

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 10, 2018

Francis Foret
Senior Vice President-Operations
Targa Resources Operating, L.L.C
1000 Louisiana St., Suite 4300
Houston, TX 77002

CPF 4-2018-1007W

Dear Mr. Foret:

From April 11-13, 2017 to October 12, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the Targa Resources Operating LLC (Targa), Offshore Pelican/Seahawk Gas System in Louisiana.

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

1. §192.605 Procedural manual for operations, maintenance, and emergencies.

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

(8) Periodically reviewing the work done by operator personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.

Targa failed to follow their procedure in the Targa OM&E Plan; Effectiveness Review Procedure and conduct periodic effectiveness reviews of the work performed by operator personnel as required by §192.605 (b) (8). During the inspection, it was noted that Targa used the annual review of the OM&E plan to satisfy this requirement. It was also noted that Targa has a procedure for periodically reviewing the work done by operator personnel. However, during the inspection there were no records available to validate that the effectiveness reviews have been conducted periodically.

2. §192.612 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.

(a) Each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.

(b) Each operator shall conduct appropriate periodic underwater inspections of its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water based on the identified risk.

Targa failed to conduct inspections in accordance with the Targa OM&E Plan; Periodic Underwater Inspection (rev. 9/24/2013) as required by §192.612(a). The procedure states that the underwater inspection survey should be performed every five (5) years. PHMSA reviewed the survey on the 12" Seahawk Pipeline system conducted on June 30, 2006 to July 5, 2006 and there was another survey performed on June 23, 2009. However, no underwater inspection survey was performed in 2014. According to the operator, this survey was not performed on the Seahawk pipeline segment in 2014 because there were no changes in the depth of cover for that pipeline. This justification statement was not included in the records as to why Targa chose not to inspect this section of the pipeline, however Targa did conduct the underwater inspection survey on the Pelican pipeline segment.

Targa set the underwater inspection survey interval of the Offshore Pelican/Seahawk pipeline system at five (5) years in their procedures but failed to conduct the survey in 2014 of the Seahawk pipeline segment.

3. §192.617 Investigation of failures.

Each operator shall establish procedures for analyzing accidents and failures, including the selection of samples of the failed facility or equipment for laboratory examination, where appropriate, for the purpose of determining the causes of the failure and minimizing the possibility of a recurrence.

Targa failed to follow its procedures to conduct an investigation of incidents that occurred on pipeline segments in the Offshore Pelican/Seahawk Gas System Unit.

Targa Gas Pipeline Operating Procedures; Incident Investigation Section (rev. 6/30/2009) , state that "Each...recurrence. Data will be gathered to complete an Incident Report Form RSPA F 7100.2. (Refer to Incident Reporting). The form Leak Repair and Visual Exam Report can be used to record data for completion of the Incident Report." The process appears to include cause, operational conditions, lab analysis, equipment preservation and the investigation of failures. The procedure states that data should be gathered and the form Leak Repair and Visual Exam Report "can" be used to record data for the completion of the PHMSA Incident Report. Targa procedures state that the Federal form does not contain operational conditions so that those items should be added to an "internal copy" of the incident investigation form.

PHMSA inspector requested a copy of the Incident Investigation of the incidents that occurred on the Pelican/Seahawk pipeline segments from November 2013 to May 2017. There were no records available and the operator stated that the PHMSA 7100.2 form is the only form used to document incidents. To complete the PHMSA form does require the gathering of data as required by 191, it does not satisfy minimizing the possibility of a recurrence criteria required in 49 CFR 192.617 or the operational conditions outlined in Targa Incident Investigation procedures.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Whitecap being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2018-1007W**. 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).

Sincerely,

Mary L. McDaniel, P. E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration