ONEOK INC /NEW/
Form 10-K
February 25, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014.
OR
__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.
Commission file number 001-13643
ONEOK, Inc.
(Exact name of registrant as specified in its charter)

Oklahoma	73-1520922
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 West Fifth Street, Tulsa, OK	74103
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (918) 588-7000
Securities registered pursuant to Section 12(b) of the Act:

Common stock, par value of $0.01	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No__

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every
Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Registration S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
X

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one) Large accelerated filer X Accelerated filer __ Non-accelerated filer __ Smaller reporting company __

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes__ No X

Aggregate market value of registrant’s common stock held by non-affiliates based on the closing trade price on June 30, 2014, was $13.9 billion.

On February 17, 2015, the Company had 208,400,547 shares of common stock outstanding.
DOCUMENTS INCORPORATED BY REFERENCE:
Portions of the definitive proxy statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held May 20, 2015, are incorporated by reference in Part III.

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2014 ANNUAL REPORT

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As used in this Annual Report, references to “we,” “our” or “us” refer to ONEOK, Inc., an Oklahoma corporation, and its predecessors and subsidiaries, including ONEOK Partners and its subsidiaries, unless the context indicates otherwise.

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GLOSSARY

The abbreviations, acronyms and industry terminology used in this Annual Report are defined as follows:

AFUDC	Allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2014
ASU	Accounting Standards Update
Bbl	Barrels, 1 barrel is equivalent to 42 United States gallons
Bbl/d	Barrels per day
BBtu/d	Billion British thermal units per day
Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
CFTC	Commodities Futures Trading Commission
Clean Air Act	Federal Clean Air Act, as amended
Clean Water Act	Federal Water Pollution Control Act Amendments of 1972, as amended
DOT	United States Department of Transportation
EBITDA	Earnings before interest expense, income taxes, depreciation and amortization
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
Intermediate Partnership	ONEOK Partners Intermediate Limited Partnership, a wholly owned subsidiary of ONEOK Partners, L.P.
IRS	Internal Revenue Service
KCC	Kansas Corporation Commission
LIBOR	London Interbank Offered Rate
MBbl	Thousand barrels
MBbl/d	Thousand barrels per day
MDth/d	Thousand dekatherms per day
MMBbl	Million barrels
MMBtu	Million British thermal units
MMBtu/d	Million British thermal units per day
MMcf/d	Million cubic feet per day
Moody’s	Moody’s Investors Service, Inc.
Natural Gas Act	Natural Gas Act of 1938, as amended
Natural Gas Policy Act	Natural Gas Policy Act of 1978, as amended
NGL products	Marketable natural gas liquid purity products, such as ethane, ethane/propane mix, propane, iso-butane, normal butane and natural gasoline
NGL(s)	Natural gas liquid(s)
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
OCC	Oklahoma Corporation Commission
ONE Gas	ONE Gas, Inc.
ONE Gas Credit Agreement	ONE Gas’ $700 million revolving credit agreement dated December 20, 2013, and effective as of January 31, 2014
ONEOK	ONEOK, Inc.
ONEOK Credit Agreement	ONEOK’s $300 million amended and restated revolving credit agreement

	effective as of January 31, 2014
ONEOK Partners	ONEOK Partners, L.P.
ONEOK Partners Credit Agreement	ONEOK Partners' $1.7 billion amended and restated revolving credit agreement effective as of January 31, 2014
ONEOK Partners GP	ONEOK Partners GP, L.L.C., a wholly owned subsidiary of ONEOK and the sole general partner of ONEOK Partners
OPIS	Oil Price Information Service
OSHA	Occupational Safety and Health Administration

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PHMSA	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration
POP	Percent of Proceeds
Quarterly Report(s)	Quarterly Report(s) on Form 10-Q
RRC	Railroad Commission of Texas
S&P	Standard & Poor’s Rating Services
SCOOP	South Central Oklahoma Oil Province
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
TransCanada	TransCanada Corporation
WTI	West Texas Intermediate
West Texas LPG	The West Texas LPG Pipeline Limited Partnership and the Mesquite Pipeline
XBRL	eXtensible Business Reporting Language

The statements in this Annual Report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements. Forward-looking statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “pla “believe,” “should,” “goal,” “forecast,” “guidance,” “could,” “may,” “continue,” “might,” “potential,” “scheduled” and other w of similar meaning. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations and assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Part I, Item 1A, “Risk Factors,” and Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations and “Forward-Looking Statements,” in this Annual Report.

