

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 14, 2018

Hunter Battle
Vice President
Targa NGL Pipeline Co.
1000 Louisiana St., Suite 4300
Houston, Texas 77002

CPF 4-2018-5023

Dear Mr. Battle:

On June 13-30, 2016, representatives of the Office of Pipeline Safety (OPS), Southwest Region, pursuant to Chapter 601 of 49 United States Code, conducted a pipeline safety inspection of Targa NGL Pipeline Company (Targa), facilities and records pertaining to the Product Pipeline system with pipelines in Louisiana and Texas.

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

1. § 195.446 (c)(4) Control room management.

***(c) Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:**

(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months.

Targa failed to test their backup SCADA system or provide documentation to ensure compliance with §195.446 (c)(4). Tests on their backup SCADA had not been performed since the regulatory requirement became effective August 1, 2012. During the inspection, PHMSA inspectors requested copies of any documentation indicating that backup SCADA tests had been performed. Targa did not have, and did not provide, any documentation that would indicate that any backup SCADA system tests were performed for 2013, 2014, and 2015.

2. §195.452 Pipeline integrity management in high consequence areas.

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:

(1) Information critical to determining the potential for, and preventing, damage due to excavation, including current and planned damage prevention activities, and development or planned development along the pipeline segment;

(2) Data gathered through the integrity assessment required under this section;

(3) Data gathered in conjunction with other inspections, tests, surveillance and patrols required by this Part, including, corrosion control monitoring and cathodic protection surveys; and

(4) Information about how a failure would affect the high consequence area, such as location of the water intake.

Targa failed to provide records that show that an information analysis that analyzes all available information about the integrity of the entire pipeline and the consequences of a failure was thoroughly performed in order to ensure compliance with §195.452(g).

During the June 2016 inspection of Integrity Management at Targa's office in Sulphur, Louisiana, PHMSA requested that Targa provide any information or risk analysis of the Targa pipeline system that had been performed. On July 11, 2016, via an email attachment, Targa provided a list of variables and codes used in their risk analysis. The list of variables and codes provided were not dated. When asked, Targa's regulatory compliance manager responded with 2008.

Based on the information provided, PHMSA identified that Targa failed to analyze all available information about the integrity of the entire pipeline and the consequences of a failure for the period since 2008 for the following reasons:

- Targa failed to integrate all the relevant threats into their risk model and risk ranking. As a result, Targa did not use the most accurate available data to represent pipeline characteristics in the analysis of different segments, including the results of integrity assessments;
- Targa failed to provide a risk comparisons study showing how threats had been eliminated and/or reduced from higher to lower risk after P&M measures; and

- Targa failed to demonstrate the progression of the risk models over the last three years to ensure that the accuracy of input information was properly integrated into the risk models.

3. §195.452 Pipeline integrity management in high consequence areas.

(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(2) Evaluation. An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

Targa failed to conduct periodic evaluations and failed to set a frequency of when periodic evaluations are to be performed on a consistent basis to assure pipeline integrity. During the inspection, PHMSA inspectors requested copies of any periodic evaluations that had been performed. Targa did not have and did not provide copies of any periodic evaluations. Discussions with the Targa's Manager of Regulatory Compliance revealed that the Manager did not believe that several risk factors identified on their pipeline were significant enough to warrant that a periodic evaluation be performed. The following are actual instances of integrity issues that were discussed and occurred on Targa's pipeline system in the past and there is no documentation of an evaluation or a current evaluation of any since that time:

- SRCR, third party damage in 2011 that resulted in the replacement of approximately 820 feet of pipe;
- Multiple ruptures in 2011 hydro-test;
- Discovery of hook cracks on longitudinal seam welds in 2011; and
- Several pipeline modifications/repairs were performed on the pipeline in 2011 and 2015.

4. §195.452 Pipeline integrity management in high consequence areas.

(k) What methods to measure program effectiveness must be used? An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. See Appendix C of this part for guidance on methods that can be used to evaluate a program's effectiveness.

Targa failed to measure the effectiveness of their Integrity Management (IM) program in order to protect high consequence areas in accordance with paragraph (k).

Based on the information provided, PHMSA identified that Targa failed to measure the effectiveness of its program for the following reasons:

- Targa metrics in the IM program failed to consider Measures that reflect the effectiveness of existing preventive and mitigative efforts;
- Targa failed to identify deficiencies that were indicative of programmatic breakdowns in the IM program; and

- Targa failed to provide evidence of feedback to corrective action programs, preventive and mitigative measure decision, and the threat and risk analysis process.

Proposed Civil Penalty

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. 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 in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of **\$146,100** as follows:

<u>Item number</u>	<u>PENALTY</u>
Item 1	\$38,100
Item 2	\$36,000
Item 3	\$36,000
Item 4	\$36,000

Proposed Compliance Order

With respect to items 1, 2, 3, and 4 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Targa NGL Pipeline Co. 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2018-5023** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Targa NGL Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of Targa with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Targa's failure to provide backup SCADA test records. Targa must perform backup SCADA tests in order to ensure compliance with §195.452(e).
2. In regard to Item Number 2 of the Notice pertaining to Targa's failure to provide records that show that an information analysis that analyzes all available information about the integrity of the entire pipeline and the consequences of a failure was not thoroughly performed. Targa shall develop, perform, and implement an information analysis to ensure compliance with §195.452(g).
3. In regard to Item Number 3 of the Notice pertaining to Targa's failure to conduct periodic evaluations, Targa shall develop, perform, and implement a periodic evaluation to ensure compliance with §195.452(j)(2).
4. In regard to item Number 4 of the Notice pertaining to Targa's failure to measure Targa's Integrity Management program effectiveness in accordance with paragraph (k). Targa shall develop, perform, and implement a method of measuring their Integrity Management program that measures whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas to ensure compliance with §195.452 (j)(2).
5. Provide PHMSA Southwest Region with documentation that verifies completion of Items Number 1, 2, 3, and 4 within 90 days following the receipt of Final Order.
6. It is requested (not mandated) that Targa NGL Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, P.E., Director, Southwest 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.