

March 29, 2018

Mr. Terry K. Spencer  
President and CEO  
ONEOK Partners, LP  
100 West Fifth Street  
Tulsa, OK 74102

**Re: CPF No. 3-2017-5005**

Dear Mr. Spencer:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$36,200, and specifies actions that need to be taken by ONEOK NGL Pipeline, LP, a subsidiary of ONEOK Partners, LP, to comply with the pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated June 21, 2017. When the terms of the compliance order are completed, as determined by the Director, Central Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing 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

cc: Mr. Allan C. Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

In the Matter of	)	
	)	
ONEOK NGL Pipeline, LP,	)	CPF No. 3-2017-5005
a subsidiary of ONEOK Partners, LP,	)	
	)	
Respondent.	)	
	)	

**FINAL ORDER**

On multiple occasions between August 15, 2016, and December 16, 2016, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of ONEOK NGL Pipeline, LP (ONEOK or Respondent), in Medford, Oklahoma, and Conway, Kansas, for the facilities in Kansas and Nebraska. ONEOK operates approximately 2,440 miles of FERC-regulated natural gas liquids (NGL) pipelines, with a peak capacity of 393,000 barrels per day. Its NGL gathering pipelines deliver NGLs gathered in Oklahoma, Kansas, and the Texas Panhandle to separate fractionation facilities.<sup>1</sup>

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated May 18, 2017, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that ONEOK had violated three sections of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$36,200 for one of the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violations or face possible future enforcement action.

ONEOK responded to the Notice by letter dated June 20, 2017 (Response). The company did not contest the allegations of violation, agreed to complete the proposed compliance actions, and paid the civil penalty in full by wire transfer dated June 21, 2017. Respondent did not request a hearing and therefore has waived its right to one.

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<sup>1</sup> See <https://www.oneok.com/en/partners/Customers/NaturalGasLiquids/Pipelines/NGLPipeline>. (Current as of 10/16/2017)

## **FINDINGS OF VIOLATION**

In its Response, ONEOK did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 195.402(a), which states:

**§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(a) by failing to prepare written procedures for conducting certain operation and maintenance activities. Specifically, the Notice alleged that Respondent failed to have operation and maintenance procedures for breakout tanks that meet the requirements of API 510 for high-pressure tanks and the inspections that are necessary for these tanks.<sup>2</sup> The Notice alleged that ONEOK's procedures only address low-pressure API 653 tanks and the associated inspections, but that ONEOK only operates tanks that fall under the inspection requirements of API 510.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(a) by failing to have procedures for conducting operation and maintenance activities for breakout tanks that meet the requirements of API 510 for high-pressure tanks and the inspections that are necessary for those tanks.

**Item 5:** The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a), which states:

**§ 195.428 Overpressure safety devices and overfill protection systems.**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from

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<sup>2</sup> The Notice also referenced 49 C.F.R. § 195.432(c), which requires operators to inspect the physical integrity of in-service steel aboveground breakout tanks built to API Std 2510 according to section 6 of API Std 510 (both incorporated by reference, *see* §195.3).

the standpoint of capacity and reliability of operation for the service in which it is used.

The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a) by failing to inspect each pressure limiting device or other pressure control equipment on a pipeline used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability for the service in which it is used. Specifically, the Notice alleged that Respondent failed to inspect the overpressure protection (OPP) device for the Heartland Line or the Iowa City Pump Station twice each calendar year at intervals not to exceed 7½ months. The Notice alleged that based on a records review of the Heartland Line, the only documented inspection of the “soft-kill” OPP device was a pressure-calibration check done bi-annually from 2014 to 2016. ONEOK later produced an inspection record of a full capacity relief in the Heartland Terminal (inspected by another operator), but that paperwork was not received by Respondent semi-annually. In terms of the Iowa City Pump Station, the OPP device was moved from the “semi-annual” to the “annual” inspection list in the fall of 2013. The valve was subsequently placed on the “semi-annual” list again in 2015.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.428(a) by failing to inspect the OPP device for the Heartland Line or the Iowa City Pump Station twice each calendar year, at intervals not to exceed 7½ months.

