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May 30, 2017

Ms. Terri J. Binns
Acting Director, Southwest Region
Pipeline and Hazardous Materials Safety
Administration
Office of Pipeline Safety
8701 S. Gessner Rd., Suite 630
Houston, Texas 77074

Via Email: Terri.J.Binns@dot.gov
Via FedEx: 7792 5375 1712

Re: Notice of Proposed Safety Order, CPF No. 4-2016-5014S
ONEOK NGL Pipeline, L.L.C.
Request for Hearing

Dear Ms. Binns:

This letter serves a request for a hearing in response to the referenced Notice of Proposed Safety Order dated May 16, 2016 (the "Notice"). By letter dated May 9, 2017, the Pipeline and Hazardous Materials Safety Administration ("PHMSA") notified ONEOK NGL Pipeline, L.L.C. ("Respondent") that informal consultation in the case would conclude May 19, 2017. In accordance with 49 C.F.R. § 190.239(b)(3), this request is timely.

Respondent, pursuant to 49 C.F.R. §§ 190.239(b)(3) and 190.211, hereby requests a hearing in this case. Enclosed herewith please find Respondent's Statement of Issues which it serves pursuant to 49 CFR § 190.211(b). Respondent will be represented by the undersigned counsel at the hearing. Respondent requests that said hearing be held at PHMSA's Southwest Region office in Houston, Texas.

Respondent also wishes to convey that it and PHMSA, through recent discussions, are near to reaching agreement on the nature, scope, and schedule for corrective measures that are tailored specifically to the vibration condition at issue in this case. Respondent requests that it and PHMSA continue those discussions with diligence. Respondent's intent is to reach agreement in the near term, such that the parties may enter a consent agreement and order and thereby avoid a hearing.

As such, Respondent requests that the presiding official to whom this case is assigned forbear from setting a hearing to allow discussions to continue. Respondent would be pleased to provide periodic status reports to the presiding official.



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Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vince Murchison', with a long horizontal flourish extending to the right.

Vince Murchison

cc: Adam Phillips, PHMSA, Office of Chief Counsel (Adam.Phillips@DOT.gov)
Walter Allen, ONEOK
Vicky Benedict, ONEOK



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The Pipeline & Energy Authority

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Washington, DC 20590

In the matter of:

ONEOK NGL Pipeline, L.L.C.

Respondent

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CPF No. 4-2016-5014S

**STATEMENT OF ISSUES
OF
ONEOK NGL PIPELINE, L.L.C.
TO
NOTICE OF PROPOSED SAFETY ORDER**

ONEOK NGL Pipeline, L.L.C. ("Respondent") submits this Statement of Issues in connection with its request for a hearing pursuant to 49 C.F.R. § 190.239(b)(3) and 49 C.F.R. § 190.211.

By letter dated May 16, 2016, the Pipeline and Hazardous Materials Safety Administration ("PHMSA") served on Respondent a Notice of Proposed Safety Order (the "Notice"), CPF No. 4-2016-5014S. By letter dated May 9, 2017, the Acting Director, Southwest Region, PHMSA, notified Respondent that informal consultation under 49 C.F.R. § 190.239(b)(2) would conclude May 19, 2017. By separate writing, Respondent has requested a hearing in this matter, and this Statement of Issues is served therewith.

BACKGROUND

This case was initiated by a PHMSA on-site Initial Operating Inspection of Respondent's Sterling III Pipeline ("Sterling III") facilities. Specifically, PHMSA has raised concerns relating to mechanical vibration generated by variable frequency drive pumps which operate at the 13 Sterling III pump stations. Based upon preliminary findings of fact stated in the Notice, PHMSA has alleged that "continued operation of the affected pipeline, without corrective measures,

would pose a pipeline integrity risk to public safety, property, or the environment.”¹ Further, PHMSA has proposed corrective measures to address the “potential risk.”²

STATEMENT OF ISSUES

Respondent states two categories of issues, (1) technical issues, and (2) legal and regulatory issues.

Technical Issues

1. Basis for the Notice: No demonstration has been made that the mechanical vibration at the Sterling III pump stations presents a condition that poses a pipeline integrity risk to public safety, property, or the environment.
2. Corrective Measure Item 1: Pressure Reduction and Operational Constraints
 - a. A pressure reduction is unnecessary and would not reduce pipeline integrity risk allegedly presented by mechanical vibration.
3. Corrective Measure Item 2: Plan of Inspection to Determine the Full Extent of Damage Caused by Mechanical Vibration
 - a. Inspection of every weld within every Sterling III pump station is not necessary, and any such requirement lacks technical, engineering, and statistical bases.
 - b. No demonstration has been made that every weld within every Sterling III pump station is at risk of damage or failure caused by mechanical vibration.
4. Corrective Measure Item 4: Performance of a Complete, Systematic Analysis of the Vibration Problem
 - a. No demonstration has been made that the similar mechanical vibration occurring at the Sterling III pump stations requires a complete, systematic analysis of every Sterling III pump station.
 - b. No demonstration has been made that mechanical vibration occurring at similar Sterling III pump stations cannot be mitigated through measures identified at less than all Sterling III pump stations.
5. Corrective Measure Item 5: Plan and Schedule for Mitigating Mechanical Vibration

¹ Notice at 3.

² Notice at 3, 4-5.

- a. No demonstration has been made that mechanical vibration occurring at similar Sterling III pump stations cannot be mitigated through measures identified at less than all Sterling III pump stations.

Legal and Regulatory Issues

6. The finding that mechanical vibration condition at the Sterling III pump stations presents a pipeline integrity risk to public safety, property, or the environment is not supported by the evidence or by a reliable engineering evaluation.
7. The Notice provides insufficient explanation, discussion, and/or analysis to support the conclusion that mechanical vibration at the Sterling III pump stations presents a pipeline integrity risk to public safety, property, or the environment.
8. The Notice provides insufficient explanation, discussion, and/or analysis of the factors that must be considered to determine that the mechanical vibration at the Sterling III pump stations presents a pipeline integrity risk to public safety, property, or the environment.
9. The Notice omits to explain, discuss, or analyze the manner in which the proposed corrective measures will appropriately address the pipeline integrity risk allegedly presented by mechanical vibration at the Sterling III pump stations.
10. The Notice omits to explain its conclusions in a manner that allows Respondent a reasonable opportunity to present a meaningful defense.
11. The proposed corrective measures, as stated in the Notice, are vague and ambiguous to the degree that Respondent is unable to develop plans that are acceptable in the agency's discretion.
12. The agency has failed to meet its burden of proof that the mechanical vibration at the Sterling III pump stations presents a pipeline integrity risk to public safety, property, or the environment.

CONCLUSION

At the hearing in this matter, Respondent intends to bring forth evidence in the form of documents and/or witness testimony, as well as to present its arguments, in support of the issues stated heretofore. Respondent reserves the right to supplement this Statement of Issues at or before the hearing.

COUNSEL FOR
ONEOK NGL Pipeline, L.L.C.

May 30, 2017



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