

APRIL 22, 2013

Mr. Wes Christensen
Senior Vice President, NGL Operations
ONEOK NGL Pipeline L.L.C
100 West Fifth Street
Tulsa, OK 74102

Re: CPF No. 4-2012-5028

Dear Mr. Christensen:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$15,300 and specifies actions that need to be taken by ONEOK NGL Pipeline L.L.C. to comply with the pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated October 22, 2012. It further finds that ONEOK NGL Pipeline, L.L.C. has completed the actions specified in the Notice to comply with the pipeline safety regulations. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Rodrick M. Seeley, Director, Southwest Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

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 Partners, NGL Pipeline L.P., ¹)	CPF No. 4-2012-5028
)	
Respondent.)	
)	

FINAL ORDER

Between September, 2011 and January 2012, pursuant to 49 U.S.C. § 60117, a representative 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 L.L.C. (ONEOK or Respondent), in Oklahoma and Texas. ONEOK owns and operates over 2400 miles of natural gas liquid pipelines that transport natural gas from production areas throughout Oklahoma, Kansas and Texas.²

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated September 12, 2012, a Notice of Probable Violation, Proposed Civil Penalty, Proposed Compliance Order and warnings pursuant to 49 C.F.R. § 190.205 (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that ONEOK had committed various violations of 49 C.F.R. Part 195 and assessing a civil penalty of \$15,300 for one of the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the other alleged violations. The warning items required no further action but warned the operator to correct the probable violation or face future potential enforcement action.

ONEOK responded to the Notice by letter dated September 28, 2012 (Response). The company did not contest the allegations of violation, paid the proposed civil penalty of \$15,300, as provided in 49 C.F.R. § 190.227, and provided information showing that it had complied with the terms of the proposed Compliance Order. Payment of the penalty and completion of the Compliance Order, as approved by the Director, serves to close the case with prejudice to Respondent.

¹ The initial Notice of Probable Violation was sent to ONEOK Partners, NGL Pipeline L.P.. Since receiving the Notice, the Operator has changed its name to ONEOK NGL Pipeline L.L.C.

² See <http://www.oneokpartners.com/Customers/NaturalGasLiquids/Pipelines/NGLPipeline.aspx> (last accessed on April 10, 2013).

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 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.589, which states in relevant part:

§ 195.589 – What corrosion control information do I have to maintain?

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§ 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

The Notice alleged that Respondent violated 49 C.F.R. § 195.589(c) by failing to maintain records with sufficient detail to demonstrate the adequacy of corrosion control measures on its pipeline system. Specifically, the Notice alleged that ONEOK was missing certain records that documented the annual pipe-to-soil surveys carried out on the Arbuckle Pipeline during October 2010.

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. § 195.589 by failing to maintain records with sufficient detail to demonstrate the adequacy of corrosion control measures on its pipeline system.

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

§ 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 follow its own procedure for evaluating and remediating anomalous conditions discovered through integrity assessments and information analysis. Specifically, the Notice alleged that ONEOK violated 3.2

Design & Operating Parameters of its O&M Procedures when it failed to document that a grid was completed during the UT scans of the pipe section to locate internal corrosion.

Section 2.4.7.1 of Procedure 53 (Defect Evaluation and Repair) states how internal corrosion shall be evaluated. The procedure states to create a half-inch incremented grid circumferentially and axially and to use a hand-held wall thickness verification meter or a UT device to determine the lowest wall thickness in each half-inch grid. On two separate occasions, ONEOK personnel did not follow this procedure. During Digs CF-10-F4 and SMC-208-05, ONEOK personnel did not document that a grid was completed during the UT scans to locate internal corrosion.

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 properly document that a grid was completed during the UT scans to locate the internal corrosion.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(3), which states in relevant part:

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

(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:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(3) by failing to follow its own procedure for evaluating and repairing its pipeline while remediating anomalous conditions in a non-high consequence area. Specifically, the Notice alleged that ONEOK did not document or obtain sufficient data to accurately locate any anomalies as set forth in procedure 3.2 of its Design & Operating Parameters.

Section 2.2.6 of Procedure 53 requires that each anomaly be accurately located for each evaluation. The procedure states that ONEOK's personnel should compare the predicted anomaly characteristics to the actual anomaly. ONEOK personnel did not adequately follow this procedure. During Dig SMC-08-05, ONEOK personnel did not document or obtain sufficient data to accurately locate the anomaly.

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(c)(3) failing to document or obtain sufficient data to accurately locate an anomaly.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(13), which states in relevant part:

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

(a) General. Each shall prepare and follow for each pipeline system a manual of written procedures for conducting 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 a year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operation of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(b) ...

(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:

(13) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(13) by failing to follow its own procedures requiring that it periodically review the work done by personnel to determine the effectiveness of its operating procedures. Specifically, the Notice alleged that ONEOK violated Procedure 3.1 (General Procedures).

Procedure 3.1 requires the Business Manager to be responsible for conducting a review of the work done by personnel, to determine the effectiveness of operating procedures at least once a year. The documents of these reviews will include the date, items discussed, changes and personnel attendance. During the OPS inspection, ONEOK could not produce any of the necessary documentation.

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(c)(13) by failing to periodically review the work done by its personnel to determine the effectiveness of its operating procedure

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 \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 for any related series of violations. 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; the Respondent's ability to pay the penalty 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 \$15,300 for Item #2 cited above.

Item 2: The Notice proposed a civil penalty of \$15,300 for Respondent's violation of

49 C.F.R. § 195.402(a), for failing to follow their procedure for evaluating and remediating anomalous conditions that are discovered as a result of integrity assessments and information analysis. ONEOK did not contest the proposed penalty amount. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$15,300 for violation of 49 C.F.R. § 195.402(a), which has already been remitted.

In summary, having reviewed the record and considered the assessment criteria for the Item cited above, I assess Respondent a total civil penalty of **15,300**, which has been paid in full.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 2 and 3 in the Notice for violations of 49 C.F.R. §195.402(a) and (c), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquid or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 195.402(a) (**Item 2**), Respondent has re-evaluated the location of the anomalies for internal corrosion at Dig Numbers SMC-08-05 and CF-10-F4 in accordance with its procedures.
2. With respect to the violation of § 195.402(c) (**Item 3**), Respondent has conducted further evaluation methods, in accordance with its procedures, to confirm the correct location of the anomaly pertaining to Dig Number SMC-08-05.

Accordingly, I find that compliance has been achieved with respect to these violations. Therefore, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEMS

With respect to Items 1 and 4, 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. § 195.589 (**Item 1**) — Respondent's alleged failure to maintain records with sufficient detail to demonstrate the adequacy of corrosion control measures on its pipeline system; and

49 C.F.R. § 195.402(c)(13) (**Item 4**) — Respondent's alleged failure to follow its own procedures, requiring that it periodically review the work done by personnel to determine the effectiveness of its own procedures.

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.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued