



September 19, 2024

Via Electronic Mail to: Bryan.Lethcoe@dot.gov

Mr. Bryan Jeffery Lethcoe, Director
Southwest Region, Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner, Ste. 630
Houston, TX 77074

Re: CPF 4-2024-025-NOPV

Dear Mr. Lethcoe,

On August 20, 2024, ONEOK NGL Pipeline, LLC ("ONEOK") received your August 19, 2024 letter including a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order. Thank you for the opportunity to respond. ONEOK does not contest Item 4 or its corrective actions in the Proposed Compliance Order. ONEOK acknowledges Item 3 as a warning item. ONEOK respectfully disagrees with the allegation contained in Item 1 and a portion of the allegations in Item 2, and requests a hearing on this matter in which it will be represented by counsel. ONEOK requests an informal conference to discuss Items 1 and 2 and the corresponding corrective actions in the Proposed Compliance Order. ONEOK appreciates the opportunity to work with PHMSA and believes that this matter should be fully resolved prior to a hearing. More detailed responses are below.

1. §195.452 Pipeline integrity management in high consequence areas.

(a)....

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (see paragraph (j) of this section), an operator must analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Operators must continue to comply with the data integration elements specified in §195.452(g) that were in effect on October 1, 2018, until October 1, 2022. Operators must begin to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022. This analysis must:

(1) Integrate information and attributes about the pipeline that include, but are not limited to:

ONEOK failed to analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline in accordance with §195.452(g). Specifically, ONEOK failed to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022, for Hutch Reno Del to Hillside Booster pipeline segment (Line ID 10374), located in Hutchinson, Kansas.

ONEOK's NGL Integrity Management Manual, Form 6.01: Data Integration (Version 1.1; Feb. 24, 2021) analysis was missing information and attributes about Line ID 10374. Specifically, the analysis did not include information about the following: depth of cover surveys (§195.452(g)(1)(x)), results of examinations of exposed portions of buried pipelines (§195.452(g)(1)(xv)), and location of casings and if shorted (§195.452(g)(1)(vi)).

In addition, PHMSA found that ONEOK's NGL IMP Procedure: 63 Data Integration (Rev. 3, December 17, 2024 (sic)) is not adequate because it is missing depth of cover surveys, results of examinations of exposed portions of buried pipelines and location of casings and if shorted required by §195.452(g) that must be included in the information analysis.

Therefore, ONEOK failed to integrate all information and attributes specified and analyze all available information about the integrity of the its (sic) entire pipeline and the consequences of a possible failure along the pipeline in accordance with §195.452(g).

ONEOK RESPONSE:

ONEOK respectfully disagrees with the allegations in Item 1. ONEOK's NGL IMP, Section 6, Risk Analysis is completed in accordance with 49 CFR §195.452(g). Accordingly, the applicable data integration elements, including casing data, depth of cover surveys, and exposed portions of buried pipelines are variables in the ONEOK risk model calculations. Additionally, per Procedure: 63 Data Integration, risk model results are integrated via Section 6 and reviewed as part of SME Threat Category Evaluation Summary. SME discussion of risk model results include consideration of data elements integrated into current risk model results. The Hutch Reno Del to Hillside Booster model results included the referenced data integration elements (casings, and if shorted, depth of cover data, and exposed portions of buried pipelines). Per the ONEOK NGL Risk Algorithm document, the data integration elements are included in the Failure Likelihood Assessment, which evaluates external corrosion and third-party damage susceptibility to failure. As such, ONEOK requests that PHMSA rescind Item 1.

2. §195.452 Pipeline integrity management in high consequence areas.

(a)....

(i) What preventive and mitigative measures must an operator take to protect the high consequence area? –

(1) General requirements. An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional

actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, 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.

ONEOK failed to take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area, including conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection in accordance with §195.452(i)(1). Specifically, ONEOK's risk analysis for its Bell Pump, Frost Pump, and Hutchinson Junction Pump stations (collectively, "pump stations") included incorrect information regarding internal corrosion mitigation for facilities located in a high consequence area (HCA).

ONEOK's NGL IMP Procedure 44: Facility Risk and P&MM Evaluation (Rev. 3.0, Feb. 7, 2023) section 4.1, requires a review of the facility information, including internal corrosion coupon reports. PHMSA reviewed the 2022 Facility Risk Report for the pump stations and found that the Report contained inaccurate data about the monitoring of internal corrosion related to these facilities. Specifically, in the evaluation questionnaire, the category for internal corrosion monitoring with coupon was answered as "YES" for each of the pump stations. However, there are no coupons installed at the pump stations that could be inspected. The incorrect information regarding the monitoring of internal corrosion with coupons was an input in the risk assessment for each of the pump stations, and therefore ONEOK's risk analysis conducted in accordance with §195.452(i)(1) did not accurately reflect the risk associated with each pump station. Thus, ONEOK's evaluation of the sufficiency and effectiveness of existing, and identification of any new, preventive and mitigative measures to mitigate the consequences of a pipeline failure that could affect a HCA was inadequate.

Therefore, ONEOK failed to take measures to prevent mitigate (sic) the consequences of a pipeline failure that could affect a HCA in accordance with §195.452(i)(1).

ONEOK RESPONSE:

ONEOK does not contest this Item as it relates to the Hutchinson Pump Station. ONEOK has updated the Facility Risk Model to reflect the evaluation questionnaire category for internal corrosion monitoring with coupon as answered "NO," which aligns with the conditions at the pump station.

However, ONEOK does contest this item as it relates to the Bells and Frost Pump Stations. Both Facility Risk Models accurately reflect in the evaluation questionnaire that the category for internal corrosion monitoring with coupon are answered as "NO." Accordingly, ONEOK requests removal of the Bells and Frost Pump Stations from this allegation, and that Item 2 be limited to the Hutchinson Pump Station.

3. §195.589 What corrosion control information do I have to maintain?

(a)....

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

ONEOK failed to maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by Subpart H in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist in accordance with §195.589(c). Specifically, ONEOK failed to provide records showing, in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist, the examination of removed pipe for internal corrosion on the Sterling II pipeline near Blue Ridge, Texas.

As a result of third-party damage on the Sterling II pipeline on January 20, 2022, a section of the pipe was removed and replaced with pre-tested pipe on January 23, 2022. PHMSA reviewed the incident and repair records and found that ONEOK had failed to document the examination of the removed pipe for evidence of internal corrosion.¹ The picture evidence of the cut out pipe section provided by ONEOK lacked any information related to its examination and is insufficient to demonstrate that the removed pipe was examined for internal corrosion as required by §195.589(c).

Therefore, ONEOK failed to maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey and test required by Subpart H in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist in accordance with §195.589(c).

ONEOK RESPONSE:

ONEOK acknowledges this as a warning item.

4. §195.573 What must I do to monitor external corrosion control?

(a)....

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

§195.401 General requirements.

(a)....

(b) An operator must make repairs on its pipeline system according to the following requirements:

(1) Non Integrity management repairs. Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

ONEOK failed to correct any identified deficiency in corrosion control as required by §195.573(e) and §195.401(b). Specifically, ONEOK failed to correct low cathodic protection (CP) potential at the North Fence test point and Receiver trap test point at Warren Plant in Robert County, Texas, for two consecutive inspection cycles.

ONEOK's procedure, Corrosion Control Standard (Rev. 5, Aug. 8, 2013), section 5.1.2 CP Criteria, requires that pipelines, assets, and facilities meet a potential of -850 mV with CP applied in accordance with §195.571. The 2020 through 2022 Test point Audit Report for ONEOK's FERC pipeline showed two test points on pipeline segment 10006 (Mid-Coast Mendota plant to Warren Roberts Plant) that did not meet the established cathodic protection potential criteria of -850 mV IRF with CP applied.

In calendar year 2020, the cathodic protection potential reading at MP 6.000 (North Fence, Warren Plant) and MP 6.5000 (Receiver Trap, Warren Plant) was -675 mV and -701 mV, respectively. In calendar year 2021, the cathodic protection potential reading for MP 6.000 and MP 6.5000 was -299 mV and -296 mV, respectively. The Test Point Audit Report showed that the cathodic protection for these two test points were subsequently corrected on October 19, 2022, by applying the -100 mV criteria. In accordance with ONEOK's Corrosion Control Standard, section 5.1.3.5 Remedial Actions, low potential reading deficiencies must be remediated within one calendar year not to exceed fifteen (15) months from the date of the deficient reading. Therefore, ONEOK exceeded the remedial timeframe by failing to correct the deficient 2020 cathodic protection potential readings within one calendar year, not to exceed 15 months.

Therefore, ONEOK failed to correct the identified deficiencies in corrosion control and remediate those deficiencies in accordance with its procedure and §§195.573 and 195.401(b)(1).

ONEOK RESPONSE:

ONEOK does not contest this item, the proposed penalty, or its corrective actions in the Proposed Compliance order.

ONEOK very much appreciates and shares PHMSA's mission of pipeline safety and recognizes PHMSA's unique perspective in seeing a much broader array of pipeline safety issues. ONEOK respectfully requests a hearing on the merits of Item 1 and a portion of Item 2, but desires to work with PHMSA to resolve this matter at an informal settlement conference.

Sincerely,



Jason Smith

Vice President Asset Integrity

cc: Charles Misak, Director Integrated Operations Services
Matt Gillett, VP Natural Gas Liquids Pipelines and Terminals
Marlon Cockerell, Regulatory Compliance Coordinator Senior
DOTCompliance@oneok.com