U.S. Department of Transportation

Pipeline and Hazardous Materials Safety Administration

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Houston TX 77074

NOTICE OF PROBABLE VIOLATION and PROPOSED COMPLIANCE ORDER

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

October 22, 2024

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

CPF 4-2024-036-NOPV

Dear Mr. Norton:

From March 21 to December 27, 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 liquids (NGL) and liquefied petroleum gas (LPG) pipeline facilities in Kansas, Missouri, Iowa, Indiana, and Illinois.

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. § 195.452 Pipeline integrity management in high consequence areas.

> **(a) . . . .**
> **(f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**

(1) . . . .

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section); . . . .

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

(1) . . . .

(4) Emergency Flow Restricting Devices (EFRD). If an operator determines that an EFRD is needed on a pipeline segment that is located in, or which could affect, a high-consequence area (HCA) in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least, evaluate the following factors—the swiftness of leak detection and pipeline shutdown capabilities, the type of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain within the HCA or between the pipeline segment and the HCA it could affect, and benefits expected by reducing the spill size. An RMV installed under this paragraph (i)(4) must meet all of the other applicable requirements in this part, provided that the requirement of this sentence does not apply to gathering lines.

ONEOK failed to determine whether Emergency Flow Restricting Devices (EFRDs) were needed to protect a high consequence area (HCA) in the event of a hazardous liquid pipeline release in accordance with § 195.452(i)(4). Specifically, ONEOK failed to conduct an adequate EFRD analysis for its "Conway to Eldorado 4in" (Conway to Eldorado) pipeline and its "Bushton to Conway Pump Station to Wichita Terminal 6 Inch" (Bushton to Conway) pipeline.

In addition, ONEOK failed to include identification of preventive and mitigative measures to protect the HCA in its integrity management (IM) program in accordance with § 195.452(f)(6). Specifically, ONEOK's IM program only required an EFRD scenario evaluation on a covered segment if it is "within the top 50% of all risk scores"[1] and technically feasible. Section 195.452(i)(4) requires an EFRD analysis for all covered segments.

ONEOK's IM program describes a two-step EFRD evaluation process. First, in accordance with section 4.2.1, ONEOK conducts a baseline evaluation for each covered segment using most of the factors listed in § 195.452(i)(4), but not the benefits expected by reducing spill size. These factors are quantified into a "risk score." Then, if the risk score is not within the top 50 percent of all risk scores, the benefits expected by reducing spill size are deemed "negligible due to minimal reduction of overall risk scores," and the analysis stops there. In addition, even if a segment is within the top 50% of all risk scores, ONEOK's procedure does not require an analysis for any line segment less than 5 miles from a pump station or less than 5 miles in length because it determined that installation of an EFRD in those situations is not technically feasible and the benefits expected by reducing spill size are negligible.

[1] NGL IMP Procedure 71 Revision 4: EFRD Evaluation, Section 4.2.2 (Feb. 7, 2023).

Second, if the risk score is within the top 50 percent of all risk scores and the segment is more than 5 miles from a pump station or more than 5 miles in length, ONEOK conducts an EFRD "scenario" analysis. The scenario analysis employs a model to simulate hazardous liquid releases by strategically placing EFRDs at various points along the pipeline, aiming to identify the most effective installation locations. For certain segments, ONEOK performs multiple scenario analyses to simulate various iterations of EFRD locations. Using that analysis, ONEOK determines whether any EFRDs are needed.

For the Conway to Eldorado pipeline, ONEOK failed to conduct an EFRD scenario analysis because the risk score was not within the top 50 percent of all risk scores.[2] Without an EFRD scenario analysis, ONEOK cannot provide a thorough or adequate technical justification for recommending against the installation of any EFRDs. Therefore, the Conway to Eldorado pipeline EFRD evaluation is inadequate.

For the Bushton to Conway pipeline, ONEOK's EFRD scenario analysis failed to provide a thorough and adequate technical justification for recommending against the installation of any EFRDs.[3] ONEOK conducted two scenario analyses, and both determined that there would be a significant reduction in the amount of hazardous liquid released if EFRDs were installed in specific locations. In EFRD Scenario Analysis 1, the motor operated valve (MOV) simulated on 11th avenue north of Lake Inman reduced the shutoff time from 90 minutes to 2 minutes, and it reduced the total volume released from 750 barrels to 250 barrels – a 67% reduction in the amount of hazardous liquid released as compared to the current configuration. However, ONEOK failed to recommend installation of an EFRD or adequately explain why an EFRD is not needed.

Therefore, ONEOK failed to determine whether EFRDs were needed to protect an HCA in the event of a hazardous liquid pipeline release in accordance with § 195.452(i)(4).

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

> **(a) . . . .**
> **(h) What actions must an operator take to address integrity issues? —**
> **(1) General requirements. An operator must take prompt action to address all anomalous conditions in the pipeline that the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity, as required by this part. An operator must be able to demonstrate that the remediation of the condition will ensure that the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must**

[2] This segment was cited as an example, there was at least one other segment that did not receive an EFRD scenario analysis because the risk score was not within the top 50 percent of all risk scores. *See* Pipeline Safety Violation Report, Exhibit A2, EFRD Status.

[3] This segment was cited as an example, there were other EFRD scenario analyses that failed to provide a thorough and adequate technical justification for recommending against the installation of any EFRDs.

comply with all other applicable requirements in this part in remediating a condition. Each operator must, in repairing its pipeline systems, ensure that the repairs are made in a safe and timely manner and are made so as to prevent damage to persons, property, or the environment. The calculation method(s) used for anomaly evaluation must be applicable for the range of relevant threats.

ONEOK failed to take prompt action to address all anomalous conditions in its pipeline it discovered through its information analysis in accordance with § 195.452(h)(1). Specifically, ONEOK failed to promptly remediate external corrosion (AC related) issues after it discovered a leak due to AC stray current corrosion and after several inspections identified AC pipe to soil voltages greater than 15 volts over consecutive years on pipeline segment 11107 (PL107 Morris to Lemont 10 in) of North System.

On July 13, 2020, ONEOK discovered a vapor release coming from a casing vent riser on pipeline segment 11107. ONEOK reported the release and indicated that 2.5 barrels of propane was released. ONEOK reported, with the support of a metallurgical evaluation, that the release was caused by a pinhole leak due to AC stray current corrosion.

PHMSA reviewed AC pipe to soil readings for segment 11107 from 2016 to 2023 and found 19 testing locations that had AC pipe to soil voltages greater than 15 volts for one or more years, as indicated in the table below. However, ONEOK failed to remediate the stray current at any location.

SEG/Site Code and Pipe	Milepost	Location Description	Inspection Date	AC P/S	Survey
SEG. 11107	3.689	McLindon NS For.NBPL - ONEOK Blk Wire	4/13/2021 4/14/2022 4/5/2023	15.850 18.532 22.450	2021 Annual Survey 2022 Annual Survey 2023 Annual Survey
SEG. 11107	5.355	NS. I 80 Cased Crossing	4/26/2016 4/14/2022 4/5/2023	17.698 16.195 21.127	2016 Annual Survey 2022 Annual Survey 2023 Annual Survey
SEG. 11107	6.765	ES. County Line Rd. APM 6	4/20/2022 4/5/2023	20.302 26.248	2022 Annual Survey 2023 Annual Survey
SEG. 11107	7.801	NS. Mound Rd For.ANR	4/5/2023	31.494	2023 Annual Survey
SEG. 11107	8.427	WS.EJ&E RxR Cased Crossing -	4/19/2021 4/20/2022 4/5/2023	17.260 17.900 37.663	2021 Annual Survey 2022 Annual Survey 2023 Annual Survey
SEG. 11107	8.489	Nicor Foreign Crossing	4/19/2021 4/20/2022	17.834 22.112	2021 Annual Survey 2022 Annual Survey

			4/5/2023	38.398	2023 Annual Survey
SEG. 11107	8.915	NS.Seil Rd. APM 8	4/20/2022 4/5/2023	16.191 20.835	2022 Annual Survey 2023 Annual Survey
SEG. 11107	10.919	SS.Black Road Apm #10 Dairyland PCR	4/15/2021 4/5/2023	15.619 19.821	2021 Annual Survey 2023 Annual Survey
SEG. 11107	13.224	NS.Caton Farm Rd. Cased Crossing	4/20/2022 4/5/2023	16.214 17.028	2022 Annual Survey 2023 Annual Survey
SEG. 11107	13.266	NS.Caton Farm Rd. MLV #3	4/20/2022 4/5/2023	16.007 16.943	2022 Annual Survey 2023 Annual Survey
SEG. 11107	14.838	ES.Hwy 59 Casing	4/25/2022 4/6/2023	21.939 33.833	2022 Annual Survey 2023 Annual Survey
SEG. 11107	15.650	ES. Lilly Cache Road	4/21/2022 4/6/2023	15.081 18.380	2022 Annual Survey 2023 Annual Survey
SEG. 11107	18.867	NS.Airport Rd.Case Crossing: filled 01/2012	4/21/2022 4/6/2023	20.482 36.228	2022 Annual Survey 2023 Annual Survey
SEG. 11107	19.283	NS. Sierra Trail: Case filled	4/26/2016 5/16/2017 4/27/2018 4/22/2020 4/21/2022 4/6/2023	16.714 22.636 18.125 16.385 26.734 31.982	2016 Annual Survey 2017 Annual Survey 2018 Annual Survey 2020 Annual Survey 2022 Annual Survey 2023 Annual Survey
SEG. 11107	19.456	Westlake Sub. Briarclif Abandoned RR	5/16/2017 4/22/2020 4/21/2022 4/6/2023	16.643 16.257 18.906 22.310	2017 Annual Survey 2020 Annual Survey 2022 Annual Survey 2023 Annual Survey
SEG. 11107	23.048	WS.Troxel Ave.107 S.line	4/19/2019	16.336	2019 Annual Survey

Therefore, ONEOK failed to take prompt action to address all anomalous conditions it discovered through its information analysis in accordance with § 195.452(h)(1).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 C.F.R. § 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 documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

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

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 4-2024-036-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

BRYAN JEFFERY LETHCOE

Digitally signed by BRYAN JEFFERY LETHCOE
Date: 2024.10.22 12:34:47 -05'00'

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: Brent Theede, Regulatory Compliance Supervisor, brent.theede@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 NGL Pipeline, LLC with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to ONEOK's failure to include identification of preventive and mitigative measures to protect the high consequence area in its integrity management program, ONEOK must:

1. Revise its integrity management program to require an EFRD scenario analysis on all covered segments and provide the revised program to the Director, Southwest Region, PHMSA within **30** days of the receipt of the Final Order.

2. Complete EFRD scenario analyses in accordance with its revised integrity management program for all covered segments in the North System Pipeline, Kansas Gathering and Conway Bushton System and provide the analyses and schedule of EFRD installation, if required by the analyses, to the Director, Southwest Region, PHMSA within **120** days of the receipt of Final Order.

B. In regard to Item 2 of the Notice pertaining to ONEOK's failure to take prompt action to address all anomalous conditions it discovered through its information analysis, for the North System Pipeline, Kansas Gathering and Conway Bushton System, ONEOK must:

1. Provide its AC interference remediation plan to the Director, Southwest Region, PHMSA within **30 days** of receipt of the Final Order and complete the remediation and provide associated records of the remediation to the Director, Southwest Region, PHMSA within **90 days** of receipt of the Final Order.

D. It is requested (not mandated) that ONEOK NGL Pipeline, LLC, maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. 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.