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PART I

ITEM 1. BUSINESS

GENERAL

We are a corporation incorporated under the laws of the state of Oklahoma, and our common stock is listed on the NYSE under the trading symbol “OKE.” We are the sole general partner and, as of December 31, 2014, owned 37.8 percent of ONEOK Partners (NYSE: OKS), one of the largest publicly traded master limited partnerships. Our goal is to provide management and resources to ONEOK Partners, enabling it to execute its growth strategies and allowing us to grow our dividend. ONEOK Partners applies its core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and NGLs through the rebundling of services across the energy value chains, primarily through vertical integration, to provide its customers with premium services at lower costs. ONEOK Partners is a leader in the gathering, processing, storage and transportation of natural gas in the United States. In addition, ONEOK Partners owns one of the nation’s premier natural gas liquids systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers.

Separation of Natural Gas Distribution Business - In January 2014, our board of directors unanimously approved the separation of our former natural gas distribution business into a stand-alone publicly traded company, ONE Gas (NYSE: OGS), which was completed on January 31, 2014. ONEOK shareholders of record at the close of business on January 21, 2014, retained their current shares of ONEOK stock and received one share of ONE Gas stock for every four shares of ONEOK stock owned in a transaction that was tax-free to ONEOK and its shareholders. In connection with the separation, we received a cash payment of approximately $1.13 billion from ONE Gas and utilized the proceeds to repay outstanding commercial paper and approximately $550 million of long-term debt.

Wind Down of Energy Services - We completed the wind down of our former energy services business on March 31, 2014. See additional discussion in the Note B to the Consolidated Financial Statements included in this Annual Report.

EXECUTIVE SUMMARY

Commodity Price Environment - The global demand for crude oil has continued to increase, but significantly higher supply has led to a dramatic fall in crude oil prices. Commodity prices declined sharply in the fourth quarter 2014 and continued to decline into early 2015. WTI crude oil prices declined to less than $50.00 per barrel in early 2015, compared with approximately $90.00 per barrel in September 2014. NYMEX natural gas prices also declined to approximately $3.00 per MMBtu in early 2015, compared with prices in excess of $4.00 per MMBtu in September 2014. The decline in crude oil prices has also contributed to lower NGL product prices and narrow NGL product price differentials.

We expect lower commodity prices to persist throughout 2015. In response, producer capital investment for crude oil and natural gas exploration is expected to decrease, and declines in crude oil and natural gas production and reduced drilling activity are expected to slow crude oil, natural gas and NGL supply growth. We expect crude oil and natural gas producers to focus capital spending and drilling activities on core locations that are most economical to develop.

We also expect narrow NGL price differentials with periods of volatility for certain NGL products between the Conway, Kansas, and Mont Belvieu, Texas, market centers to persist as new fractionators and pipelines from the various NGL-rich shale areas throughout the country, including ONEOK Partners’ growth projects discussed below, continue to add supply to the market.

In the future, we expect commodities prices to recover; however, the timing of this recovery is uncertain. We do not expect commodities prices to return in the near term to the levels experienced in the first half of 2014.

The lower commodity price environment is expected to have an adverse impact on our and ONEOK Partners' financial results in 2015. ONEOK Partners is responding by aligning its operating costs and capital-growth projects with the needs of crude oil and natural gas producers, which includes suspending, reducing or eliminating certain capital-growth projects; limiting increases of distributions to its partners, including us; and negotiating various contract enhancements. These actions are expected to impact our financial results and cash distributions received from ONEOK Partners in 2015.

Supply - Because crude oil and natural gas producers received higher market prices on a heating-value basis for crude oil and NGLs compared with natural gas, many producers in North America focused their drilling activity in NGL-rich shale areas throughout the country that produce crude oil and NGL-rich natural gas rather than areas that produce dry natural gas. This resulted in crude oil, natural gas and NGL production increasing at a rate faster than demand.

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The recent decline in crude oil, natural gas and NGL prices, along with announced reductions in producer drilling activities, are expected to slow supply growth in the United States in 2015. However, we continue to expect demand for midstream infrastructure development to be driven by producers who need to connect production with end-use markets where current infrastructure is insufficient or nonexistent.

