

January 29, 2024

VIA ELECTRONIC MAIL TO: cwhite@targaresources.com

G. Clark White
Executive Vice President, Operations
Targa Downstream LLC
811 Louisiana Street, Suite 2100
Houston Texas, 77002

Re: CPF 4-2023-044-NOPV

Dear Mr. White:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order are completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure (Final Order)

cc: Mr. Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Bill Grantham, Vice President of Operations, Targa Downstream LLC,
bgrantham@targaresources.com
Mr. Bryan MacKenzie, Senior Manager of Pipeline Integrity, Targa Downstream LLC,
bmackenzie@targaresources.com

Mr. Gregg Johnson, Director of Pipeline Compliance, Targa Downstream LLC,
gjohnson@targaresources.com

Ms. Julie Pabon, Senior Counsel, Targa Downstream LLC, jpabon@targaresources.com

CONFIRMATION OF RECEIPT REQUESTED

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before

initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

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

(1)

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

The Notice alleged that Targa violated 49 C.F.R. § 195.402(a) and (c)(13) by failing to prepare and follow a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, including procedures for periodically reviewing the work done by operator personnel and taking corrective action. Specifically, the Notice alleged that Targa failed to conduct periodic reviews of work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and failed to take corrective action where deficiencies were found in accordance with § 195.402(c)(13). The Notice alleged that during the inspection, PHMSA requested records associated with periodic reviews of the work done by operator personnel for calendar years 2020 and 2021, which Targa failed to produce.

In addition, the Notice alleged that Targa's *Hazardous Liquid OM&E – Operations & Maintenance Manual* (Aug. 13, 2010) (Liquid O&M manual) failed to include procedures for periodically reviewing the work done by personnel to determine the effectiveness of procedures in accordance with § 195.402(c)(13). The Notice asserted that Targa's procedure failed to include details on how the work done by operator personnel is reviewed to determine effectiveness of procedures, and how the results of the reviews is documented.

In its Response, Targa stated that it disagreed with this allegation and explained that it has an existing procedure within the Liquid O&M manual related to the requirements of § 195.402(c)(13), which was made available to PHMSA's inspection team. Targa conceded that the records necessary to demonstrate compliance were not available, as they historically have been associated with personnel performance records, which are subject to the company's employee privacy requirements. Targa stated that going forward it will maintain the records of periodic effectiveness reviews in a location that is accessible for regulatory audits. Respondent also asserted that it took necessary measures to update the *Effectiveness of Procedures* section of the Liquid O&M manual to amend roles and responsibilities, the process to address changes to procedures used in normal operation and maintenance, and subsequent training. Targa also agreed to comply with the PCO and would provide the revised procedures within 30 days of receipt of the Final Order.

A review of the Notice, Targa's Response, and the documentation in the record indicates that Targa's Liquid O&M manual, which was provided to the PHMSA inspector, states:

“Annually, the work of operating personnel will be reviewed through performance reviews. If any deficiencies in the normal operating and maintenance procedures are discovered during the performance reviews, the procedures will be updated and/or changed

to address the deficiencies. The performance reviews will also be used to review with personnel any deficiencies in their performance in meeting the objectives of the emergency response training.”¹

While Targa’s procedure includes language referring to the requirement at § 195.402(c)(13), the procedure essentially restates the regulation without including details that are necessary for implementation. For example, the procedure does not contain details regarding the specifics of how the work done by personnel would be reviewed to determine effectiveness, including standards for reviewing and determining when deficiencies exist that require changes. The procedures are also silent regarding how the results would be documented.

Targa also acknowledged that it failed to make available the required records of the periodic effectiveness reviews.² Targa’s justification that the records were not available due to privacy concerns is not a permissible reason for non-compliance under PHMSA’s regulations. PHMSA guidance expressly states that the documentation requirements of § 195.402(c)(13) are required in order to evaluate procedures.³ Targa did not contest the PCO and agreed to take the proposed actions going forward.⁴

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(a) and (c)(13) by failing to prepare and follow a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, including procedures for periodically reviewing the work done by operator personnel and taking corrective action.

Item 2: The Notice Alleged that Respondent violated § 195.452(j)(1), which states:

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

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

(1) *General.* After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.

The Notice alleged that Targa violated 49 C.F.R. § 195.452(j)(1) by failing to periodically evaluate the integrity of each pipeline segment that could affect a high consequence area (HCA). Specifically, the Notice alleged that Targa failed to conduct a periodic evaluation for the Davis pump station in Murray County, Oklahoma and failed to provide a process in its integrity

¹ See, Exhibit A1.

² See, Targa’s Response, at 2 (June 2, 2023).

³ See, PHMSA, Operations & Maintenance Enforcement Guidance Part 195 Subpart F, at 19 (July 21, 2017), <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/regulatory-compliance/pipeline/enforcement/5781/o-m-enforcement-guidance-part-195-7-21-2017.pdf>.

⁴ See, Targa’s Response, at 2 (June 2, 2023).

management plan (IMP) to periodically evaluate the integrity of each pipeline segment that could affect an HCA as required by §§ 195.452(j)(1) and 195.402(c)(3).

The Notice also alleged that Targa's *Integrity Management Plan for Liquids Transmission Pipelines Section 7.1* (Apr. 1, 2020) failed to include provisions for periodic evaluations of each pipeline segment that could affect an HCA. Instead, this section only included the assessment process for line pipe at specified intervals but overall, failed to provide details on how the periodic evaluation would be conducted for pump station facilities.

In its response, Targa stated that it disagreed with this allegation, claiming that the spreadsheet provided for the Akoma to Velma segment included a risk assessment of the Davis pump station facility. It also stated that its IMP provides that facilities are included within the overall pipeline evaluation as Targa views the threats as "common" to the pipeline segment. Targa agreed to comply with the PCO and stated that it is revising the IMP to separate the process of evaluating line pipe and facilities based on relevant threat factors and adapting the risk assessment documentation to capture it separately. Targa did not submit additional records or documentation with its Response.

I have reviewed the Notice, Targa's Response, and the documentation in the record, which consists of the Arkomato-Velma segment risk analysis, performance evaluation, and Section 7.1 of Respondent's IMP.⁵ In particular, I note Section 7.1 of the IMP lists approximately 32 "attributes about the pipeline" that Respondent must integrate with available information when conducting a periodic evaluation to assure pipeline integrity. While the listed attributes reflect relevant information about line pipe, they do not contain attributes specific to pump station facilities that could affect an HCA. In addition, the risk analysis and performance evaluation records do not otherwise indicate a periodic evaluation was performed of the Davis pump station.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(j)(1) by failing to periodically evaluate the integrity of each pipeline segment that could affect an HCA.

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

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.402(a) and (c)(13) and 195.452(j)(1), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. 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 § 195.402(a) and (c)(13), (**Item 1**), Respondent

⁵ Exhibits B1, B2, and B3, respectively.

must amend its procedures to include provisions for periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found within **30** days of issuance of the Final Order.

2. With respect to the violation of § 195.452(j)(1), (**Item 2**), Respondent must develop a procedure in its IMP to periodically evaluate the integrity of each pipeline segment that could affect an HCA within **30** days of issuance of the Final Order. Targa must perform the periodic evaluation of Davis pump station facility and submit the evaluation to the Director, Southwest Region within **60** days of issuance of the Final Order.

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 and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (*see* 49 C.F.R. § 190.223), 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. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in 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.

January 29, 2024

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued