U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

901 Locust Street, Suite 480
Kansas City, MO 64106

WARNING LETTER

VIA ELECTRONIC MAIL TO: Pierce.norton@oneok.com; Jamie.Hoskin@oneok.com; Jason.A.Smith@oneok.com

June 14, 2024

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

CPF 3-2024-051-WL

Dear Mr. Norton:

From April 3 through November 8, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA,) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected ONEOK, Inc.'s (ONEOK) Magellan pipelines and facilities in Texas, New Mexico, and Oklahoma. Magellan Midstream Partners, LP. (Magellan) was acquired by ONEOK as of September 25, 2023.

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

1. § 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. . . .

Magellan failed to follow its procedures for returning scraper traps to normal operation after pigging operations for the scraper trap at Aledo Terminal, MP 88 of the Orion North system

West Ft. Worth-Henrietta. Specifically, sections 8.9.11 through 8.9.26 of Magellan's Procedure "9.01-ADM-110 (Rev. 13), Performing Pigging Operations," were not followed for relieving pressure on the trap, draining, pig retrieval, and returning the trap to normal operation. During the field inspection, the trap was found to be pressurized to approximately 510 psi (mainline pressure). Control room and Operations personnel confirmed that no pigging operations were occurring at the time of the inspection and no product was flowing through the trap, so it was in normal operation status. Under normal operation the trap should have been drained and depressurized. Therefore, Magellan failed to follow its procedures for returning scraper traps to normal operation after pigging operations, contrary to § 195.402(a).

2. § 195.404 Maps and records.

> **(a) . . . .**
> **(c) Each operator shall maintain the following records for the periods specified:**
> **(1) . . . .**
> **(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

Magellan failed to record annual fire extinguisher inspection results on its official record form for Cresson and Underwood stations on the Orion North pipeline system for years 2020 through 2022. Firefighting equipment must be tested to ensure it is in proper operating condition at all times, as required by § 195.430(a). First, Magellan failed to record annual inspection results on Magellan Form No. 05-FORM-0084, "Portable Fire Extinguisher Checklist, Monthly/Annual," for inspection calendar years 2020 through 2022. Second, Magellan failed to maintain records for fire extinguisher inspections on the Bridgetex North Crude system for 2021. Thus, Magellan failed to meet the requirements of § 195.404(c)(3).

3. § 195.563 Which pipelines must have cathodic protection?

> **(a) . . . .**
> **(c) All other buried or submerged pipelines that have an effective external coating must have cathodic protection. Except as provided by** paragraph (d) **of this section, this requirement does not apply to breakout tanks and does not apply to buried piping in breakout tank areas and pumping stations until December 29, 2003.**

Magellan failed to provide cathodic protection (CP) per § 195.563(c) in two instances. First, Magellan failed to cathodically protect the station piping at Stigler Pump Station located at MP 173 on the Duncan-Ft. Smith pipeline segment. The station pumps were removed from service in March 2023, and the station piping was physically disconnected from the mainline, which rendered the underground station piping electrically isolated from the CP system. The station pipe is currently classified as inactive and purged. PHMSA does not recognize "inactive," "decommissioned," or "idled" pipelines. Unless they are abandoned in accordance § 195.402(c)(10) and § 195.59, pipelines that are not currently in use must comply with the pipeline safety regulations. CP potential readings taken around the station during the field inspection on June 15, 2023, confirmed that the station piping was electrically disconnected from the CP system and did not meet NACE criteria for cathodic protection. Per § 195.571, CP required by subpart H must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169-2007. On July 3, 2023, the Operator restored CP to the station piping via an electrical bond to the CP system. Station pipe potential readings were re-measured and confirmed to meet NACE criteria.

Second, Magellan failed to cathodically protect the piping associated with Bernardo and San Antonio stations on the El Paso-Albuquerque pipeline system. The pump units were upgraded in March of 2022 and the old station piping was disconnected from the mainline, which rendered the station piping electrically isolated from the cathodic protection system. The station pipe is currently classified as inactive and purged. CP potential readings, taken at both stations on July 13, 2023, confirmed that the station piping did not meet NACE criteria for cathodic protection. On September 14, 2023, Magellan restored CP to the old station piping via electrical bonding to the CP system at each station. Station pipe potential readings were re-measured and confirmed to meet NACE criteria. Thus, in these two instances, Magellan failed to meet the requirements of § 195.563(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed $257,664 per violation per day the violation persists, up to a maximum of $2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed $239,142 per violation per day the violation persists, up to a maximum of $2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not 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.

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 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 3-2024-051-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,

GREGORY ALAN OCHS Digitally signed by GREGORY ALAN OCHS
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Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Jamie Hoskin, Sr. Vice President, Refined Products & Crude Operations, ONEOK, Inc.
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Jason A. Smith, Vice President, Asset Integrity, ONEOK, Inc., Jason.A.Smith@oneok.com