The significant drilling activity in the Williston Basin has caused natural gas production to exceed the capacity of existing natural gas gathering and processing infrastructure, which results in the flaring of natural gas (the controlled burning of natural gas at the wellhead) by producers. We expect ONEOK Partners' natural gas gathered and processed volumes in the Williston Basin to continue to grow in 2015, despite expected reductions in producer drilling activity. We expect ONEOK Partners to capture a substantial amount of natural gas currently being flared by producers and production from wells that have been drilled but not yet completed or connected to its system. We expect additional volume from new wells focused in core areas, which typically produce at higher initial production rates compared with noncore areas. We also expect supply growth to continue in 2016 and 2017, although not as rapidly as growth experienced in 2014.

Due to success in extracting NGLs, ethane production has increased more rapidly than the petrochemical industry's current demand for ethane. We believe similar market conditions may generally persist until ethylene producers increase their capacity, with the largest number of additions expected to be completed over the next two to four years, to consume additional ethane feedstock volumes through plant modifications and expansions, and the completion of announced new world-scale ethylene production capacity. As a result, natural gas processors continue to limit the recovery of the ethane component of the natural gas stream, also known as ethane rejection. Instead, natural gas processors leave much of the ethane component in the natural gas stream sold at the tailgate of natural gas processing plants. Low or unprofitable price differentials between ethane and natural gas resulted in ethane rejection at most of ONEOK Partners' natural gas processing plants and most of its customers' natural gas processing plants connected to its natural gas liquids gathering system in the Mid-Continent and Rocky Mountain regions during 2013 and 2014, which reduced natural gas liquids volumes gathered, fractionated and transported in the Natural Gas Liquids segment and our and ONEOK Partners' results of operations.

We expect ethane rejection to persist until new world-scale ethylene production capacity begins coming on line, which we anticipate to occur in 2017 and is expected to increase ethane demand. Ethane rejection is expected to continue to have a significant impact on our financial results through 2017. However, the Natural Gas Liquids segment's integrated assets enable it to mitigate partially the impact of ethane rejection through minimum volume commitments and its ability to utilize the transportation capacity made available due to ethane rejection to capture additional NGL location price differentials in its optimization activities. See additional discussion in the "Financial Results and Operating Information" section.

Growth Projects - In response to increased production of crude oil, natural gas and NGLs, and higher demand for NGL products, ONEOK Partners completed approximately $5.9 billion in growth projects and acquisitions from 2010 through 2014 and has approximately $2.1 billion to $3.0 billion of projects in various stages of construction, including approximately $2.2 billion in new projects and acquisitions announced in 2014, to meet the needs of natural gas producers and processors, as well as enhance its natural gas liquids fractionation, distribution and storage infrastructure in the Gulf Coast region. This infrastructure also will enhance the distribution of NGL products to meet the increasing petrochemical industry and NGL export demand. ONEOK Partners is responding to changes in producer drilling activity by suspending capital expenditures of several projects. ONEOK Partners expects to resume its suspended capital-growth projects as soon as market conditions improve. When completed, ONEOK Partners expects these projects to increase volumes in its businesses and generate additional earnings and cash flows, particularly from fee-based revenues in the Natural Gas Liquids segment, while also increasing commodity price sensitivity in the Natural Gas Gathering and Processing segment. If the current commodity price environment persists for a prolonged period, it may further impact the timing or demand for additional infrastructure projects or growth opportunities in the future.

Liquidity - During 2014, we relied primarily on distributions from ONEOK Partners to fund our short-term liquidity and capital requirements. Our cash flow sources and requirements changed significantly following the separation of our former natural gas distribution business and the wind down of our former energy services business. Our primary source of cash inflows are distributions from ONEOK Partners, and our primary cash outflows are dividends to our shareholders. We also have access to our $300 million ONEOK Credit Agreement, which we amended in January 2014, extending its maturity to January 2019. We do not expect any principal debt-service requirements until our next long-term debt maturity in 2022.

ONEOK Partners anticipates that its cash flows generated from operations, existing capital resources and ability to obtain financing will enable it to maintain its current and planned levels of operations. ONEOK Partners relies heavily on capital markets to finance its capital-growth projects. Its ability to continue to access capital markets for debt and equity financing under reasonable terms depends on its financial condition, credit ratings and market conditions. ONEOK Partners expects to

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fund its future capital expenditures with short- and long-term debt, the issuance of equity and operating cash flows. The recent decline in commodity prices has contributed to a decrease in ONEOK Partners' unit price. While lower commodity prices and industry uncertainty may continue to increase its debt and equity financing costs, ONEOK Partners expects to have sufficient liquidity to finance its announced capital-growth projects.

