

May 21, 2024

VIA ELECTRONIC MAIL TO: pierce.norton@oneok.com

Pierce H. Norton II
President and Chief Executive Officer
ONEOK, Inc.
100 West Fifth Street
Tulsa, Oklahoma 74103

CPF No. 3-2023-026-NOPV

Dear Mr. Norton:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Magellan Midstream Partners, L.P., a subsidiary of ONEOK, Inc., which was executed on May 14, 2024. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosures: Consent Order and Consent Agreement

cc: Mr. Gregory A. Ochs, Director, Central Region, Office of Pipeline Safety
Mr. Joe Butler, Director, Operations Control, ONEOK, joe.butler@oneok.com
Mr. Jason Smith, Vice President, Asset Integrity, ONEOK, jason.smith@oneok.com

Mr. Charles Misak, Director, Integrated Operations Services, ONEOK,
charles.misak@oneok.com

Mr. Danny Scroggins, Senior Attorney, ONEOK, danny.scroggins@oneok.com

Mr. Mark Materna, Director, Pipeline Integrity, ONEOK, mark.materna@oneok.com

CONFIRMATION OF 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)	
)	
Magellan Midstream Partners, L.P.,)	CPF No. 3-2023-026-NOPV
a subsidiary of ONEOK, Inc.,)	
)	
Respondent.)	

CONSENT ORDER

By letter dated September 8, 2023, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), issued a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice) to Magellan Midstream Partners, L.P. (Magellan or Respondent). On September 25, 2023, Magellan was acquired by ONEOK, Inc.

In response to the Notice, Respondent contested the allegations of violation, and proposed compliance order terms for Items 2 and 3, and requested a modification to the proposed compliance order terms for Item 6. Magellan requested a hearing and the opportunity to meet informally with PHMSA to discuss Items 2 and 3 in the Notice. Respondent and PHMSA (the Parties) subsequently met to discuss the issues raised in the Response. As a result of those discussions, as explained in more detail below, the Parties have agreed to a Consent Agreement by which PHMSA makes findings of violation for Items 1 and 6, assesses a civil penalty of **\$39,100**, changes Items 2 and 3 to Notice of Amendment items, and sets out certain corrective actions that Magellan will complete.

Accordingly, the Consent Agreement is hereby approved and incorporated by reference into this Consent Order. Magellan is hereby ordered to comply with the terms of the Consent Agreement pursuant to its terms. Pursuant to 49 U.S.C. § 60101, *et seq.*, failure to comply with this Consent Order may result in the assessment of civil penalties as set forth in 49 U.S.C. § 60122 and 49 C.F.R. § 190.223, or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Consent Order are effective upon service in accordance with 49 C.F.R. § 190.5.

May 21, 2024

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

)	
In the Matter of)	
)	
MAGELLAN MIDSTREAM PARTNERS, LP)	CPF No. 3-2023-026-NOPV
)	
Respondent.)	
)	

CONSENT AGREEMENT

From June 27 to August 25, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted an on-site inspection of Magellan Midstream Partners LP's (Magellan or Respondent) Control Room Management (CRM) procedures and records in Tulsa, Oklahoma, by video conference. On September 25, 2023, Magellan was acquired by ONEOK, Inc.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated September 8, 2023, a Notice of Probable Violation, Proposed Compliance Order, and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Magellan committed violations of seven provisions of 49 C.F.R. part 195, proposed ordering Respondent to take certain measures to correct the alleged violations, and proposed a civil penalty of \$39,100. Items 4, 5, and 7 were brought as warning items, advising the operator to correct the probable violation or face potential future enforcement action.

Magellan responded to the Notice by letter dated December 8, 2023 (Response). Magellan contested the allegations of violation and the proposed compliance order for Items 2 and 3 and requested a modification to the proposed compliance order for Item 6. Magellan requested an informal meeting with PHMSA to discuss both Items 2 and 3 and requested a hearing on these Items. Magellan did not contest Items 1, 4, 5, and 7.

PHMSA and Respondent (the Parties) subsequently met to discuss the issues raised in the Response. Magellan provided additional, supplemental information related to the contested Items by email on January 19, 2024, February 9, 2024, and March 11, 2024. As a result of those discussions and as explained in more detail below, the Parties have agreed to a Consent Agreement by which PHMSA makes findings of violations for Items 1 and 6, assesses a civil penalty of **\$39,100**, withdraws the allegations of violation for Items 2 and 3 and finds them to be more appropriate for resolution by a Notice of Amendment, and sets out certain corrective actions that

Magellan will complete.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 U.S.C. § 60101, *et seq.* and 49 C.F.R. Part 190, and upon consent and agreement, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

3. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein. Respondent agrees to withdraw its request for an administrative hearing regarding the Notice.

4. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete, and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's

right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Except as set forth herein, this Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault, or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement or in future PHMSA enforcement actions.

II. Findings of Violation:

11. ***Item 1- 49 C.F.R. § 195.446(c)(2):*** The Notice alleged that Magellan's point-to-point records were not adequate to demonstrate thoroughness of the verification process between SCADA displays and related field equipment. Specifically, the Notice alleged that Magellan failed to provide documentation to support verification of the alarms presenting at the right set point, with the correct priority, color and alarm description in the alarm log as well as appropriately on subsequent SCADA screens and that there was no indication that the test was completed live or simulated. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 195.446(c)(2).

12. ***Item 6- 49 C.F.R. § 195.446(h)(6):*** The Notice alleged that Magellan failed to include in its procedures team training and exercises that included both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal, abnormal or emergency situations. Specifically, the Notice alleged that Magellan's procedures did not require for the three operational modes (normal, abnormal, emergency) inclusion of any type of soft skills training; that team trainings and exercises did not include both controllers and those who would be expected to

collaborate with controllers; that Magellan's emergency type response drills were inadequate to suffice as team training; and that Magellan's procedures did not define who is responsible for developing and conducting team training and how to engage the "others" with controllers. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 195.446(h)(6).

III. Warning Items:

13. ***Item 4- 49 C.F.R. § 195.446(e)(4):*** The Notice alleged that Magellan's records for the annual review of the Alarm Management Plan to determine effectiveness was not adequate to demonstrate compliance. Specifically, the Notice alleged that Magellan's documentation did not show what was considered and included in the review of the Alarm Management Plan to determine its effectiveness and that the records provided did not show the review's findings or follow-up actions, if any, to improve the effectiveness of the plan. This Item was brought as a Warning Item and does not constitute a finding of violation. Respondent accepts the warning as alleged in the Notice.

14. ***Item 5- 49 C.F.R. § 195.446(h):*** The Notice alleged that Magellan's training content review results and modifications failed to demonstrate an adequate review of the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. Specifically, the Notice alleged that Magellan recommended National Center for Construction Education and Research (NCCER) booklets be eliminated as a training content and an Authorization for Expenditure (AFE) to expand the simulator capabilities however, Magellan had no records documenting how these decisions were reached. This Item was brought as a Warning Item and does not constitute a finding of violation. Respondent accepts the warning as alleged in the Notice.

15. ***Item 7- 49 C.F.R. § 195.446(j)(1):*** The Notice alleged that Magellan did not provide records adequate to demonstrate compliance for verification of correct safety related alarm set points and alarm descriptors when associated field instruments are calibrated or changed and at least once each calendar year, but at intervals not to exceed 15 months. Specifically, the Notice alleged the Magellan's records from 2019, 2020, and 2021 did not show what alarms were reviewed, or which notations of identified deficiencies and corrections were completed, as required by the SCADA and Operations Control Supervisor in SIP 9.02-ADM-084, Revision 5, dated January 01, 2021, section 2.2 and 2.3. This Item was brought as a Warning Item and does not constitute a finding of violation. Respondent accepts the warning as alleged in the Notice.

IV. Items 2 and 3:

16. ***Item 2- 49 C.F.R. § 195.446(c)(3):*** With respect to Item 2 of the Notice, the Parties agree that the nature of the alleged violation, asserting that Magellan's internal communication plan for safe manual operation was not adequate to demonstrate compliance, is more appropriate for resolution by a Notice of Amendment (NOA). The Parties agreed during the informal discussion that Item 2 will be changed to an NOA item provided that Magellan (1) submits a model procedure of one segment/console for PHMSA's review and (2) tests and verifies that model procedure on the relevant segment/console within **one year** of the ***Effective Date*** of this

Agreement. Because this Item will be changed to an NOA, it will not constitute a finding of violation for any purpose.

17. **Item 3- 49 C.F.R. § 195.446(c)(5):** With respect to Item 3 of the Notice, the Parties agree that the nature of the alleged violation, asserting that Magellan’s procedure failed to include Section 5 of API RP 1168 to establish a procedure for when a different controller assumes responsibility including the content of information to be exchanged, is more appropriate for resolution by an NOA. The Parties agreed during the informal discussion that Item 3 will be changed to an NOA item. Following the informal discussion between the Parties, Magellan provided a revised copy of the relevant procedures which are adequate to demonstrate compliance. As such, no further action is required.

V. Civil Penalty:

18. **Item 6:** The Notice proposed assessing a civil penalty in the amount of \$39,100. Respondent did not contest the proposed civil penalty for this Item. As such, Respondent shall pay a civil penalty in the amount of **\$39,100** for Item 6.

19. Respondent shall pay a civil penalty in the amount of **\$39,100**, pursuant to the payment instructions at 49 C.F.R. § 190.227(a), to be paid in full no later than 20 days from the **Effective Date** of this Agreement.

VI. Compliance Order:

20. **Item 1:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the Proposed Compliance Order. Following the informal discussion, and review of Magellan’s submitted revised procedures, Magellan completed the terms of the Proposed Compliance Order. As such, no further action is required.

21. **Item 6:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent requested a modification to the timeline for compliance for this Proposed Compliance Order. The Region finds the extended timeline for compliance appropriate. As such, Respondent agrees to perform the following corrective measures:

- B. In regard to Item 6 of the Notice pertaining to Magellan failing to not include team training and exercises that included both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal, abnormal or emergency situations, Magellan must modify its procedures to include team trainings and exercises that include both controllers and those who would be expected to collaborate with controllers, i.e., “others.” The procedure must include the topics to be covered during the training sessions. Magellan must also modify its procedures to include training for all modes of operation (normal, abnormal and emergency) as well as some soft skills. The operator must then complete the team

training for all “others” and controllers and provide documentation by **December 31, 2024**.¹

VII. Enforcement:

22. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, et seq., and 49 C.F.R. Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$257,664 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil penalty amounts are adjusted annually for inflation. See 49 C.F.R. § 190.223. All work plans and associated schedules set forth or referenced in Section VI are automatically incorporated into this Agreement and are enforceable in the same manner.

VIII. Review and Approval Process:

23. With respect to any submission under Section VI (Compliance Order) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent’s right to invoke the dispute resolution procedures with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for approval.

IX. Dispute Resolution:

24. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including any decision of the Director under the terms of Section VI, Compliance Order. If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator for Pipeline Safety, PHMSA. Such request must be made in writing and provided to the Director, counsel for the Central Region, and to the Associate Administrator for Pipeline Safety, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA’s consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process.

¹ This Proposed Compliance Order term was originally term D in the Notice.

X. Effective Date:

25. The term “Effective Date,” as used herein, is the date on which the Consent Order is issued by the Associate Administrator, PHMSA, incorporating the terms of this Agreement.

XI. Recordkeeping and Information Disclosure:

26. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 C.F.R. part 7. Respondent must mark the claim of confidentiality in writing on each page and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 C.F.R. part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

XII. Modification:

27. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

XIII. Termination:

28. This Agreement will remain in effect until the Compliance Order in Section VI is satisfied, as determined by the Director, and payment of the Civil Penalty in Section V is made. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

XIV. Ratification:

29. The Parties’ undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

30. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

For MAGELLAN MIDSTREAM PARTNERS, LP:

Joe Butler, Director, Operations Control

Date

For PHMSA:

Director, Central Region, Office of Pipeline Safety

Date