NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

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

August 19, 2024

Pierce Norton
President & Chief Executive Officer
ONEOK NGL Pipeline, LLC
100 West Fifth Street
Tulsa, Oklahoma 74103

CPF 4-2024-025-NOPV

Dear Mr. Norton:

From March 20 to October 26, 2023 of the on-site inspection, 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.) inspected ONEOK NGL Pipeline, LLC's (ONEOK) natural gas liquid (NGL) pipeline facilities in Kansas, Oklahoma, and Texas.

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 (C.F.R.). The items inspected and the probable violations are:

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) 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 entire pipeline and the consequences of a possible failure along the pipeline in accordance with § 195.452(g).

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 the consequences of a pipeline failure that could affect a HCA in accordance with § 195.452(i)(1).

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).

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] Whenever pipe is removed from a pipeline, it must be inspected for evidence of internal corrosion and remediated if necessary in accordance with § 195.579(c).

(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).

Proposed Civil Penalty

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 $2,391,412 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 documentation involved for the above probable violation(s) and recommend that you be preliminarily assessed a civil penalty of $ 33,800 as follows:

Item number	PENALTY
Item 4	$ 33,800

Proposed Compliance Order

With respect to items 1, 2, and 4, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ONEOK. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to item 3, 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 this items. Failure to do so may result in additional enforcement action.

Response to this Notice

This Notice is issued in accordance with 49 C.F.R. § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2024-025-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Ryan Mccoy, Regulatory Compliance Manager, ONEOK NGL Pipeline, LLC,
ryan.mccoy@oneok.com

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, LLC (ONEOK) a Compliance Order incorporating the following remedial requirements to ensure the compliance of ONEOK with the pipeline safety regulations:

A. Regarding Item 1 of the Notice pertaining to ONEOK's failure to integrate all data elements specified in § 195.452(g), starting October 1, 2020, with all attributes integrated by October 1, 2022, ONEOK must:

1. Revise its NGL IM procedure 63 to include all information and attributes about the pipeline required by § 195.452(g).

2. Complete a data integration for each ONEOK pipeline that could affect a HCA, including any pipeline located in a HCA using the revised procedure and Form 6.01 that includes all information and attributes about the pipeline in accordance with § 195.452(g).

3. Submit the revised procedure and updated Form 6.01 to the Director, Southwest Region, OPS, PHMSA (Director) within **60** days of issuance of the Final Order.

B. In regard to Item 2 of the Notice pertaining to the incorrect internal corrosion monitoring data used for the risk analysis of pump stations located in HCAs conducted in accordance with § 195.452(i)(1), ONEOK must update its risk analysis with accurate data that represent the correct internal corrosion monitoring program implemented for its HCA facilities. ONEOK must submit an updated copy of the facility risk analysis to the Director within **60** days of receipt of the Final Order.

C. In regard to Item 4 of the Notice pertaining to ONEOK's failure to correct identified low cathodic protection (CP) potential in accordance with § 195.579(e), at the North Fence test point and Receiver Trap test points at Warren Plant for two consecutive inspection cycles, ONEOK must provide documentation that supports the adequacy and sufficiency of the new cathodic protection criteria of -100 mV applied for these two test points. These records must be provided to the Director within **30** days of receipt of the Final Order.

D. It is requested (not mandated) that ONEOK maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.