

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 7, 2022

Mr. Pierce Norton
President and Chief Executive Officer
ONEOK Texas Gas Storage, LLC
100 West Fifth Street
Tulsa, Oklahoma 74103

CPF 1-2022-042-WL

Dear Mr. Norton:

From August 31 through September 3, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected ONEOK Texas Gas Storage LLC's (ONEOK) Felmac Storage Facility, Loop Storage Facility and Salado Storage Facility in Gaines County, Texas.

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

1. **§ 192.12 Underground natural gas storage facilities.**
 - (a) ...
 - (b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*
 - (1) ...
 - (2) Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, *see* §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.

ONEOK failed to meet the provisions of API RP 1171, Section 9. Specifically, ONEOK failed to

test the operation of the master valve and wellhead pipeline isolation valve at least annually for proper function and ability to isolate the well in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, “The operator shall test the operation of the master valve and wellhead pipeline isolation valve at least annually for proper function and ability to isolate the well.”

During the inspection, ONEOK was not able to provide test records of the operation of the wellhead master valves and wellhead pipeline isolation valves for Felmac Storage for 2019 and 2020, and for Loop Storage for 2018 through 2020.

Therefore, ONEOK failed to meet the provisions of Section 9.3.2.

2. § 192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

ONEOK failed to meet the provisions of API RP 1171, Section 9. Specifically, ONEOK failed to perform function tests of surface safety valves in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, “Surface and subsurface safety valve systems, where installed, shall be function-tested at least annually.”

During the inspection, ONEOK was not able to provide surface safety valve function test records for Felmac Storage for 2020.

Therefore, ONEOK failed to meet the provisions of Section 9.3.2.

3. § 192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

ONEOK failed to meet the provisions of API RP 1171, Section 9. Specifically, ONEOK failed to perform annual visual wellhead assembly inspections for leaks in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, “The operator shall visually inspect each wellhead assembly at least annually for leaks.”

During the inspection, ONEOK was not able to provide records of its annual visual wellhead assembly inspections for leaks for Felmac Storage in 2019 and 2020 and for Loop Storage from 2018 through 2021.

Therefore, ONEOK failed to meet the provisions of Section 9.3.2.

4. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

ONEOK failed to meet the requirements of § 192.12(c). Specifically, ONEOK failed to review and update its operations and maintenance (O&M) manuals and blowout contingency plan (BCP) at intervals not to exceed 15 months, but at least each calendar year.

During the inspection, PHMSA found that ONEOK’s UNGS Annual Wellsite Inspection Procedure, UNGS Wellhead Valve Inspection and Maintenance Procedure and BCP were not reviewed and updated in 2020. The UNGS Annual Wellsite Inspection Procedure had an issue date of 10/15/2019 and a revision date of 05/06/2021. The UNGS Wellhead Valve Inspection and Maintenance Procedure had revision dates of 10/15/2018, 12/01/2018, 02/24/2021 and 05/06/2021.

Therefore, ONEOK failed to meet the requirements of § 192.12(c).

5. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

ONEOK failed to follow of its UNGS Wellhead Valve Inspection and Maintenance Procedure, Section 4. Specifically, ONEOK failed to document the actions taken after wellhead valves failed to hold pressure in accordance with its UNGS Wellhead Valve Inspection and Maintenance Procedure, Section 4.1.5 (Section 4.1.5).

Section 4.1.5 states in part, “Valves that are found partially or totally inoperable shall be repaired or replaced as soon as possible.”

During the inspection, ONEOK presented records of valves failing to hold pressure for Felmac Storage and Loop Storage. However, there was no documentation available of the actions taken after the failure was discovered.

Therefore, ONEOK failed to meet the provisions of Section 4.1.5.

6. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) Integrity management program--

(1) ...

(4) Integrity management procedures and recordkeeping. Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, see § 192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any identification, calculation, amendment, modification, justification, deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

ONEOK failed to follow its Reservoir Storage Integrity Management Plan (RSIMP), Section 9. Specifically, ONEOK failed to update the Task-Op risk model with data collected in 2019 in accordance with RSIMP, Section 9.3, Triggering Events (Section 9.3) and Section 9.5.4 (Section 9.5.4).

Section 9.3 stated in part:

ONEOK shall perform a risk data review on each UGS reservoir facility after the following events, but at least once every five (5) years. If a change in risk data is identified, the risk assessment process shall be performed. The events referenced above include, but are not limited to:

- Functional integrity assessment completion (See Section 7.0 of this IMP);
- Identification of leaks;
- Identification of new threats and/or changing conditions; and
- Other events identified as problematic by the Underground Storage Engineer.

Additional P&MM activity evaluations may be performed upon risk assessment completion by the Underground Storage Engineering team.

Section 9.5.4 stated in part, “UGS reservoir facility risk assessment data shall be reviewed and updated in a timeframe not to exceed twelve (12) months following a triggering event.”

During the inspection, ONEOK presented its Task-Op risk model to demonstrate risk determination and stated that the risk model had not been updated with data collected in 2019. The data included casing inspection results and barrier installations at some well sites.

Therefore, ONEOK failed to follow its RSIMP, Section 9.3 and Section 9.5.4, as required by § 192.12(d)(4).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 correct the items identified in this letter. Failure to do so will result in ONEOK Texas Gas Storage, LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2022-042-WL**. 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).

Sincerely,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration