

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 17, 2014

Mr. Wes Christensen
Vice President
ONEOK NGL Pipeline LLC
100 West Fifth Street
Tulsa, Oklahoma, 74102-4298

CPF 4-2014-5009

Dear Mr. Christensen:

On multiple occasions between March 4, 2013 and April 25, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your Sterling III Pipeline Construction in various locations in Oklahoma. Several segments of the pipeline and facilities are still under construction but in March 2014 OneOK began the commissioning process on several segments of their new pipeline.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §195.410 Line Markers

(a)(1) Markers must be located at each public road crossing and in sufficient number along the remainder of each buried line so that its location is accurately known.

(c) Each operator shall provide line marking at locations where the line is above ground in areas that are accessible to the public.

ONEOK failed to install pipeline markers on the new Sterling III pipeline before placing segments of the pipeline in service. ONEOK began commissioning (introducing commodity into) segments of the Sterling III Pipeline (Tecumseh Pump Station to Latta Pump Station) on or about March 4, 2104. PHMSA was onsite and noted that there were several locations that lacked the appropriate markers. ONEOK installed line markers at some mainline valve sites and road crossings but had not been installed in sufficient numbers along the remainder of each buried line so that its location is accurately known.

2. §195.434 Signs

Each operator must maintain signs visible to the public around each pump station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

ONEOK failed to install signs on the new Sterling III pipeline facilities before placing segments of the pipeline in service. ONEOK began commissioning (introducing commodity into) segments of the Sterling III Pipeline (Tecumseh Pump Station to Latta Pump Station) on or about March 4, 2104. PHMSA was onsite and noted that Latta Pump Station lacked the appropriate signs.

3. §195.430 Firefighting equipment

Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area.

§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. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

ONEOK failed to install firefighting equipment at new Sterling III pipeline facilities before placing segments of the pipeline in service. ONEOK's Operation and Maintenance

Procedures section 3.2 Design and Operating parameters states that pump stations are to be fitted with fire extinguishers. ONEOK began commissioning (introducing commodity into) segments of the Sterling III Pipeline (Tecumseh Pump Station to Latta Pump Station) on or about March 4, 2104. PHMSA was onsite and noted that Latta Pump Station lacked the appropriate fire extinguishers.

4. §195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

ONEOK failed to provide protection for pumping stations on the new Sterling III pipeline before placing segments of the pipeline in service according to the requirements of 49 CFR 195.436 and the Operators Operation and Maintenance Procedures. ONEOK began commissioning (introducing commodity into) segments of the Sterling III Pipeline. Specifically, ONEOK introduced commodity into the piping up to the main valves at Tecumseh Pump Station before completing the installation of the security fence.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

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.

With respect to item(s) 1, 2, and 3 pursuant to 49 United States Code § 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 Items

With respect to item 4 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 these item(s). Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2014-5009** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosure: Response Options for Pipeline Operators in Compliance Proceedings

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 a Compliance Order incorporating the following remedial requirements to ensure the compliance of ONEOK NGL Pipeline LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the failure to install line markers, ONEOK must complete the installation of all required line markers on segments containing commodity, and prior to placing any additional segments of the pipeline in service, install all required line markers.
2. In regard to Item Number 2 of the Notice pertaining to the failure to install signs, ONEOK must complete the installation of signs on pipeline facilities containing commodity, and prior to placing any additional pipeline facilities in service, install all required signs.
3. In regard to Item Number 3 of the Notice pertaining to the failure to install fire extinguishers, ONEOK must complete the installation of fire extinguishers on pipeline facilities containing commodity, and prior to placing any additional pipeline facilities in service, install all required fire extinguishers.
4. ONEOK must complete items 1, 2, and 3 (installation of line markers, signs, and fire extinguishers) and provide PHMSA documentation that the installations have been completed within 30 days of receipt of the Final Order.
5. 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 R. M. Seeley, 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.