

**NOTICE OF AMENDED PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 15, 2013

Mr. Wes Christensen
Senior Vice President, Operations
ONEOK NGL Pipeline, L.P.
ONEOK NGL Pipeline, L.L.C.
ONEOK Underground Storage Company, L.L.C.
100 West 5th Street
Tulsa, Oklahoma 74103

CPF 3-2013-5020

Dear Mr. Christensen:

On April 23-July 26, 2012, and December 10, 2012 – April 17, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected ONEOK NGL Pipeline, L.P.'s records and facilities for the Plattsmouth area in Plattsmouth, Nebraska. Inspection of ONEOK NGL, L.P. and ONEOK Storage Company, L.L.C.'s records and facilities for the Bushton facility was done in Bushton, Kansas, and Medford, Oklahoma. ONEOK NGL Pipeline, L.P., ONEOK NGL Pipeline, L.L.C., and ONEOK Underground Storage Company, L.L.C. are subsidiaries of ONEOK Partners, L.P. (collectively referred to as ONEOK).

As a result of the inspection, it appears that ONEOK has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §195.59 Abandonment or deactivation of facilities.

For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.,

- (a) **The preferred method to submit data on pipeline facilities abandoned after October 10, 2000, is to the National Pipeline Mapping System (NPMS) in accordance with the NPMS "Standards for Pipeline and Liquefied Natural Gas Operator Submissions." To obtain a copy of the NPMS Standards, please refer to the NPMS homepage at <http://www.npms.phmsa.dot.gov> or contact the NPMS National Repository at 703-317-3073. A digital data format is preferred, but hard copy submissions are acceptable if they comply with the NPMS Standards. In addition to the NPMS-required attributes, operators must submit the date of abandonment, diameter, method of abandonment, and certification that, to the best of the operator's knowledge, all of the reasonably available information requested was provided and, to the best of the operator's knowledge, the abandonment was completed in accordance with applicable laws. Refer to the NPMS Standards for details in preparing your data for submission. The NPMS Standards also include details of how to submit data. Alternatively, operators may submit reports by mail, fax or e-mail to the Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation, Information Resources Manager, PHP-10, 1200 New Jersey Avenue, S.E., Washington, DC 20590-0001; fax (202) 366-4566; e-mail, "InformationResourcesManager@phmsa.dot.gov." The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.**

ONEOK did not file an abandonment report to the NPMS after they abandoned the crossing of the Missouri River near Plattsmouth, Nebraska.

The review of the abandonment records found that ONEOK completed the replacement of the above-ground crossing of the Missouri River sometime around May 13, 2011. The above ground crossing pipe was left in place as the new crossing was directionally drilled under the river. At the time of this PHMSA inspection, ONEOK still had not reported the abandonment to the NPMS.

2. §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 fifteen 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.

- a) ONEOK is not reviewing the site specific emergency response plan on an annual basis for the Bushton facility. ONEOK indicated that the site specific emergency plan was for the Bushton facility only and was considered non-jurisdictional to PHMSA.
- b) ONEOK did not follow their time frame procedures for evaluating atmospheric corrosion issues found during the atmospheric corrosion surveys. ONEOK utilizes a third party contractor to walk the entire ROW for exposures, evaluation of above-ground facilities, signs, and ROW conditions. ONEOK's procedures indicate that all issues noted will be reviewed within six months. ONEOK's atmospheric corrosion procedure states that all new exposures will be reviewed within sixty days. ONEOK did not meet either of those time limits with regards to Line 110 after the 2011 atmospheric survey.

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?**
- (3) **Assessment intervals. An operator must establish five-year intervals, not to exceed sixty-eight months, for continually assessing the line pipe's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.**

ONEOK failed to run the dent tool within the sixty-eight month interval. On the Bushton to Chapman section of Line 110, a dent tool was run by the previous operator (Kinder Morgan) on 12/29/2006. The mag-flux tool was run a year later on 12/4/2007. The five year re-assessment mag-flux and dent combination tool was completed for the same section on 11/7/2012. As a result, it appears that the dent tool run is out of compliance, as the interval exceeded the sixty-eight month time frame by a period of seventy-two days.

4. §195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec. 195.452(h).

In the Bushton Storage fields, there were several cathodic protection (CP) readings that read below the -0.85v criteria for consecutive years at the storage field well lines to the wells.

The CP records reviewed identified the following storage field well lines that were below minimum criteria for two or more consecutive years:

<u>Well</u>	<u>Readings</u>		
Well S-12	2010: -0.773v	2011: -0.801v	
Well S-13	2010: -0.754v	2011: -0.780v	
Well S-16	2010: -0.845v	2011: -0.807v	2012: -0.774v
Well S-61	2010: -0.775v	2011: -0.791v	

Warning Items

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. Be advised that failure to do so may result in ONEOK being subject to additional enforcement action.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 \$45,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
3	\$ 22,500
4	\$ 23,200

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 thirty (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 3-2013-5020** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Linda Daugherty
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*