



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

July 27, 2012

CERTIFIED MAIL—RETURN RECEIPT REQUESTED: 7010 2780 0002 4356 4436

Mr. Scott Schingen, Vice President NGL Fractionation and Storage  
ONEOK Hydrocarbon, L.P.  
Medford Natural Gas Liquids Processing Plant  
2001 South Highway 81  
P.O. Box 29  
Medford, OK 73759-0029

Re: Notice of Proposed Assessment of Class II Civil Penalty  
Docket Number: CWA-06-2012-1852  
Facility Number: OKU000757

Dear Mr. Schingen:

Enclosed is an Administrative Complaint (Complaint) issued to ONEOK Hydrocarbon, L.P., for violation of Section 301(a) of the Clean Water Act. The violation was identified during a March 2, 2012 inspection, conducted by the Environmental Protection Agency (EPA), of your liquid natural gas storage facility located in Grant County, Oklahoma. The violation alleged is for the unauthorized discharge of pollutants, specifically brine, to waters of the United States. An Administrative Order, Docket Number CWA-06-2012-1818, was issued on March 7, 2012, addressing the violation.

You, as the representative of ONEOK Hydrocarbon, L.P., have the right to request a hearing regarding the violation alleged in the Complaint and the proposed administrative civil penalty. Please pay particular attention to Section V of the Complaint entitled "Notice of Opportunity to Request a Hearing." Note that should you fail to request a hearing within thirty (30) days of receipt of the Complaint, you will waive your right to such a hearing, and the proposed civil penalty of \$59,000.00 may be assessed against you without further proceedings. You have the right to be represented by an attorney or to represent ONEOK Hydrocarbon, L.P., yourself, at any stage of these proceedings.

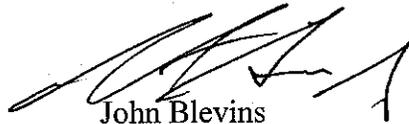
Whether or not you request a hearing, we invite you to confer informally with the EPA concerning the alleged violation and the amount of the proposed penalty. You may represent ONEOK Hydrocarbon, L.P., or be represented by an attorney at any conference, whether in person or by telephone. The EPA encourages all parties against whom it files a Complaint proposing assessment of a penalty to pursue the possibility of settlement as a result of an informal conference.

Re: Administrative Complaint  
ONEOK Hydrocarbon, L.P.

Please also find enclosed an "Information Sheet" relating to the Small Business Regulatory Enforcement Fairness Act and a "Notice of Registrant's Duty to Disclose" relating to the disclosure of environmental legal proceedings to the Securities and Exchange Commission.

The EPA is committed to ensuring compliance with the requirements of the National Pollutant Discharge Elimination System program, and my staff will assist you in any way possible. If you have any questions, or wish to discuss the possibility of a settlement of this matter, please contact Mr. Matt Rudolph of my staff at (214) 665-6434.

Sincerely,



John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosures

cc: w/complaint-Regional Hearing Clerk

Mr. Tony Cupp, District II Manager  
Oklahoma Corporation Commission  
101 South 6<sup>th</sup> Street  
Kingfisher, OK 73750



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

July 27, 2012

Mr. Tony Cupp, District II Manager  
Oklahoma Corporation Commission  
101 South 6<sup>th</sup> Street  
Kingfisher, OK 73750

Re: Notice of Proposed Administrative Penalty Assessment  
Docket Number: CWA-06-2012-1852  
Facility Number: OKU000757

Dear Mr. Cupp:

Enclosed is a copy of the Administrative Complaint (Complaint) which the Environmental Protection Agency (EPA) is issuing to ONEOK Hydrocarbon, L.P. (Respondent), pursuant to Section 309(g) of the Clean Water Act (CWA), 33 U.S.C. § 1319(g). EPA is issuing the Class II Complaint to administratively assess a civil penalty of \$59,000.00 against the Respondent for violation of the CWA. Because the violation occurred in the State of Oklahoma, I am offering you an opportunity to confer with the EPA regarding the proposed penalty assessment.

You may request a conference within two weeks of receipt of this letter. The conference may be in person or by telephone and may cover any matters relevant to the proposed penalty assessment. If you wish to request a conference, or if you have any comments or questions regarding the matter, please contact Mr. Matt Rudolph, of my staff at (214) 665-6434.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins".

John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosure

UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION 6

In the Matter of	§ Docket No. CWA-06-2012-1852
	§
	§
ONEOK Hydrocarbon, L.P.	§ Proceeding to Assess a Class II
	§ Civil Penalty under Section 309(g)
	§ of the Clean Water Act
Respondent	§
	§ ADMINISTRATIVE COMPLAINT
Facility No. OKU000757	§

I. Statutory Authority

This Complaint is issued under the authority vested in the Administrator of the United States Environmental Protection Agency (“EPA”) by Section 309(g) of the Clean Water Act (“the Act”), 33 U.S.C. § 1319(g). The Administrator of EPA delegated the authority to issue this Complaint to the Regional Administrator of EPA Region 6, who further delegated this authority to the Director of the Compliance Assurance and Enforcement Division of EPA Region 6 (“Complainant”). This Class II Administrative Complaint is issued in accordance with, and this action will be conducted under, the “Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits,” including rules related to administrative proceedings not governed by Section 554 of the Administrative Procedures Act, 40 C.F.R. §§ 22.50 through 22.52.

Based on the following Findings, Complainant finds that the Respondent has violated the Act and the regulations promulgated under the Act and should be ordered to pay a civil penalty.

## II. Findings of Fact and Conclusions of Law

1. ONEOK Hydrocarbon, L.P. (“Respondent”) is a limited partnership incorporated under the laws of the State of Delaware, and as such, Respondent is a “person,” as that term is defined at Section 502(5) of the Clean Water Act, 33 U.S.C. § 1362(5), and 40 C.F.R. § 122.2.

2. At all times relevant, the Respondent owned or operated the Koch Fee #10 well located at a natural gas liquids storage facility, in Section 32, Township 27 North, Range 5 West, in Grant County, Oklahoma (“facility”), and was therefore an “owner or operator” within the meaning of 40 C.F.R. § 122.2.

3. At all relevant times, the facility acted as a “point source” of a “discharge” of “pollutants,” specifically brine (fluids high in salts), to the receiving waters of a tributary of Pond Creek (“Medford Creek”), which is considered a “waters of the United States” within the meaning of Section 502 of the Act, 33 U.S.C. § 1362, and 40 C.F.R. § 122.2.

4. Because the Respondent owned or operated a facility which acted as a point source of discharges of pollutants to waters of the United States, the Respondent and the facility are subject to the Act and the National Pollutant Discharge Elimination System (“NPDES”) program.

5. Under Section 301 of the Act, 33 U.S.C. § 1311, it is unlawful for any person to discharge any pollutant from a point source to waters of the United States, except with the authorization of, and in compliance with, an NPDES permit issued pursuant to Section 402 of the Act, 33 U.S.C. § 1342. According to the NPDES program, the discharge of pollutants, specifically brine, to “waters of the United States” is a non-permitted discharge.

6. On March 2, 2012, the EPA conducted an inspection at the facility. During the inspection, the inspector observed that Koch Well #10 was discharging brine to Medford Creek. The inspector determined that the water located at the discharge point of entry into Medford Creek, located at 36° 46.750' North and Longitude 97° 45.030' West, was contaminated from brine discharges and measured over 80,000 parts-per-million ("ppm") total soluble salts ("TSS"). The inspector determined that the water present where Medford Creek flows into Pond Creek, approximately five miles downstream, measured 2,200 ppm TSS.

7. Respondent submitted documentation to the EPA dated March 30, 2012, that indicated the discharge of brine from Koch Well #10 occurred on or about February 28, 2012, and continued through March 3, 2012.

8. Each day of unauthorized discharge was a violation of Section 301 of the Act, 33 U.S.C. § 1311.

9. Under Section 309(g)(2)(B) of the Act, 33 U.S.C. § 1319(g)(2)(B), the Respondent is liable for a civil penalty in an amount not to exceed \$16,000 per day for each day during which a violation occurs or continues, up to a maximum of \$177,500.

10. EPA has notified the Oklahoma Corporation Commission of the issuance of this Complaint and has afforded the State an opportunity to consult with EPA regarding the assessment of an administrative penalty against the Respondent as required by Section 309(g)(1) of the Act, 33 U.S.C. § 1319(g)(1).

11. EPA has notified the public of the filing of this Complaint and has afforded the public and the facility thirty (30) days in which to comment on the Complaint and on the proposed penalty as required by Section 309(g)(4)(A) of the Act, 33 U.S.C. § 1319(g)(4)(A). At the expiration of the notice period, EPA will consider any comments filed by the public.

### III. Proposed Penalty

12. Based on the foregoing Findings, and pursuant to the authority of Sections 309(g)(1) and (g)(2)(B) of the Act, 33 U.S.C. §§ 1319(g)(1) and (g)(2)(B), EPA Region 6 hereby proposes to assess against the Respondent a civil penalty of fifty-nine thousand dollars (\$59,000.00).

13. The proposed penalty amount was determined based on the statutory factors specified in Section 309(g)(3) of the Act, 33 U.S.C. § 1319(g)(3), which include such factors as the nature, circumstances, extent and gravity of the violations, economic benefits, if any, prior history of such violations, if any, degree of culpability, and such matters as justice may require.

### IV. Failure to File an Answer

14. If the Respondent wishes to deny or explain any material allegation listed in the above Findings or to contest the amount of the penalty proposed, the Respondent must file an Answer to this Complaint within thirty (30) days after service of this Complaint whether or not the Respondent requests a hearing as discussed below.

15. The requirements for such an Answer are set forth at 40 C.F.R. § 22.15 (copy enclosed). Failure to file an Answer to this Complaint within thirty (30) days of service of the Complaint shall constitute an admission of all facts alleged in the Complaint and a waiver of the right to hearing. Failure to deny or contest any individual material allegation contained in the Complaint will constitute an admission as to that finding or conclusion under 40 C.F.R. § 22.15(d).

16. If the Respondent does not file an Answer to this Complaint within thirty (30) days after service, a Default Order may be issued against the Respondent pursuant to 40 C.F.R. § 22.17. A Default Order, if issued, would constitute a finding of liability, and could make the full amount of the penalty proposed in this Complaint due and payable by the Respondent without further proceedings thirty (30) days after a Final Default Order is issued.

17. The Respondent must send its Answer to this Complaint, including any request for Hearing, and all other pleadings to:

Regional Hearing Clerk (6RC-D)  
U.S. EPA, Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733

18. The Respondent shall also send a copy of its Answer to this Complaint to the following EPA attorney assigned to this case:

Mr. Russell Murdock (6RC-EW)  
U.S. EPA, Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733

19. The Answer must be signed by the Respondent, the Respondent's counsel, or other representative on behalf of the Respondent and must contain all information required by 40 C.F.R. §§ 22.05 and 22.15, including the name, address, and telephone number of the Respondent and the Respondent's counsel. All other pleadings must be similarly signed and filed.

V. Notice of Opportunity to Request a Hearing

20. The Respondent may request a hearing to contest any material allegation contained in this Complaint, or to contest the appropriateness of the amount of the proposed penalty, pursuant to Section 309(g) of the Act, 33 U.S.C. § 1319(g). The procedures for hearings are set out at 40 C.F.R. Part 22, including 40 C.F.R. §§ 22.50 through 22.52.

21. Any request for hearing should be included in the Respondent's Answer to this Complaint; however, as discussed above, the Respondent must file an Answer meeting the requirements of 40 C.F.R. § 22.15 in order to preserve the right to a hearing or to pursue other relief.

22. Should a hearing be requested, members of the public who commented on the issuance of the Complaint during the public comment period will have a right to be heard and to present evidence at such hearing under Section 309(g)(4)(B) of the Act, 33 U.S.C. § 1319(g)(4)(B).

#### VI. Settlement

23. EPA encourages all parties against whom civil penalties are proposed to pursue the possibility of settlement through informal meetings with EPA. Regardless of whether a formal hearing is requested, the Respondent may confer informally with EPA about the alleged violations or the amount of the proposed penalty. The Respondent may wish to appear at any informal conference or formal hearing personally, by counsel or other representative, or both. To request an informal conference on the matters described in this Complaint, please contact Mr. Matt Rudolph of my staff at (214) 665-6434.

24. If this action is settled without a formal hearing and issuance of an opinion by the Presiding Officer pursuant to 40 C.F.R. § 22.27, this action will be concluded by issuance of a Consent Agreement and Final Order (“CAFO”) pursuant to 40 C.F.R. § 22.18(b). The issuance of a CAFO would waive the Respondent’s right to a hearing on any matter stipulated therein or alleged in the Complaint. Any person who commented on this Complaint would be notified and given an additional thirty (30) days to petition EPA to set aside any such CAFO and to hold a hearing on the issues raised in the Complaint. Such a petition would be granted and a hearing held only if the evidence presented by the petitioner's comment was material and was not considered by EPA in the issuance of the CAFO.

25. Neither assessment nor payment of a penalty in resolution of this action will affect the Respondent's continuing obligation to comply with all requirements of the Act, the applicable regulations and permits, and any separate Compliance Order issued under Section 309(a) of the Act, 33 U.S.C. § 1319(a), including one relating to the violations alleged herein.

JUL 27 2012

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

CERTIFICATE OF SERVICE

I certify that the foregoing Class II Administrative Complaint was sent to the following persons, in the manner specified, on the date below:

Original hand-delivered: Regional Hearing Clerk (6RC-D)  
U.S. EPA, Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733

Copy by certified mail,  
return receipt requested: Mr. Scott Schingen, Vice President NGL Fractionation and Storage  
ONEOK Hydrocarbon, L.P.  
Medford Natural Gas Liquids Processing Plant  
2001 South Highway 81  
P.O. Box 29  
Medford, OK 73759-0029

Copy by mail: Mr. Tony Cupp, District II Manager  
Oklahoma Corporation Commission  
101 South 6<sup>th</sup> Street  
Kingfisher, OK 73750

Copy hand-delivered: Mr. Russell Murdock (6RC-EW)  
U.S. EPA, Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733

Dated: \_\_\_\_\_