**Item 6:** The Notice alleged that Respondent violated 49 C.F.R. § 195.440(d)(2), which states:

**§ 195.440 Public awareness.**

(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 195.3). . .

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

- (1) ...
- (2) Possible hazards associated with unintended releases from a hazardous liquid or carbon dioxide pipeline facility; . . . .

The Notice alleged that Respondent violated 49 C.F.R. § 195.440(d)(2) by failing to include provisions in its public education program to educate the public on all the hazards associated with unintended releases of the products that ONEOK transports. Specifically, the Notice alleged that even though PHMSA issued an October 2014 Warning Letter to ONEOK, alerting the company to the fact that it had failed to identify all the products being transported in its public awareness brochure, a subsequent records review showed that Respondent's public awareness mailings still did not have refined products on the list of transported goods nor did they indicate the hazards associated with transporting refined products.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.440(d)(2) by failing to identify in its public-awareness mailings all the hazards associated with the products that ONEOK transports.

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

### **ASSESSMENT OF PENALTY**

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.<sup>3</sup> In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$36,200 for the violation of § 195.440(d)(2) in Item 6 cited above.

**Item 6:** The Notice proposed a civil penalty of \$36,200 for Respondent's violation of 49 C.F.R. § 195.440(d)(2), for failing to identify in its public-awareness mailings all the hazards associated with the products ONEOK transports. ONEOK neither contested the allegation nor presented any evidence or argument justifying either a reduction of or elimination of the proposed penalty. Even though OPS alleged that pipeline safety was minimally affected, ONEOK failed to comply with a clearly applicable requirement after it was brought to the company's attention by a Warning Letter in 2014. In addition, ONEOK failed to carry out its public-awareness program without any reasonable justification. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$36,200 for violation of 49 C.F.R. § 195.440(d)(2).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$36,200**.

By wire transfer dated June 21, 2017, ONEOK has paid the penalty amount in full. No further penalty assessment is needed at this time.

### **COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Items 2 and 5 in the Notice for

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<sup>3</sup> These amounts are adjusted annually for inflation. *See, e.g.*, Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

violations of 49 C.F.R. §§ 195.402(a) and 195.428(a), 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) (**Item 2**), Respondent shall complete the following:
  - a. Within 60 days following issuance of this Final Order, ONEOK must submit new procedures for operation and maintenance of the high-pressure breakout tanks, as required by API 510.
2. With respect to the violation of § 195.428(a) (**Item 5**), Respondent shall complete the following:
  - a. Submit a written explanation to the Director, Central Region, within 30 days following issuance of this Final Order, outlining what ONEOK believes to be its overpressure protection for the Heartland Pipeline and other similar pipeline facilities;
  - b. ONEOK must submit a written plan to specify the inspection protocols for the various levels of overpressure protection, i.e. soft kills, hard kills;
  - c. ONEOK must complete the revision of all relevant operating and maintenance procedures within 90 days following issuance of this Final Order.
3. It is requested (not mandated) that ONEOK maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central 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.

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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (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.

**WARNING ITEMS**

With respect to Items 1, 3, 4, 7 and 8, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.214(a) **(Item 1)** — Respondent's alleged failure to qualify one of its welders to a welding procedure used to make a repair on an integrity management dig in 2013;

49 C.F.R. § 195.403(b)(1) **(Item 3)** — Respondent's alleged failure to review with personnel their performance in order to meet the objectives of ONEOK's emergency-response training program, at intervals not to exceed 15 months;

49 C.F.R. § 195.406(b) **(Item 4)** — Respondent's alleged failure to provide adequate protective equipment to control the pressure within the maximum operating pressure of the pipeline at the Messena Pump Station;

49 C.F.R. § 195.452(l)(1)(ii) **(Item 7)** — Respondent's alleged failure to document any preventive or mitigative measures taken under its integrity management program for each line segment; and

49 C.F.R. § 195.579(c) **(Item 8)** — Respondent's alleged failure to inspect the internal surface of the pipe section that was replaced on Line Segment 102.

If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

March 29, 2018

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Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

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Date Issued