acknowledge, however, that Respondent demonstrated compliance with regard to the other coupons referenced in the Notice. Accordingly, having reviewed the record and considered the assessment criteria, I find it is appropriate to reduce the civil penalty, and assess Respondent a reduced civil penalty of \$5,000 for the violation of § 192.477.

Item 5: The Notice proposed a civil penalty of \$9,000 for the violation of § 192.739(a). As noted above, I found that Respondent committed a violation of § 192.739(a) by failing to inspect two relief valves at the required intervals. While Respondent provided some information in explanation of the violation, the company did not present any information to justify mitigation of the proposed civil penalty under the assessment criteria listed above.

The inspection and testing of relief valves at regular intervals helps to maintain important safety features of a pipeline that prevent or minimize the impact of a pipeline emergency. Failure to properly maintain relief valves can lead to an overpressure event, which can result in a pipeline failure and the release of natural gas that is hazardous to the public, property, and the environment. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$9,000 for the violation of § 192.739(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$14,000**.

Payment of the civil penalties must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-341), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$14,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 49 C.F.R. § 89.23. Pursuant to

those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

WARNING ITEMS

With respect to Items 1, 2, and 3, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 192.225(b) (**Notice Item 1**) – Respondent’s alleged failure to record and retain the results of qualifying tests for welding procedures used for the West Cameron 118 riser repair that was performed on November 5–8, 2004;

49 C.F.R. § 192.229(b) (**Notice Item 2**) – Respondent’s alleged use of a welder and welding procedures for the West Cameron 118 riser repair, performed November 5–8, 2004, even though the welder had not used those particular welding procedures within the preceding six calendar months; and

49 C.F.R. § 192.243(b)(1) (**Notice Item 3**) – Respondent’s alleged failure to perform nondestructive testing of welds in accordance with written procedures for the West Cameron 118 riser repair that was performed on November 5–8, 2004.

In its Response, Targa committed to certain actions to address the cited items. Having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of §§ 192.225(b) (Item 1), 192.229(b) (Item 2), and 192.243(b)(1) (Item 3) have occurred and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation for any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent’s receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. However, if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order are effective upon service.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued