

APR 2 2010

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

Re: CPF No. 4-2007-5048

Dear Mr. Breitling:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Targa Midstream Services LP to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 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

Mr. Tim Huffer, Manager, Regulatory Compliance, Targa Midstream Services LP
1000 Louisiana St., Houston, TX 77002

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7009 1410 0000 2472 5286]

**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. 4-2007-5048
)	
Respondent.)	
_____)	

FINAL ORDER

On August 27 – September 1, 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 facilities and records of Targa Midstream Services LP (Targa or Respondent) in Louisiana and Texas. Targa, a subsidiary of Targa Resources, Inc., owns and operates natural gas gathering and natural gas liquid pipelines, natural gas processing plants, and storage terminals primarily located in the southern region of the United States.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated December 13, 2007, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations.

Respondent responded to the Notice by letters dated January 11, 2008, and March 13, 2008 (collectively, Response). Respondent contested several allegations and provided information concerning the corrective actions it had taken. Respondent did not request a hearing and therefore had waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent committed certain violations of 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.555, which states:

§ 195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring compliance.

The Notice alleged that Respondent violated § 195.555 by failing to require and verify that supervisors maintained a thorough knowledge of that portion of the corrosion control procedures for which they are responsible for insuring compliance. Specifically, the Notice alleged that Targa did not have a qualified supervisor overseeing its cathodic protection program. The Notice further alleged that Respondent's DOT Coordinator and Pipeline Technicians, who were responsible for reviewing rectifier inspection documentation and pipe-to-soil readings to determine if corrective actions or further testing were needed, were not NACE certified as specified by Targa's operations and maintenance procedures and 49 C.F.R. § 195.555.

In its Response, Targa did not contest the allegation and stated that the company had amended its procedures to specify the qualifications required for certain corrosion control program employees. Accordingly, after considering all the evidence, I find that Respondent violated 49 C.F.R. § 195.555 by failing to ensure that its corrosion control supervisors maintained a thorough knowledge of that portion of the corrosion control procedures for which they were responsible.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.571, which states:

§ 195.571 What criteria must I use to determine the adequacy of cathodic protection?

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP 0169 (incorporated by reference, *see* § 195.3).

The Notice alleged that Respondent violated § 195.571 by failing to ensure that cathodic protection on its pipeline complied with applicable NACE criteria. Specifically, the Notice alleged that annual pipe-to-soil surveys for years 2004 and 2005 demonstrated that certain test locations did not meet the applicable -850 mV criterion.

In its Response, Targa did not contest the allegation and stated the company had taken corrective measures to remediate certain cathodic protection deficiencies. Accordingly, after considering all the evidence, I find that Respondent violated 49 C.F.R. § 195.571 by failing to comply with applicable cathodic protection criteria for survey years 2004 and 2005.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.577(a), which states:

§ 195.577 What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

The Notice alleged that Respondent violated § 195.577(a) by failing to have a program to identify, test for, and minimize the detrimental effects of stray currents. Specifically, the Notice alleged that certain annual pipe-to-soil survey readings for calendar year 2005 showed casing potentials that were nearly the same as the pipe, indicating possible interference. The Notice also alleged certain “instant off” readings were higher than the corresponding “on” readings, also an indication of possible interference. The Notice further alleged Respondent could not demonstrate that it had an adequate program for testing interference at such locations.

In its Response, Targa explained that its practice was to test casings if a potential was within 100 mV of the pipeline potential to determine if it was shorted. Respondent also explained that its procedures specified interference or stray current effects should be investigated when conditions were found to indicate possible interference. Targa stated in its Response that it had reviewed its cathodic protection readings for the subsequent year (2007) and found no conditions that indicated possible interference or effects from stray currents, including no “instant off” readings that were higher than the “on” readings.

After a review of the evidence, I find that the pipe-to-soil survey readings for calendar year 2005 indicated several locations where “instant off” readings were the same as or higher than the “on” readings, indicating possible interference. Respondent did not submit documentation in response to the Notice to demonstrate it had an adequate program for testing interference at appropriate locations, other than to explain generally that it tested casings, investigated stray current effects, and reviewed annual survey readings. Annual surveys are normally a component of an interference testing and alleviation program, but additional data and studies are oftentimes required (such as close interval surveys) to ensure damage is not occurring due to interference currents, particularly at foreign pipeline crossings and right-of-ways shared with multiple pipelines using separate cathodic protection systems. Respondent did not demonstrate it had a program sufficient to identify, test for, and minimize the detrimental effects of interference currents.

Accordingly, after considering all the evidence, I find Respondent violated 49 C.F.R. § 195.577(a) by failing to have an adequate program to identify, test for, and minimize the detrimental effects of interference currents on pipelines.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.412(a), which states:

§ 195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

The Notice alleged that Respondent violated § 195.412(a) by failing to inspect the surface conditions on or adjacent to each pipeline right-of-way. Specifically, the Notice alleged that Targa had failed to maintain its right-of-way in a condition that enabled adequate patrolling. Certain locations were alleged to have been overgrown with vegetation, obscuring pipeline

markers and making it difficult to determine the pipeline route. In addition, the Notice alleged there were locations that did not have adequate pipeline markers to accurately determine the location of the pipeline, including unmarked points where the pipeline route changed and places where markers had been knocked down or damaged.

In its Response, Targa did not contest the allegation, but provided information concerning the corrective action it had taken. Accordingly, after considering all the evidence, I find Respondent violated 49 C.F.R. § 195.412(a) by failing to maintain its pipeline right-of-way to enable inspection of surface conditions.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 195.434, which states:

§ 195.434 Signs.

Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

The Notice alleged that Respondent violated § 195.434 by failing to maintain signs around each station that contained the name of the operator. Specifically, the Notice alleged that in several areas, including at the entrance to the Sour Lake Pump Station and along long spans of perimeter fencing, Respondent did not have signs identifying Targa as the operator. Targa personnel stated during the inspection that certain signs had been stolen at one location and that the company was in the process of replacing them.

In its Response, Targa did not contest the allegation and submitted information concerning the corrective action it had taken. Accordingly, after considering the evidence, I find Respondent violated 49 C.F.R. § 195.434 by failing to maintain signs around each station that identified the operator's name.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 195.583(c), which states:

§ 195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion

(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by § 195.581.

The Notice alleged that Respondent violated § 195.583(c) by failing to provide protection against atmospheric corrosion for an exposed pipeline segment near the Highway 69 crossing.¹ The Notice alleged further that the pipe wrap was damaged, apparently by pedestrians using the exposed pipe to cross a drainage ditch, and a surface oxide was evident on the exposed areas.

¹ The Notice quoted § 195.583(c), but misidentified the regulation as § 195.583(b).

In its Response, Targa contested the allegation and explained that the referenced section near the Highway 69 crossing was not a pipeline segment but a casing. Respondent submitted photographs of the section, showing a casing vent above a buried portion of the segment in proximity to the exposed section. Respondent also submitted documentation of its repair of the damaged coating on the section.

During the 2006 PHMSA inspection of the referenced location, it was the PHMSA inspector's impression, based on certain evidence, that the referenced section was a pipeline subject to the inspection and remediation requirements in § 195.583. First, it would be unusual to see a casing with the type of pipe wrap coating that was visible on the exposed facility. Second, Targa representatives indicated to the inspector that a new highway crossing had been bored and the "cased segment" had been removed. Third, although there was a vent pipe protruding from the ground above a buried portion of the facility in question near the exposed section, the operator did not produce any documentation or configuration diagrams to prove that the vent pipe was actually connected to the exposed section. Finally, there was not a second vent pipe downstream on the other side of the exposure.

Although Respondent has contended that the exposed section was a casing rather than an exposed pipeline, I do not find evidence in the record supporting this assertion. Respondent submitted a photograph of the vent pipe in proximity to the section, but did not demonstrate definitively that the vent pipe was actually welded to the exposed section. Such definitive proof would be, at a minimum, submission of an "as built" drawing, but more probative would be evidence that Respondent excavated and visually examined the configuration. That evidence is necessary because it is entirely possible that the vent pipe is attached to a casing that ends prior to the exposed section of pipe. In fact, such configuration is supported by the above-referenced statements made by Targa to the PHMSA inspector.

Accordingly, after considering the evidence, I find that Respondent operated an exposed pipeline near the Highway 69 crossing and that Respondent violated 49 C.F.R. § 195.583(c) by failing to provide protection against atmospheric corrosion for the pipeline.

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

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to each of the violations. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids by pipeline or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has taken the following actions to address some of the cited violations:

In regards to § 195.555 (Item 1), Respondent has modified its procedures to specify the qualifications of its corrosion control program supervisor and has submitted the

credentials for employees assigned responsibility for the cathodic protection program. In regards to § 195.412(a) (Item 4), Respondent has demonstrated that it cleared the rights-of-way in question and amended its procedures to specify that the condition of line markers will be assessed during annual maintenance.

In regards to § 195.434 (Item 5), Respondent installed signs at the locations in question that identify Targa as the operator.

In regards to § 195.583(c) (Item 6), Respondent has recoated the facility at issue to protect against atmospheric corrosion.

Accordingly, since compliance has been achieved with respect to Items 1, 4, 5, and 6, the compliance terms associated with those items are not included in this Order.

As for the remaining compliance terms, Respondent indicated that it has taken certain actions, but for the following reasons, I do not find the corresponding compliance terms have been completely satisfied.

In regards to § 195.571 (Item 2), Respondent has provided annual cathodic protection survey readings for 2007 that indicated most of the deficiencies in cathodic protection were corrected in accordance with § 195.571. There was one test station on the 12-inch pipeline, however, and four test stations on the 4-inch pipeline that are still in need of repair.

In regards to § 195.577(a) (Item 3), Respondent has reviewed its 2007 annual cathodic protection survey for the pipelines in question and found no conditions that indicated possible interference or effects from stray currents. Respondent did not demonstrate, however, that it has an adequate program for interference testing. Review of annual cathodic protection survey records may be a part of an adequate program, but additional data and studies may be required such as close interval surveys, particularly at foreign pipeline crossings and shared rights-of-way.

Accordingly, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.571 (Item 2), Respondent must submit documentation demonstrating that the applicable cathodic protection criteria are being met at the five remaining test stations, as required by § 195.571 and Targa's written operations and maintenance procedures.
2. With respect to the violation of § 195.577(a) (Item 3), Respondent must submit documentation demonstrating that the company has a program to test for interference currents and that the program has been implemented. The program must include testing to detect interference currents, determining whether such interference currents are having or have had a detrimental effect on the pipeline, and any necessary actions to minimize or eliminate the effects of the interference currents, as required by § 195.577. In addition, if damage to the pipeline is discovered in the process of performing interference testing,

Targa must submit documentation demonstrating that such damage has been repaired, as required by § 195.404(c)(1).

3. Maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and report the total cost as follows: (a) total cost associated with preparation, revision of plans and procedures, and performance of studies and analyses; and (b) total cost associated with physical changes, if any, to the pipeline infrastructure, including replacements and additions.
4. Complete each of the above items and submit documentation of compliance within 90 days of receipt of this Final Order. Documentation shall be submitted to the Director, Southwest Region, Office of Pipeline Safety, 8701 South Gessner Dr, Suite 1110, Houston, TX 77074-2949.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. If submitting a petition, the petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, and a copy sent to the Chief Counsel, PHMSA, at the same address. The petition must be received within 20 days of service, but may be considered timely if received within 20 days of Respondent's receipt of this Final Order. The petition must contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. The terms of the Final Order, including any required corrective action, shall remain in full force and effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued