



Targa Midstream Services LP
1000 Louisiana Street
Houston, TX 77002
713-584-1000
www.targaresources.com

January 11, 2008

Mr. R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 South Gessner
Suite 1110
Houston, TX 77074

Ref: CPF-2007-5048

Dear Mr. Seely,

Targa Midstream Services Limited Partnership ("Targa") received a Notice of Probable Violation and Proposed Compliance Order dated December 13, 2007 from your office ("Notice"). The Notice resulted from an inspection by the Pipeline Hazardous Materials & Safety Administration ("PHMSA") of Targa's 12-inch and 4-inch products pipeline on August 27- September 1, 2006. This letter and the attachments are Targa's response to the Notice.

1. 195.555 What are the qualifications for supervisors?

The pipeline assets inspected by PHMSA were acquired from Dynegy Inc. around October 2005. The individual that held the supervisory position responsible for overseeing the cathodic protection program for Dynegy, Inc. was reported to have retired prior to the acquisition and was not replaced. At the time of the PHMSA inspection, Targa Midstream Services, L.P. (Targa) did not have a qualified supervisor overseeing their cathodic protection program meeting the requirements specified by the Targa Operations, Maintenance, & Emergencies Manual (Manual). Section IX of the Targa Manual states under the topic of Corrosion that "The pipeline office with corporate corrosion engineering and engineering support shall be responsible for design, construction, and maintenance of the cathodic protection systems." The Manual also states under External Corrosion Control, "Pipeline team members or his designee and a NACE CP qualified person or professional engineer with corrosion experience shall review data produced in the preceding external corrosion control paragraphs and take corrective actions listed in the following table..."

Targa Midstream Services, L.P. must submit documentation that defines who is responsible for administering the cathodic protection program, and show that this individual is qualified according to § 195.555 and Sections IX of the Targa Operation, Maintenance, & Emergency Manual.

Targa has revised its procedures to specify the qualifications of the Supervisor of the Corrosion Control program. Refer to Attachment (1) hereto - Excerpt from Targa's Operation and Emergency Manual – 16. Supervisor of Corrosion Control Program. Within ninety (90) days of the receipt of this order, Targa will submit to the Director the documentation of the qualifications of the supervisor.

2. 195.571 What criteria must I use to determine the adequacy of cathodic protection?

The operator did not meet the applicable cathodic protection criteria as specified by NACE Standard RP0169-96 and the Targa operations and maintenance procedures for cathodic protection. The annual pipe-to-soil survey shows some test locations for both 2004 and 2005 that did not meet the -850 mV criterion.

Targa Midstream Services, L.P. must submit documentation that shows the required cathodic protection criteria has been met along the continuous length of the pipelines as required by § 195.571 and the Targa Operations, Maintenance, & Emergencies Manual.

Attachment (2) hereto has a copy of 2007 Annual Cathodic Protection Pipe to Soil Surveys for the 4-inch products pipeline and the 12-inch products pipeline. All readings meet the negative 850 MV "instant off" criterion for impressed current system as specified in Targa's Operations and Maintenance Procedures for cathodic protection or the negative 850 MV "on" criteria for Galvanic systems. One test station on the 12-inch needs replacement. Replacement of this test station is scheduled for repair in early February, 2008. One test station on the 4-inch requires repair. Four (4) other test stations were not located during the annual survey. The area where these stations are located is in the Sabine National Wildlife Refuge in Cameron Parish, Louisiana ("Refuge"), where test stations are subject to an environment that can cause them to be damaged or make them difficult to locate. Because the Refuge restricts access to the pipeline for maintenance during period from Nov 15th to March 15th of each year, these test stations are scheduled for repair in early April, 2008.

3. What must I do to alleviate Interference currents?

Targa has not demonstrated an adequate program of interference testing. Some of the annual pipe-to-soil readings show a casing potential that is nearly the same as the pipe. In other locations, the Targa records show an "instant off" reading that is higher than the "on" reading which may be an indication of interference. Targa needs to test for interference currents and take appropriate actions to minimize the detrimental effects of these currents.

Targa Midstream Services, L.P. must submit documentation that shows that a program to test for interference currents has been implemented, testing has been performed to detect interference currents, a determination has been made if these interference currents are having or have had a detrimental effect on the pipeline, and the actions taken to minimize or eliminate the effects of the interference currents as required by §195.557. In addition,

if damage to the pipeline is discovered in the process of performing interference currents, Targa Midstream Services, L.P. , must submit documentation for the repairs made to the pipeline as required by §195.505(c).

If the casing potential is within 100 mV of the pipeline potential, Targa tests the casing to determine if it is shorted. Attachment (3) is an example of a shorted casing test.

A review of the Annual CP readings for 2007 did not indicate any “instant off” readings that are higher than the “on” readings.

Targa’s procedures specify that interference or stray current effects shall be investigated when conditions are found that indicate possible interference. Refer to Attachment (4) and (5). Within ninety (90) days of the receipt of this Order, Targa’s Supervisor of Corrosion Control Program will review records of tests and inspections required by the Corrosion Control procedures to determine if tests to detect interference currents are required. If damage is discovered, Targa will make repairs to the pipeline. Documentation of the will be submitted to the Director within ninety (90) days of the receipt of this order.

4. 195.412 Inspection of rights-of-way and crossings under navigable waters

There are locations on the pipeline right-of-way that Targa had not adequately maintained at the time of the inspection. Some locations were overgrown with vegetation, obscuring the pipeline markers and making it difficult to determine the pipeline routes. In addition, there are locations that do not have adequate pipeline markers to accurately determine the pipeline locations. The problems include pipeline marker spacing, unmarked points where pipeline route changes occur, and markers that have been knocked down or damaged. An overgrown right-of-way and inadequate pipeline marking can result in ineffective patrolling due to poor ground visibility and difficult in accurately determining the location of the pipeline. Targa needs to properly maintain its pipeline right-of-way and mark the pipeline route so that location of the pipeline is accurately known to ensure effective inspection.

In regard to Item Number 4 of the Notice pertaining to inspection of right-of-way, Targa Midstream Services, L.P. must submit photographic and/or other documentation (such as work orders for right-of-way maintenance and installation of additional markers) that shows maintenance has been performed, the right-of-way is adequately marked to accurately determine the location of the pipeline, and the pipeline markers can be seen so that the route can clearly be determined during the right-of-way inspection required by § 195.412

Targa has a vegetation management program in place to maintain the right-of-way for effective pipeline patrolling and pipeline markers can be seen. Attachment (6) hereto has copies of invoices showing charges Targa paid contractors \$27, 366.70 in 2006 and \$ 78,313.76 in 2007 for right-of-way mowing and clearing.

Attachment (7) hereto has pictures of the right-of-way taken in December of 2007 that show the condition of the right-of-way.

Targa's procedure specifies that the condition and adequacy of pipeline line markers will be assessed during the annual right-of-way maintenance. Attachment (7) also contains pictures of selected locations that show the condition of the right-of-way and adequate placement of markers so the route can be clearly determined.

5. 195.434 Signs

The sign at the entrance to the Sour Lake Pump Station as well as other locations does not identify Targa as the operator. Targa personnel reported that at least one location the signs had been stolen and personnel were in the process of replacing the signs. Some locations have long spans of fencing around the perimeter without signs identifying Targa as the operator of the facility. Targa should post an adequate number of signs around the perimeter of its facilities to clearly identify the operator.

In regard to Item Number 5 of the Notice pertaining to signs, Targa Midstream Services, L.P. must submit photographs and/or documentation that shows signs correctly and clearly identifying the operator have been posted at appropriate locations according the requirements of § 195.434. This includes Sour Lake Station, La Paix Road block valve site, and other sites noted during the inspection.

Attachment (8) hereto has pictures of the Sour Lake Station and the La Paix Road block valve site that shows all four sides of the station have signs identify Targa as the operator. Targa will inspect all other appropriate locations and install signs as needed. Targa will provide documentation to the Supervisor within ninety (90) days of this order.

6. 195.583 What must I do to monitor atmospheric corrosion control?

Targa has not addressed atmospheric corrosion on an exposed pipeline segment near the Highway 69 crossing. The pipe wrap has been damaged, apparently by pedestrians using the exposed pipe to cross a drainage ditch and a surface oxide is evident on the exposed areas. Targa should properly coat the pipe or be prepared to demonstrate by test, investigation, or experience appropriate to the environment of the pipeline, that the condition will not affect the safe operation of the pipeline.

In regard to Item Number 6 of the Notice pertaining to monitoring atmospheric corrosion control, Targa Midstream Services, L.P. must submit repair documentation and photographs showing that the exposed pipeline segment near the Highway 69 crossing has been properly protected from atmospheric corrosion as required by § 195.581.

The referenced pipeline segment near the Highway 69 crossing is a casing and not a pipeline segment. Attachment (9) hereto has a picture of the casing. The casing vent can be seen on the left side of the picture.

Although the casing is not a pipeline, Targa will properly coat the casing and demonstrate by test, investigation, or experience appropriate to the environment, that the condition as found will not affect the safe operation of the pipeline. Targa will provide documentation of completion to the Supervisor within ninety (90) days of receipt of this order.

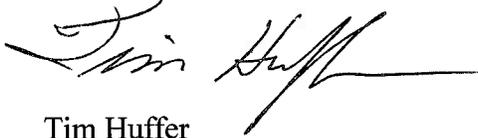
8. Targa Midstream Services, L.P. shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mr. R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Material Safety Administration. Cost shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analysis, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Within ninety (90) days of the receipt of this order, Targa will submit to the Director the total improvement costs associated with fulfilling this compliance order.

Targa appreciates the PHMSA's consideration of its responses to the Notice and welcomes any questions that you may have. Please contact me at (337) 583-4642 ext 200 if you have any questions.

Sincerely,

Targa Midstream Services Limited Partnership

A handwritten signature in black ink, appearing to read "Tim Huffer", with a long horizontal flourish extending to the right.

Tim Huffer
Manager, Regulatory Compliance

Attachments

cc: Hunter Battle, Houston