

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 12, 2012

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

CPF 4-2012-5028

Dear Mr. Christensen:

On multiple occasions between September 2011 through January 20, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code were onsite and inspected your Operations and Maintenance Manual, records and pipeline facilities in Oklahoma and Texas.

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

1. §195.589 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.

ONEOK failed to maintain records with sufficient detail to demonstrate the adequacy of corrosion control measures of their pipeline system.

The Operator informed PHMSA during the inspection that certain records required by 49 CFR 195.589 were missing. These records consisted of data collected during the annual pipe-to-soil surveys carried out on the Arbuckle Pipeline during September through October 2010 between approximate mileposts (MP) 266 and 439. Some of the missing records were related to data lost and unrecoverable due to a computer hard drive problem. Additionally, the operator learned that there were no records for the pipe-to-soil survey having been completed between approximately MP 109 and 176.

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 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.

ONEOK did not follow their procedure for evaluating and remediating anomalous conditions that are discovered as a result of integrity assessments and information analysis.

ONEOK's, Procedure 3.2 Design and Operating Parameters, of their O&M Procedures for Hazardous Liquids, states that pipeline repairs will be made in accordance to NGLimp3.0001. NGLimp3.0001, Section 5: Assessment and Remediation states that anomalous conditions are evaluated and repaired in accordance with Procedure 53: Defect Evaluation and Repair. ONEOK's Procedure 53: Defect Evaluation and Repair, Section 2.4.7.1, 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 ½ in grid". Section 2.4.7.1 demonstrates how to accomplish the grid and to use Figure 2 as an example.

ONEOK personnel did not follow their procedures to evaluate for internal corrosion. During Dig Number CF-10-F4, ONEOK personnel did not document that a grid was completed during the UT scans of the pipe sections to locate the internal corrosion. Also, during Dig Number SMC-

08-05, ONEOK personnel did not document that a grid was completed during the UT scans of the pipe section to locate the internal corrosion.

- 3. §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.

(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.

ONEOK did not follow their procedure for evaluating and repairing their pipeline while remediating anomalous condition in a non-high consequence area.

ONEOK's, Procedure 3.2 Design and Operating Parameters, of their O&M Procedures for Hazardous Liquids, states that pipeline repairs will be made in accordance to NGLimp3.0001. NGLimp3.0001, Section 5: Assessment and Remediation states that anomalous conditions are evaluated and repaired in accordance with Procedure 53: Defect Evaluation and Repair.

First, ONEOK's Procedure 53, Section 2.2.6, states that "NGL Ops must confirm that the selected anomaly is accurately located for each evaluation". This can be accomplished by: comparison of predicted anomaly characteristics to the actual anomaly, comparison of length of target joint or nearby joint to the ILI data, comparison of distances to nearby features to ILI or alignment sheet data, comparison to previous assessment or repair data, or orientation of longitudinal seam weld.

During Dig Number SMC-08-05 ONEOK personnel did not document or obtain sufficient data to accurately locate an anomaly. The documentation, "Pipeline Defect Evaluation & Repair Form," states that no external or internal defect was found after completing a UT scan. There is no evidence of other confirmation methods utilized per the procedure to confirm the anomaly location was accurately located.

- 4. § 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.

(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) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

ONEOK did not follow their procedure on documentation of the periodic review of work done by personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

ONEOK's Procedure 3.1 General Procedures, Normal Operating Procedures Review, states that the ONP Business Manager or designee shall be responsible for conducting a review of the work done by personnel to determine the effectiveness of operating procedures at intervals not exceeding 15 months, but at least once each calendar year. In addition, the procedure states that the annual review documentation of these reviews will include the date, items discussed, changes and personnel in attendance. ONEOK did not have any documentation demonstrating the review of the work done by operator personnel to determine the effectiveness of the procedures used was being performed.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 \$15,300 for item 2.

Warning Items

With respect to items 1 and 4, PHMSA has reviewed the circumstances and supporting documents involved in this case and has decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these item(s).

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

Proposed Compliance Order

With respect to items 2 and 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ONEOK NGL Pipeline L.P. 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 4-2012-5028** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest 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 a Compliance Order incorporating the following remedial requirements to ensure the compliance of ONEOK with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to Dig Numbers SMC-08-05 and CF-10-F4 in which the evaluation for internal corrosion was not documented, the operator must re-evaluate the location of the anomalies for internal corrosion in accordance with their procedures.
2. In regard to Item Number 3 of the Notice pertaining to the Dig Number SMC-08-05, in which there was no confirmation methods utilized to confirm the correct location of the anomaly, the operator must do further evaluation in accordance with their procedures to confirm the correct location of the anomaly.
3. ONEOK must complete items 1 and 2 within 180 days following receipt of the Final Order.
4. 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 R. M. Seeley, 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.