U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration

8701 S. Gessner, Suite 630
Houston TX 77074

NOTICE OF PROBABLE VIOLATION AND PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: cwhite@targaresources.com

October 22, 2024

Clark White
Executive Vice President
Targa Resources Operating, LLC
811 Louisiana, Suite 2100
Houston, Texas 77002

CPF 4-2024-048-NOPV

Dear Mr. Clark:

From February 27 to August 23, 2023, 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 Targa Resources Operating, LLC's (Targa) crude oil gathering system on the Fort Berthold Reservation in North Dakota.

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. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**

   (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.

(b) . . . .

(d) *Abnormal operation*. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(1) . . . .

(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

Targa failed to periodically review the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operations and taking corrective action where deficiencies were found in accordance with § 195.402(a) and its procedures, *Targa Hazardous Liquids OM&E – Abnormal Operations (Rev. 12/26/2007).* Specifically, Targa failed to provide records demonstrating that the effectiveness reviews required by § 195.402(d)(5) occurred and that corrective actions were taken where deficiencies were found.

2. § 195.446 Control Room Management

(a) . . . .

(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:

(1) . . . .

(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months;

Targa failed to test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months in accordance with § 195.446(c)(3) and Targa's Control Room Management Plan, *Badlands Pipeline Control Center Internal Communication Plan (08/15/23; Rev. 2.0*), section 1. Specifically, Targa failed to provide records demonstrating that a test of the internal communication plan occurred in 2017, 2018, 2019, 2021, and 2022.

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

(a) . . . .

(i) *What preventive and mitigative measures must an operator take to protect the high consequence area?*

(1) . . . .

(4) *Emergency Flow Restricting Devices (EFRD)*. If an operator determines that an EFRD is needed on a pipeline segment that is located in, or which could affect, a high-consequence area (HCA) in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least,

> **evaluate the following factors - the swiftness of leak detection and pipeline shutdown capabilities, the type of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain within the HCA or between the pipeline segment and the HCA it could affect, and benefits expected by reducing the spill size. An RMV installed under this paragraph (i)(4) must meet all of the other applicable requirements in this part, provided that the requirement of this sentence does not apply to gathering lines.**

Targa failed to conduct an Emergency Flow Restricting Device (EFRD) analysis to determine if an EFRD is needed on a pipeline segment that is located in, or which could affect, a high-consequence area (HCA) in the event of a hazardous liquid pipeline release in accordance with § 195.452(i)(4). Specifically, Targa failed to update its existing EFRD analysis or conduct a new analysis after Targa converted an 8-inch gas gathering line that affected an HCA into a regulated hazardous liquid gathering pipeline.

On May 7, 2019, Targa notified PHMSA of a project to convert an 8-inch gas gathering pipeline into a regulated hazardous liquid gathering pipeline. According to a document provided by Targa, "*SAC – Roberts Trust to Johnson's High Pressure Line Conversion Project*" (Rev. A; June 4, 2019), the converted hazardous liquid gathering pipeline includes segments that are located in or could affect an HCA.

Targa provided its EFRD analysis, "*Badlands Crude Oil Pipeline System Leak Detection and EFRD Analysis*" (2018). However, Targa failed to include the 8-inch converted hazardous liquid gathering line in this analysis, or conduct a new analysis.

Therefore, Targa failed to conduct an EFRD analysis to determine if an EFRD is needed on a pipeline segment that is located in, or which could affect, an HCA in the event of a hazardous liquid pipeline release in accordance with § 195.452(i)(4).

<u>Proposed Civil Penalty</u>
Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed $257,664 per violation per day the violation persists, up to a maximum of $2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed $239,142 per violation per day the violation persists, up to a maximum of $2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed $225,134 per violation per day the violation persists, up to a maximum of $2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed $222,504 per

violation per day the violation persists, up to a maximum of $2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed $218,647 per violation per day the violation persists, up to a maximum of $2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed $213,268 per violation per day, with a maximum penalty not to exceed $2,132,679.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

<u>Proposed Compliance Order</u>
With respect to Item 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Targa Resources Operating LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

<u>Warning Items</u>
With respect to Items 1 and 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 these items. Failure to do so may result in additional enforcement action.

<u>Response to this Notice</u>
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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2024-048-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

BRYAN JEFFERY LETHCOE

Digitally signed by BRYAN JEFFERY LETHCOE
Date: 2024.10.22 12:47:32 -05'00'

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

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

cc: Gregg Johnson, Director of Pipeline Compliance, gjohnson@targaresources.com
Alfred Garcia, Manager Pipeline Compliance, Alfred.garcia@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 Resources Operating LLC (Targa), a Compliance Order incorporating the following remedial requirements to ensure the compliance of Targa with the pipeline safety regulations:

A. In regard to Item 3 of the Notice pertaining to Targa's failure to conduct an Emergency Flow Restricting Devices (EFRD) analysis to determine if an EFRD is needed on a pipeline segment that is located in, or which could affect, an HCA in the event of a hazardous liquid pipeline release, Targa must conduct an EFRD analysis that considers all pipelines that could affect an HCA, including the 8-inch converted hazardous liquid gathering pipeline and provide the analysis to the Director, Southwest Region, PHMSA within **60** days of receipt of the Final Order.

B. It is requested (not mandated) that Targa maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, 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.