NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 15, 2017

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

CPF 3-2017-5005

Dear Mr. Christensen:

On various weeks between August 15, 2016 to December 16, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code, inspected ONEOK NGL Pipeline LP (ONEOK) records in Medford, Oklahoma, and Conway, Kansas for the facilities in Kansas and Nebraska. For the North System, facilities and records were inspected in Des Moines and Iowa City, Iowa.

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

1. §195.214 Welding procedures

(a) Welding must be performed by a qualified welder or welding operator in accordance with welding procedures qualified under section 5, section 12,

Appendix A or Appendix B of API Std 1104 (incorporated by reference, see § 195.3), or Section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC) (incorporated by reference, see § 195.3). The quality of the test welds used to qualify the welding procedures must be determined by destructive testing.

ONEOK did not qualify their welder to a welding procedure that was used to make a repair on an integrity management dig in 2013.

While reviewing welder qualifications for a repair in November of 2013 on Line 11316, it was found that the repair welder was qualified to a procedure that was not used on the repair job. The welder was qualified to a procedure that uses a 6010 electrode in the root with a low-hydrogen electrode all the way out. However, the repair was made with a procedure which utilized low-hydrogen electrodes from the root out. The use of the low hydrogen rod on the root requires a change in welding direction, which is an essential variable according to API 1104 Section 6.3.2. The change requires the welder to be requalified to the new procedure.

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.

§ 195.432 Inspection of In-Service Breakout Tanks

(c) Each operator must inspect the physical integrity of in-service steel aboveground breakout tanks built to API Std 2510 (incorporated by reference, see §195.3) according to section 6 of API Std 510 (incorporated by reference, see §195.3).

ONEOK did not have operation and maintenance procedures to address the requirements of API 510 for high-pressure tanks and the inspections that are necessary for these tanks.

Review of ONEOK's procedures noted that the procedures only addressed low pressure API 653 tanks and the associated inspections. ONEOK only operates tanks that fall under the inspection requirements of API 510.

3. § 195.403 Emergency Response Training

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section;

At the Bushton facility, ONEOK did not review with personnel their performance in meeting the objectives of the emergency response training program at an interval not to exceed 15 months.

ONEOK utilizes emergency response drills to train their personnel on the emergency response plans. After the drills, a post drill critique is done where ONEOK personnel review the results of the drill. While at the Bushton facilities, the records review noted that the 2014 response drill was conducted in June; and the following year, the drill was done on December 1, 2015. The dates of the drills exceeded the allowable 15 month interval.

4. § 195.406 Maximum Operating Pressure

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

ONEOK did not provide adequate protective equipment to control the pressure within the maximum operating pressure at the Messena Pump Station.

Review of the over pressure protection (OPP) records for the Messena Pump Station found that the OPP device was set higher than the maximum operating pressure (MOP) plus 10% from September 2014 until the time of the PHMSA inspection. The MOP of the line was 1,150 psig; the OPP device was set at 1300 psig. Review of the pressure charts found that the pipeline did not exceed the MOP anytime from 2014 until the PHMSA inspection.

ONEOK indicated that they also had measures to protect the maximum operating pressure such as a shutdown programmed within the program logic controller (PLC). However, the inspections of this shutdown consisted only of a calibration check of the transmitter. There was no documentation or check of the shutdown showing that it operated at the proper set point during the inspection.

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

ONEOK did not inspect the OPP device for the Heartland Line twice a calendar year at intervals not to exceed 7½ months. Additionally, ONEOK did not inspect the pressure control valve (PCV) at the Iowa City Pump Station twice a year at intervals not to exceed 7½ months during 2014 and 2015.

ONEOK typically utilizes a hard pressure switch at the pumps as their over pressure protection. On the Heartland Line in Des Moines, Iowa, there is no hard pressure switch. ONEOK indicated that they utilize a "soft-kill" within the PLC as the OPP device. Based on the records review, the only inspection documented for this OPP device was a pressure transmitter calibration check done bi-annually from 2014 to 2016. ONEOK later produced an inspection record of a full capacity relief located in the Heartland Terminal that is inspected by another operator. However, ONEOK had not been getting the inspection paperwork on that relief semi-annually from the owner/operator of that device.

Regarding the PCV at the Iowa City Pump Station, it appears that the device was moved from the "semi-annual" inspection list to the "annual" inspection list in the fall of 2013. The valve was only inspected once per year in 2014 and 2015. In the fall of 2015, the valve was placed back on the "semi-annual" inspection list.

6. § 195.440 Public Awareness

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

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

ONEOK's public education did not identify all the hazards associated with the products that they are transporting in their mailings to the public.

On October 9, 2014, PHMSA issued a Warning Letter noting that ONEOK had failed to identify all the products that were being transported in the brochures sent out to the public. Specifically, refined products was left out of the mailings. During the records review in Des Moines, Iowa, it was found that the mailings that were being sent out still did not have refined products on the list nor did it indicate the hazards associated with the product. These mailings had not been updated since the 2014 Warning Letter.

7. § 195.452 Pipeline Integrity Management in High Consequence Areas

(l) What records must an operator keep to demonstrate compliance?

(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

ONEOK is not documenting any preventive and mitigative measures that is taken for each line segment.

Upon review of the preventive and mitigative measures (PMM), it was found that ONEOK was not documenting any additional measures that were being taken or that 195.452(i) includes. Actions taken such as implementing damage prevention best practices for the affected line segments, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls must be documented for each line segment. ONEOK maintained that additional measures were being done, but it did not appear to be reflected in the records for the line segments.

8. § 195.579 What Must I do to Mitigate Internal Corrosion?

(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

ONEOK did not inspect the internal surface of the pipe that was replaced on Line Segment 102.

ONEOK records their pipe replacements on an "Equipment and Deletion" form. This form documents the internal inspection of the pipe when it is cut out. On Pipeline Segment 102, a 28-foot segment of the line was removed and replaced in July of 2013. The form for the 102 segment did not indicate that an internal inspection of the removed pipe was done for internal corrosion. ONEOK personnel investigated this and found that the inspection was missed because of a miscommunication in the field.

Proposed Civil Penalty

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $209,002 per violation per day the violation persists up to a maximum of $2,090,022 for a 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 $36,200 as follows:

Item number	PENALTY
6	$36,200

Warning Items

With respect to items one (1), three (3), four (4), seven (7), and eight (8), 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 promptly correct these item(s). Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items two (2) and five (5), 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. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2017-5005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
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 NGL Pipeline, L.P. a Compliance Order incorporating the following remedial requirements to ensure the compliance of ONEOK NGL Pipeline, L.P (ONEOK) with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the lack of procedures for tanks designed to API 510, ONEOK shall complete the following:
    - Within 60 days following issuance of the Final Order, ONEOK must submit new procedures for operation and maintenance of the high pressure breakout tanks as required by API 510.

2. In regard to Item Number 5 of the Notice pertaining to overpressure protection for the pipeline, ONEOK shall complete the following:
    - Submit an explanation to the Director, Central Region within 30 days following issuance of the Final Order outlining what ONEOK believes to be their overpressure protection for the Heartland pipeline and other similar pipeline facilities.
    - ONEOK should also include a plan to specify the inspection protocols for the various levels of overpressure protection, i.e. soft kills, hard kills.
    - Complete the revision of all relevant operating and maintenance procedures within 90 days following issuance of the Final Order.

3. It is requested (not mandated) that ONEOK NGL Pipeline. L.P. 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.