CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 10, 2010

Mr. Wesley J. Christensen
Senior Vice President, Natural Gas Liquids Operations
ONEOK NGL Pipeline, L.P.
100 West Fifth Street
Tulsa, OK 74102

No. 4-2010-5016S

Dear Mr. Christensen:

Enclosed is a Notice of Proposed Safety Order (Notice) issued in the above-referenced case. The Notice proposes that you take certain measures with respect to ONEOK NGL Pipeline LP's (ONEOK) Sterling 1 NGL pipeline to ensure pipeline safety. Your options for responding are set forth in the Notice. Your receipt of the Notice constitutes service of that document under 49 C.F.R. § 190.5.

We look forward to a successful resolution to ensure pipeline safety. Please direct any questions on this matter to me at 713-272-2859.

Sincerely,

R. M. Seeley
Director, Southwest
Pipeline and Hazardous Materials Safety Administration

Enclosures: Notice of Proposed Safety Order and Copy of 49 CFR § 190.239

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
Southwest Region
Houston, Texas 77074

In the Matter of	)	
ONEOK NGL Pipeline, L.P.,	)	**CPF No. 4-2010-5016S**
Respondent	)	

NOTICE OF PROPOSED SAFETY ORDER

Background and Purpose

Pursuant to Chapter 601 of title 49, United States Code, the Pipeline and Hazardous Materials Safety Administration (PHMSA) has initiated an investigation of the safety of ONEOK NGL Pipeline LP's (ONEOK) Sterling 1 NGL pipeline system in Texas and Oklahoma, including an accident that occurred on November 1, 2010.

As a result of the investigation, it appears that a condition or conditions exist on your pipeline facilities that pose a pipeline integrity risk to public safety, property or the environment. Pursuant to 49 U.S.C. § 60117(l), PHMSA issues this Notice of Proposed Safety Order, notifying you of the preliminary findings of the investigation, and proposing that you take measures to ensure that the public, property, and the environment are protected from the potential risk.

The pipeline facilities that pose a potential pipeline integrity risk are located in a segment of ONEOK's approximately 596-mile Sterling 1 pipeline system. The particular segment originates at the Medford, OK Pump Station in Grant County, OK and terminates at the Nevada Booster Station near Royse City, TX in Rockwall County, TX (Medford to Nevada Segment). Natural gas liquids (NGL) flow through Sterling 1 from north to south. The Medford to Nevada Segment is an eight-inch diameter pipeline with Polyken tape coating. On November 1, 2010, an accident occurred on this pipeline segment near MP 251 at station number 13266+06. It appears that the Polyken tape coating disbonded, allowing electrolyte to reach the pipe surface and accelerated corrosion to occur.

Preliminary Findings

- The complete Sterling 1 NGL pipeline system is an 8-inch and 10-inch pipeline that originates in Medford, OK and traverses Oklahoma and Texas to its endpoint in Mont Belvieu, TX. The Medford to Nevada Segment is an eight-inch diameter pipeline with Polyken tape coating and portions of the pipeline from the Durant, OK Station to the Farmersville, TX Station are also coated in Polyken tape.

- An accident occurred on November 1, 2010, on the Medford to Nevada Segment in a topographically low lying portion of the pipeline where an assessment of the site by ONEOK indicated that the failure occurred in a section of pipe that contained disbonded Polyken tape coating. The disbonded Polyken tape coating appeared to have allowed electrolyte to come into contact with the pipe surface and microbiologically induced corrosion (MIC) to occur.

- MIC can be an accelerated pitting form of corrosion that poses a threat to the integrity of a pipeline. Comparisons of in-line inspection (ILI) tool runs can provide advanced identification of areas where accelerated corrosion is taking place. AC stray current induced corrosion has been identified by ONEOK on Sterling 1 pipeline system as a threat to its integrity, and AC mitigation systems have been implemented. From data reviewed by ONEOK from testing stations near the accident site, it did not appear to ONEOK that AC or DC stray current induced corrosion is a probable cause of the accident.

- Investigations at the accident site, evaluation of soil and corrosion product samples, and evaluation of the failed section of pipe have identified the probable cause of the failure to be through-wall pitting corrosion caused by MIC.

- PHMSA became aware of the accident on November 1, 2010 when NRC Report #958656 was received. PHMSA initiated an investigation of the accident that involved communication with ONEOK personnel and monitoring of the situation.

- The short segment of the Sterling 1 pipeline system from Durant, OK Station to Nevada Booster Station near Royce City, TX was constructed in 1981 from 8.625” OD; ERW (all), 67.3 miles 0.188” X46; 6.2 miles 0.375” X42; 193 feet 0.625” X42, Manufacturer: Republic.

- Sterling 1 pipeline system transports batched highly volatile liquids (HVL) that are typically an ethane/propane mix. The pipeline system typically operates in a steady state operation between 1200 to 1300 psig depending upon the batched product that is being transported.

- Sterling 1 pipeline system traverses rolling hills and many stratigraphic strata as it moves from Medford, OK through Oklahoma and Texas to the coastal plains at its endpoint in Mont Belvieu, TX.

- The nearest Unusually Sensitive Area (USA), as defined in §195.2, is 9,130 feet downstream of the accident site.

- The nearest High Consequence Area (HCA), as defined in §195.450, is an "other populated area" located 12,211 feet upstream of the accident site.

- If left unaddressed, accelerated corrosion anomalies may result in releases of product from a pipeline in the form of leaks (if the corrosion pits are spaced far apart) or ruptures (if the pits are closely packed together).

- It is probable that accelerated corrosion is present on Sterling 1 pipeline system in areas where tape coating has disbonded. If left unidentified and not addressed, accelerated corrosion anomalies will likely continue to grow and deepen into through wall failures and impair the service of the pipeline as HVL releases can form vapor clouds that, when ignited, have serious consequences.

Proposed Issuance of Safety Order

Section 60117(l) of Title 49, United States Code, provides for the issuance of a safety order, after reasonable notice and the opportunity for a hearing, requiring corrective measures, which may include physical inspection, testing, repair, or other action, as appropriate. The basis for making the determination that a pipeline facility has a condition or conditions that pose a pipeline integrity risk to public safety, property, or the environment is set forth both in the above-referenced statute and 49 C.F.R. §190.239, a copy of which is enclosed.

After evaluating the foregoing preliminary findings of fact and considering the age of the pipe involved, the manufacturer, the hazardous nature of the product transported and the pressure required for transporting such product, the characteristics of the geographical areas where the pipeline facility is located, and the likelihood that the conditions could worsen or develop on other areas of the pipeline and potentially impact its serviceability, it appears that the continued operation of the affected pipeline without corrective measures would pose a pipeline integrity risk to public safety, property, or the environment.

Accordingly, PHMSA issues this Notice of Proposed Safety Order to notify Respondent of the proposed issuance of a safety order and to propose that Respondent take measures specified herein to address the potential risk.

Response to this Notice

In accordance with § 190.239, you have 30 days following receipt of this Notice to submit a written response to the Regional Director who issued the Notice. If you do not respond within 30 days, this constitutes a waiver of your right to contest 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 Safety Order.

In your response, you may notify the Regional Director that you intend to comply with the terms of the Notice as proposed, or you may request that an informal consultation be scheduled (you will also have the opportunity to request an administrative hearing before a safety order is issued). Informal consultation provides you with the opportunity to explain the circumstances associated with the risk condition(s) alleged in the notice and, as appropriate, to present a proposal for a work plan or other remedial measures, without prejudice to your position in any subsequent hearing. If you and PHMSA agree within 30 days of informal consultation on a plan and schedule for you to address each identified risk condition, we may enter into a written consent agreement (PHMSA would then issue an administrative consent order incorporating the terms of the agreement). If a consent agreement is not reached, or if you have elected not to request informal consultation, you may request an administrative hearing in writing within 30 days following receipt of the Notice or within 10 days following the conclusion of an informal consultation that did not result in a consent agreement, as applicable. Following a hearing, if the Associate Administrator finds the facility to have a condition that poses a pipeline integrity risk to the public, property, or the environment in accordance with §190.239, the Associate Administrator may issue a safety order

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).

In your correspondence on this matter, please refer to CPF 4-2010-5016S and for each document you submit, please provide a copy in electronic format whenever possible.

Proposed Corrective Measures

Pursuant to 49 U.S.C. § 60117(l) and 49 C.F.R. §190.239, PHMSA proposes to issue to ONEOK NGL Pipeline, L.P. (ONEOK) a safety order incorporating the following remedial requirements with respect to the affected pipeline:

1. ONEOK must perform the appropriate tests, analyses, and evaluations to establish probable cause of the accident as required in §195.402(c)(5).

2. ONEOK must compare the previous ILI runs performed on the Sterling 1 Medford to Nevada Segment, identify specific areas where accelerated corrosion may be occurring, and remediate those areas in accordance with a plan approved by the Director.

3. ONEOK must perform an integrity assessment on the segment of the Sterling 1 pipeline from Durant, OK Station to Nevada Booster Station near Royce City, TX to identify areas of accelerated corrosion and remediate those areas in accordance with a plan approved by the Director.

4. Until the time that ONEOK receives approval from the Director to operate at operating pressures up to the established MOP of 1335 psig., ONEOK must operate the segment from Durant, OK Station to Nevada Booster Station at no more than 1064 psig, discharge pressure at the Durant, OK Station, which is 80% of the operating pressure at the time of the accident.

5. Within 30 days after a safety order is issued, develop and submit to the Director for approval, a written remedial work plan that includes corrective measures. The work plan must include:

   (A) The performance of each of the above requirements.

   (B) The performance of additional field testing, inspections, and evaluations to determine whether and to what extent the conditions described in this Notice are present elsewhere on the affected pipeline system. Make the results of the inspections, field excavations, and evaluations available to PHMSA or its representative;

   (C) The performance of repairs or other corrective measures that fully remediate the identified risk condition(s). Include provisions for continuing long-term periodic testing and integrity verification measures to ensure the ongoing safe operation of the pipeline considering the results of the analyses, inspections, and corrective measures undertaken pursuant to the safety order; and

   (D) A proposed schedule for completion of the actions required by paragraphs (A) and (C) of this Item.

6. Revise the remedial work plan as necessary to incorporate new information obtained during the evaluations and associated remedial activities. Submit any such plan revisions to the Director for prior approval. The Director may approve plan elements incrementally. The remedial work plan shall become incorporated into the safety order.

7. Implement the work plan as it is approved by the Director, including any revisions to the plan.

8. Submit quarterly reports to the Director that: (1) include available data and results of the testing and evaluations required by the safety order; and (2) describe the progress of the repairs and other remedial actions being undertaken.

9. The Director may grant an extension of time for compliance with any of the terms of the safety order upon a written request timely submitted demonstrating good cause for an extension.

10. Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

The actions proposed by this Notice of Proposed Safety Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Parts 190 through 199, under any other order issued to Respondent under authority of 49 U.S.C. § 60101 et seq., or under any other provision of Federal or state law.

After receiving and analyzing additional data in the course of this proceeding and implementation of the work plan, PHMSA may identify other safety measures that need to be taken. In that event, Respondent will be notified of any proposed additional measures and, if necessary, amendments to the work plan or safety order.

_____ _____

R. M. Seeley
Director, Southwest
Pipeline and Hazardous Materials Safety Administration

Date issued