

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 12, 2009

Mr. Wes Christensen
Vice President
ONEOK NGL Pipeline LP
2001 South Highway 81
Tulsa, OK 73759

CPF 3-2009-5010

Dear Mr. Christensen:

On October 22-26, 2007, October 29 – November 01, 2007, December 03-07, 2007, March 03-07, 2008, March 10-14, 2008, April 09-11, 2008, and April 14-18, 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Overland Pass Construction Project near Wray, CO, Colby, KS, WaKeeney, KS, and Hoisington, KS.

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

1. **§195.561 When must I inspect pipe coating used for external corrosion control?**
 - (a) **You must inspect all external pipe coating required by Sec. 195.557 just prior to lowering the pipe into the ditch or submerging the pipe.**
 - (b) **You must repair any coating damage discovered.**

ONEOK NGL Pipeline LP failed to adequately inspect the external pipe coating prior to lowering the pipe into the ditch. ONEOK did not properly apply the jeeeping method used as the final inspection process before the pipe was lowered into the ditch.

During a field inspection, PHMSA's inspector witnessed construction personnel inspecting for holidays without removing shipping tape from the pipe. The detector would not penetrate the shipping tape to inspect the external coating. An ONEOK engineer performed a test by creating a holiday in the coating then applying shipping tape over the holiday. The holiday detector did not detect this coating anomaly.

The failure of ONEOK NGL Pipeline LP to properly inspect the external pipe coating extended to 56.5 miles of pipeline. This included a 21 mile pipeline segment between MP 438 – 459, located in Washington County, CO and Yuma County, CO and a 35.5 mile pipeline segment between MP 591.1 – 626.6, located in Sheridan County, KS, Graham County, KS, Gove County, KS, and Trego County, KS. The pipeline was placed in service in November 2008.

Proposed Compliance Order

With respect to item number 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ONEOK NGL Pipeline LP. 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 3-2009-5010** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Ivan A. Huntoon
Director, Central 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 ONEOK NGL Pipeline LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of ONEOK NGL Pipeline LP with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the inadequate inspection of the external pipe coating, ONEOK NGL Pipeline LP shall conduct an in line inspection of it's Overland Pass Pipeline using an in line inspection tool (ILI) that is capable of determining metal loss. This tool run shall be made at least once between the 2nd and 3rd year from start up. If metal loss does not exceed the integrity criteria established in ONEOK NGL Pipeline LP's integrity plan, two additional ILI runs shall be scheduled. The second ILI run shall be performed no later than the third year following the first run, and the third ILI run shall be performed five years after the second ILI run.

The ILI shall cover 56.5 miles of pipeline that includes the 21 mile pipeline segment between MP 438 – 459, located in Washington County, CO and Yuma County, CO and the 35.5 mile pipeline segment between MP 591.1 – 626.6, located in Sheridan County, KS, Graham County, KS, Gove County, KS, and Trego County, KS. ONEOK NGL Pipeline LP shall also integrate the ILI data into its cathodic protection program.

The ILI action plan and time frame must be submitted within 30 days of receipt of the Final Order.

2. As an alternate to Item Number 1, ONEOK NGL Pipeline LP shall submit a plan of action and provide a schedule to conduct a survey to evaluate the external coating using alternate technology such as Direct Current Voltage Gradient Survey (DCVG) or Alternate Current Voltage Gradient Survey (ACVG). This survey shall be made at least once between the 2nd and 3rd year from start up. Then two additional surveys shall be scheduled three years after the first survey and then five years later than the second survey.

The survey shall cover 56.5 miles of pipeline that includes the 21 mile pipeline segment between MP 438 – 459, located in Washington County, CO and Yuma County, CO and the 35.5 mile pipeline segment between MP 591.1 – 626.6, located in Sheridan County, KS, Graham County, KS, Gove County, KS, and Trego County, KS. ONEOK NGL Pipeline LP should also integrate the survey data into its cathodic protection program.

The survey action plan and time frame must be submitted within 30 days of

receipt of the Final Order.

3. ONEOK shall make the results of these tool run(s) and evaluation(s), as well as information on the types and date of repairs that are made, available to the Director, Central Region. The reports are to be filed on a quarterly basis for each survey period involved.
4. ONEOK NGL Pipeline LP shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Ivan A. Huntoon, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.