

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 26, 2019

Mr. Joe Bob Perkins
Chief Executive Officer
Targa Resources Operating, LLC
811 Louisiana, Suite 2100
Houston, Texas 77002

CPF 3-2019-6003

Dear Mr. Perkins:

On June 26th-28th, July 24th-26th and July 31st-August 2nd of 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected facilities and records of your Saddle Butte crude oil pipeline system in North Dakota.

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

1. **§194.107 General response plan requirements.**
 - (a) . . .
 - (c) **Each response plan must include:**
 - (1) **A core plan consisting of-**
 - (i) . . .
 - (ix) **Drill program—an operator will satisfy the requirement for a drill program by following the National Preparedness for Response Exercise Program (PREP) guidelines. An operator choosing not to follow PREP guidelines must have a drill program that is equivalent to PREP. The operator must describe the drill program in the response plan and OPS will determine if the program is equivalent to PREP.**

PREP Guidelines, Section 5.1, Drill: Qualified Individual (QI) Notification

Frequency: As indicated by the response plan and, at a minimum, consistent with the triennial cycle (quarterly).

Targa Resources Operating, LLC (Targa) failed to satisfy the requirements for a drill program which follow PREP Guidelines, Section 5.1, Drill: QI Notification.¹ Specifically, Targa did not conduct QI notification drills each quarter during the three year period from 2015 through 2017. A total of twelve (12) quarterly notifications drills were not conducted.

2. **§195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**
 - (a) **A means must be provided for containing hazardous liquids in the event of spillage or failure of an aboveground breakout tank.**
 - (b) **After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:**
 - (1) **For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following section of NFPA-30 (2008 edition)(incorporated by reference per §195.3);**
 - (i) **Impoundment around a breakout tank must be installed in accordance with section 22.11.2.**

Targa failed to satisfy the requirements of Section 22.11.2 of NFPA-30 (2008 edition) regarding impoundment and ground slope around the breakout tanks.

PHMSA's field inspection of Tanks 200 & 210 at Targa Resources Johnson's Corner facility and Tank 3000 at the New Town facility found that control of drainage was not accessible under fire conditions from outside the containment area as required per

¹ Targa provided no evidence that it followed a drill program that is equivalent to that set forth in PREP.

section 22.11.2.7.1 of NFPA-30 (2008 edition). Section 22.11.2.7.1 states “[c]ontrol of drainage shall be accessible under fire conditions from outside the dike.”

Additionally, field inspection of Tank 210 at Targa Resources Johnson’s Corner facility identified an area that did not have a slope of not less than 1% away from the tank as required per section 22.11.2.1 of NFPA-30 (2008 edition). Section 22.11.2.1 states “[a] slope of not less than 1 percent away from the tanks shall be provided for at least 50 feet or to the dike base, whichever is less”.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. . The Compliance Officer has reviewed the circumstances and supporting documentation involved for the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$22,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$22,800

Proposed Compliance Order

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

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance 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 submit written comments, or request a hearing under 49 CFR § 190.211. 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. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2019-6003** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

Copy:

Mr. Clark White
Executive VP Engineering and Ops
Targa Resources Operating, LLC
811 Louisiana St., Suite 2100
Houston, TX 77002

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Targa Resources Operating, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Targa Resources Operating, LLC with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to (a) the provision for the control of drainage of open dike impoundment areas around tanks, the operator must make alterations to the drainage control system so it can be accessed during fire conditions; and (b) the provision that a slope of not less than 1% away from the tank shall be provided for at least 50 feet, the operator must alter the slope away from the tank as required by §195.264(b)(1)(i).
2. The operator must complete the above item within 90 days after the receipt of the Final Order.
3. It is requested (not mandated) that Targa Resources Operating, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central 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.