

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

ELECTRONIC MAIL

December 10, 2020

Clark White
Executive Vice President Engineering and Operations
Targa NGL Pipeline Company
811 Louisiana Street, Suite 2100
Houston, Texas 77002-1400

CPF 4-2020-5017

Dear Mr. White:

From July 15, 2019 through October 23, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Targa NGL Pipeline Company's (Targa) 12-inch natural gas liquid (NGL) system in Houston, Texas and Sulphur, Louisiana.

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. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a)...

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to *InformationResourcesManager@dot.gov*, or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2ndFloor, E22-321, New Jersey Avenue SE., Washington, DC 20590.

Targa failed to notify the PHMSA Administrator as required under § 195.505(i) when it significantly modified its operator qualification plan. Targa also failed to follow section “1.5.2 Communication of Change” of its *Operator Qualification Plan* (Targa OQ Plan), which requires communication of significant changes made to the OQ plan on or after December 16, 2004, to the PHMSA Administrator. Appendix A of Targa’s OQ Plan further provides a definition for a “significant change” and examples of a “significant change,” which include “Inactivation of a Covered Task that was/is performed on a Company pipeline facility” and “Changes resulting from mergers and/or acquisitions.”

On April 1, 2015, following the acquisition of Atlas Pipelines, Targa adopted the *Atlas Pipeline Operator Qualification Program* and changed the program name to *Targa Pipeline Operator Qualification Manual* as reflected in “Appendix G: Master Change Log” of Targa’s OQ Plan. The name of the OQ plan was again changed on June 1, 2017, to *Targa Resources Inc. Operator Qualification Plan*, otherwise referred to as Targa’s OQ Plan for the purpose of this Notice. On February 1, 2018, Targa implemented a merged OQ plan of legacy Targa and Targa Pipeline programs into Targa’s OQ Plan.

Additionally, Targa either removed or updated its covered task list twice following its acquisition of Atlas Pipelines. A review of “Appendix G: Master Change Log” shows that on July 18, 2017, covered tasks were removed from Targa’s OQ Plan, and on February 1, 2018, Targa implemented additional updates to the covered task list by removing tasks that did not meet the regulatory requirements in its merged OQ plans.

During the inspection, Targa’s personnel stated that the company did not notify PHMSA when the aforementioned significant changes to its OQ Plan occurred. A review of “Appendix G: Master Change Log” did not reflect any notifications made to PHMSA regarding these significant changes to its OQ Plan, nor did Targa produce any other documentation demonstrating that it complied with § 195.505(i).

2. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a)...

(f) Communicate changes that affect covered tasks to individuals performing those covered tasks;

Targa failed to follow its written OQ plan that requires the communication of changes that affect covered tasks be made to individuals performing covered tasks.

In section “1.5.3 OQ Management of Change (MOC) Process” of Targa’s OQ Plan, requires “Regulatory Compliance, in conjunction with the subject matter expert, has the responsibility for notification of employees in regard to changes that may impact the performance of a covered task.” This MOC process is also illustrated in “Flow Chart 4: OQ Management of Change” in “Appendix B: Process Flow Charts” of the OQ Plan where it requires that changes considered to be either a moderate or high impact must be communicated to employees and contractors.

During the inspection, Targa presented an email dated February 1, 2018, from Targa’s Director of Pipeline Compliance to Vice President of Operations, managers, and supervisors announcing revisions to Targa’s OQ Plan including a merger of the company’s legacy Targa and Targa Pipelines into the revised *Targa Resources Inc. Operator Qualification Program*, effective January 10, 2018. Another change included the replacement and/or removal of covered tasks; however, Targa provided no documentation verifying communication of any changes to employees or contractors. Since the covered tasks that the employees and contractors were previously qualified to perform were no longer considered covered tasks under the merged OQ plan, their qualifications to perform those tasks were ineffective. Therefore, Targa failed to follow its OQ plan to communicate changes that affect covered tasks to individuals who perform the covered tasks.

3. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a)...

(b) Ensure through evaluation that individuals performing covered tasks are qualified

Targa failed to meet the requirements of § 195.505(b), when the company accepted current NACE qualifications for personnel performing covered tasks. Section 3.2.2 of Targa’s OQ plan allows for “Recertification/Requalification on the Covered Task through a Company-approved external entity’s program/process (e.g., NACE, ASNT, Manufacturer, etc.) and AOC evaluation, as necessary.” The *NACE Certification Renewal Guide* (NACE Guide), dated February 2019, which is available on its webpage and evidenced here, as well as on page 4 of the guide, requires work experience, re-certification application, professional development hours, and renewal fees for the Renewal Process. The NACE Guide further lists professional development hours to include technical committee service, technical community service, study of technical papers, or technical meeting attendance. However, these activities do not correlate to “Observation during: (1) performance on the job, (2) on the job training, or (3) simulations” as described in the definition for “evaluation” in § 195.503(d).

There is also no record of any evaluation or comparison within Targa’s OQ Plan that would allow for the professional development hour items listed on page 4 of the NACE Guide to be accepted as observation during the task performance or on the job training.

Additionally, the covered task list in “Appendix C: Covered Task Matrix” of Targa’s OQ Plan does not include any of the applicable certifications from external entities for the covered tasks listed. For example, the covered task list does not specify which NACE certification or OQSG/NCCER/MEA certifications are acceptable and applicable to a covered task, especially when not all NACE certifications provide evaluations related to all covered tasks. Furthermore, as discussed above, Targa has not evaluated the NACE certifications against the covered task content. Essentially, Targa had no basis for the accepting of the current NACE qualifications for the cathodic protection technicians and supervisors whose qualifications were reviewed during the inspection.

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

(a)...

(f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1)...

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

Targa failed to continually change its Integrity Management Program (IMP) to reflect its operating experience as required by § 195.452. Specifically, Targa failed to re-evaluate its “Leak Detection and Emergency Flow Restricting Device (EFRD) Capability Analysis” (EFRD Analysis) for 13 years while operating conditions on the pipeline system have changed. The continual change requirement in § 195.452(f) applies to the preventive and mitigative measures identified under § 195.452(i), which includes Targa’s EFRD Analysis. The records show that data used in the EFRD Analysis was from October 23, 2006, but compared against Targa’s current operating pressure data. The data differs such that and requires a re-evaluation of the EFRD Analysis is warranted.

Specifically, the current Normal Operating Pressure (NOP) is greater than the NOP at the time the EFRD Analysis was performed. The current NOP provided by Targa’s compliance personnel is 680 psig to 730 psig (700 psig average). This differs from the NOP on the 2006 EFRD analysis record which shows the NOP on pipeline segments between Sulphur, LA and Sour Lake, TX was less than 620 psig, between Sour Lake, TX and Mont Belvieu Terminal was less than 620 psig, and between Mont Belvieu Terminal and OneOK Facility as less than 650 psig.

The higher operating pressure suggests that Targa's EFRD Analysis needs to be reviewed to determine whether it continues to be adequate to ensure pipeline integrity or if a re-evaluation is necessary. Neither the EFRD Analysis indicates nor has Targa provided any additional documentation showing that the EFRD Analysis has been reviewed or updated since 2006 to reflect current operating conditions on Targa's Pipeline system. Therefore, Targa failed to continually change its IMP to reflect its operating experience.

Warning Item

With respect to Item 2, 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 promptly correct this item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to Items 1, 3, and 4 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Targa NGL Pipeline Company. 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 Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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 4-2020-5017**, 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 Enforcement Proceedings

cc: Greg Johnson, Director of Pipeline Compliance, Targa Resources,
gjohnson@targaresources.com

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 (Targa) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Targa NGL Pipeline Company with the pipeline safety regulations:

1. Regarding Item Number 1 of the Notice, pertaining to the non-submission of notifications to PHMSA for significant changes made to the Operator Qualification (OQ) Plan, Targa shall retrain the personnel required to make these notifications to PHMSA on the requirements of section 1.5.2 of the OQ plan and submit the significant change notifications required in Item 1 of the Notice.
2. Regarding Item Number 3 of the Notice, pertaining to Targa's acceptance of NACE certifications for both initial qualification and requalification for covered tasks, Targa shall
 - (i) conduct a review of its OQ plan to ensure that the requirements in sections 3.2.2 and 3.2.1 meet the requirements of § 195.509(d)(e);
 - (ii) ensure that certifications accepted for each covered task are listed beside the covered task following the evaluation of the course content against the covered task requirement; and
 - (iii) review the current qualifications of its corrosion personnel to ensure they meet the requirement of being qualified as stated in § 195.505(b).
3. Regarding Item Number 4 of the Notice, pertaining to the failure to review the "Leak Detection and Emergency Flow Restricting Device (EFRD) Capability Analysis" (EFRD Analysis) for 13 years while the operating pressure on the pipeline has changed, Targa shall review the EFRD Analysis records using current operating data to ensure that no changes are required. In addition, Targa must include the criteria for performing re-evaluation of its EFRD Analysis records on its pipelines as part of the required continual change in § 195.452(f).
4. Targa shall provide documentation to Mary L. McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration demonstrating completion of the items in this Compliance Order within 90 days of the issuance of the Final Order to PHMSA.
5. 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, 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.