During 2014, we paid cash dividends of $2.125 per share, an increase of approximately 44 percent from the $1.48 per share paid during 2013. In January 2015, we declared a dividend of $0.605 per share ($2.42 per share on an annualized basis), an increase of approximately 51 percent from the $0.40 declared in January 2014.

In December 2013, ONEOK Partners amended and restated its credit agreement, effective January 31, 2014, to increase the capacity of the facility to $1.7 billion from $1.2 billion and extended the maturity to January 2019. In February 2015, ONEOK Partners notified its lenders of its intent to exercise its option to increase the capacity of the facility to $2.4 billion by increased commitments from existing lenders and/or commitments from one or more new lenders, which is pending lenders' approval. The facility is available to provide liquidity for working capital, capital expenditures and other general partnership purposes.

During 2014, ONEOK Partners paid cash distributions to its limited partners of $3.01 per unit, an increase of approximately 5 percent compared with the $2.87 per unit paid during 2013. In January 2015, ONEOK Partners GP declared a cash distribution to ONEOK Partners' limited partners of $0.79 per unit ($3.16 per unit on an annualized basis) for the fourth quarter 2014, an increase of approximately 8 percent compared with the $0.73 declared in January 2014.

In 2014, ONEOK Partners issued approximately 21.8 million common units through an underwritten public offering and its "at-the-market" equity program, generating net proceeds of approximately $1.1 billion, including ONEOK Partners GP's contribution to maintain its 2 percent general partner interest in ONEOK Partners. ONEOK Partners utilized proceeds from these equity issuances, cash from operations and short-term borrowings under its commercial paper program to meet its short-term liquidity needs, repay amounts outstanding under its commercial paper program, fund its capital projects and acquisitions and for general partnership purposes.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation, for more information on our growth projects, results of operations, liquidity and capital resources.

BUSINESS STRATEGY

Our primary business strategy is to maximize dividend payout while maintaining prudent financial strength and flexibility, with a focus on safe, reliable and environmentally responsible operations for our customers, employees, contractors and the public through the following:

- Provide reliable energy and energy-related services in a safe and environmentally responsible manner to our stakeholders through our ownership in ONEOK Partners - environmental, safety and health issues continue to be a primary focus for us, and our emphasis on personal and process safety has produced improvements in the key indicators we track. We also continue to look for ways to reduce our environmental impact by conserving resources and utilizing more efficient technologies;
- Maximize dividend payout while maintaining prudent financial strength and flexibility - during 2014, cash dividends paid per share increased 44 percent compared with the prior year. During 2014, ONEOK Partners' cash distributions increased by 14 cents per unit, an increase of approximately 5 percent compared with 2013. ONEOK Partners announced new capital projects and acquisitions of $2.2 billion, increasing its total growth program, which began in 2010, to approximately $8.0 billion to $8.9 billion. These projects are expected to meet the needs of NGL and natural gas producers in the Williston Basin and NGL-rich areas of the Powder River Basin in the Rocky Mountain region; the Cana-Woodford Shale, Springer Shale, Stack and

SCOOP areas in Oklahoma, and the Permian Basin in Texas and New Mexico; and provide additional natural gas liquids infrastructure in the Mid-Continent and Gulf Coast areas, which will enhance the distribution of NGL products to meet the increasing petrochemical industry and NGL export demand. When completed, these projects are anticipated to provide additional earnings and cash flows. Our strategy is to distribute the majority of our cash flows in excess of debt service, income taxes and other operating needs in the form of dividends. ONEOK Partners' balance sheet remains strong, and ONEOK Partners will seek to maintain investment-grade credit ratings; and

- Attract, select, develop and retain a diverse group of employees to support strategy execution - we continue to execute on our recruiting strategy that targets professional and field personnel in our operating areas. We also continue to focus on employee development efforts with our current employees and monitor our benefits and compensation package to remain competitive.

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NARRATIVE DESCRIPTION OF BUSINESS

At December 31, 2014, we report operations in the following business segments:
- Natural Gas Gathering and Processing;
- Natural Gas Liquids; and
- Natural Gas Pipelines.

Natural Gas Gathering and Processing

Overview - The Natural Gas Gathering and Processing segment provides nondiscretionary services to producers that include gathering and processing of natural gas produced from crude oil and natural gas wells. Unprocessed natural gas is compressed and gathered through pipelines and transported to processing facilities where volumes are aggregated, treated and processed to remove water vapor, solids and other contaminants and to extract NGLs in order to provide marketable natural gas, commonly referred to as residue gas. The residue gas, which consists primarily of methane, is compressed and delivered to natural gas pipelines for transportation to end users. When the NGLs are separated from the unprocessed natural gas at the processing plants, the NGLs are in the form of a mixed, unfractionated NGL stream that is delivered to natural gas liquids gathering pipelines for transportation to natural gas liquids fractionators.

This segment gathers and processes natural gas in the Mid-Continent region, which includes the NGL-rich Cana-Woodford Shale, Woodford Shale, Stack, SCOOP, Springer Shale and the Mississippian Lime formation of Oklahoma and Kansas, and the Hugoton and Central Kansas Uplift Basins of Kansas. It also gathers and/or processes natural gas in two producing basins in the Rocky Mountain region: the Williston Basin, which spans portions of Montana and North Dakota, and includes the oil-producing, NGL-rich Bakken Shale and Three Forks formations; and the Powder River Basin of Wyoming, which includes the NGL-rich Frontier, Turner, Sussex, and Niobrara Shale formations. Coal-bed methane, or dry natural gas, in the Powder River Basin does not require processing or NGL extraction in order to be marketable; dry natural gas is gathered, compressed and delivered into a downstream pipeline or marketed for a fee.

The significant growth in the development of crude oil and NGL-rich natural gas in the Williston Basin has caused natural gas production to exceed the capacity of existing natural gas gathering and processing infrastructure, which results in the flaring of natural gas (the controlled burning of natural gas at the wellhead) by producers. In July 2014, the North Dakota Industrial Commission approved a policy designed to limit flaring at existing and future crude oil wells in the Williston Basin. The policy establishes crude oil production limits that will take effect if a producer fails to meet requirements to capture natural gas at the wellhead. ONEOK Partners is constructing additional natural gas gathering pipelines, compression and processing plants, and natural gas liquids pipeline capacity that are expected to help alleviate capacity constraints. We expect ONEOK Partners' natural gas gathered and processed volumes in the Williston Basin to continue to grow in 2015, despite expected reductions in producer drilling activity, as it captures natural gas currently being flared by producers and natural gas produced with new drilling focused in core areas, which typically produce at higher initial production rates compared with noncore areas.

Revenues for this segment are derived primarily from commodity and fee-based contracts. ONEOK Partners generally gathers and processes natural gas under the following types of contracts:
- POP with fee - ONEOK Partners retains a percentage of the proceeds from the sale of residue gas, condensate and/or NGLs, and charges fees for gathering, treating, compressing and/or processing the producer's natural gas. POP with fee contracts expose ONEOK Partners to commodity price risk. This type of contract represented approximately 87 percent and 85 percent of contracted volumes in this segment for 2014 and 2013, respectively. There are a variety of factors that directly affect ONEOK Partners' POP revenues, including:
  - the natural gas, crude oil and NGL prices received for its retained products;

- the percentage of NGL, condensate and residue natural gas sales proceeds retained by ONEOK Partners that it receives as payment for the services it provides;
- the composition of the NGLs produced;
- volume produced that affects its fee revenue; and
- transportation and fractionation costs incurred on the NGLs, condensate and natural gas it retains.
- Fee - ONEOK Partners is paid a fee for the services it provides, based on volumes gathered, processed, treated and/or compressed. ONEOK Partners' fee-based contracts represented approximately 13 percent and 15 percent of contracted volumes in this segment for 2014 and 2013, respectively.

We expect ONEOK Partners' capital projects will continue to generate additional revenues, earnings and cash flows as they are completed. ONEOK Partners' natural gas liquids and natural gas commodity price sensitivity within this segment may increase in the future as its capital projects are completed and volumes increase under POP contracts with a fee-based component with

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its customers. ONEOK Partners uses commodity derivative instruments and physical-forward contracts to reduce its near-term sensitivity to fluctuations in the natural gas, crude oil and NGL prices received for its share of volumes. ONEOK Partners continues to seek opportunities to convert certain of its POP contracts to fee-based contracts or increase the fee component in its POP contracts.

Unconsolidated Affiliates - The Natural Gas Gathering and Processing segment includes the following unconsolidated affiliates:

- 49 percent ownership interest in Bighorn Gas Gathering, which operates a major coal-bed methane gas gathering system serving a broad production area in northeast Wyoming;
- 37 percent ownership interest in Fort Union Gas Gathering, which gathers coal-bed methane gas produced in the Powder River Basin and delivers it into the interstate pipeline grid;
- 35 percent ownership interest in Lost Creek Gathering Company, which gathers natural gas produced from conventional wells in the Wind River Basin of central Wyoming and delivers natural gas into the interstate pipeline grid; and
- 10 percent ownership interest in Venice Energy Services Co., a natural gas processing complex near Venice, Louisiana.

See Note P of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of ONEOK Partners' unconsolidated affiliates.

Market Conditions and Seasonality - Supply - Natural gas supply is affected by producer drilling activity, which is sensitive to commodity prices, drilling rig availability, exploration success, operating capability, access to capital and regulatory control. In recent years, higher crude oil prices and advances in horizontal drilling and completion technology have had a positive impact on drilling activity, which has provided an offset to the less favorable supply projections in some of the conventional resource areas. However, the recent decrease in crude oil prices has resulted in a decline in drilling activity in the shale formations, and further reductions are expected in 2015.

Extreme weather conditions can impact the volumes of natural gas gathered and processed and NGL volumes gathered, transported and fractionated. Freeze-offs are a phenomenon where water produced from natural gas freezes at the wellhead or within the gathering system. This causes a temporary interruption in the flow of natural gas. This is more prevalent in the Rocky Mountain region where temperatures tend to be colder than in the Mid-Continent region but can occur throughout ONEOK Partners' systems. All of the operations may be affected by other weather conditions that may cause a loss of electricity or prevent access to certain locations that affect a producer's ability to complete wells or ONEOK Partners' ability to connect these wells to its systems.

In the Rocky Mountain region, Williston Basin natural gas volumes continued to grow in 2014 as new well connections to ONEOK Partners' system from drilling completions increased, driven primarily by producer development of Bakken Shale crude oil wells, which also produce associated natural gas containing significant quantities of NGLs. We expect a reduction in well connections in 2015, compared with 2014, due to lower commodity prices and reduced drilling activity. We do not expect the decrease in drilling activities to impact materially ONEOK Partners' volume growth in 2015 due to the significant amount of natural gas currently being flared by producers and new production requiring connection to its gathering and processing system. If current crude oil prices persist beyond 2015, volume growth in this region could slow further or possibly decline. We expect slower volume growth in the NGL-rich Niobrara Shale area of the Powder River Basin in the current commodity price environment. Additionally, ONEOK Partners has seen declines in natural gas volumes gathered in portions of the Powder River Basin that produce dry gas from coal-bed methane areas. We expect the energy commodity price environment to remain depressed for at least the near term, which has caused producers to announce plans for reduced drilling for crude oil and natural gas, which we expect will slow volume growth or reduce volumes of natural gas and NGLs delivered to systems owned by ONEOK Partners' equity method investments. If the current energy commodity price environment persists for a prolonged period or further declines, it could result in additional impairments of ONEOK Partners' equity method investments.

In the Mid-Continent region, ONEOK Partners has significant natural gas gathering and processing assets in Oklahoma and Kansas. During 2015, we expect drilling activity in the Cana-Woodford Shale, Woodford Shale, Stack and SCOOP areas in Oklahoma to offset partially the volumetric declines from existing wells that supply ONEOK Partners' natural gas gathering and processing facilities. If the current energy commodity price environment persists for a prolonged period or declines further, ONEOK Partners' natural gas gathered and processed volumes for this region may further decline.

Demand - Demand for natural gas gathering and processing services is aligned typically with the production of natural gas from natural gas resource areas or the associated natural gas from wells drilled in crude oil resource areas. Gathering and processing are nondiscretionary services that producers require to market their natural gas and NGL production. Due to the recent decline

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in crude oil prices, we expect producer capital investment to decrease, which combined with decline rates and lower drilling activity is expected to slow crude oil, natural gas and NGL supply growth. This may result in decreased demand for ONEOK Partners' gathering and processing services if there is not sufficient natural gas production from new drilling activity to offset the natural decline in production volumes.

Commodity Prices - Crude oil, natural gas and NGL prices historically have been volatile and may be subject to significant fluctuations in the future as market conditions change. For example, WTI crude oil prices declined to less than $50.00 per barrel in early 2015, compared with approximately $90.00 per barrel in September 2014. NYMEX natural gas prices also declined to approximately $3.00 per MMBtu in early 2015, compared with prices in excess of $4.00 per MMBtu in September 2014. The decline in crude oil prices has also contributed to lower NGL product prices and narrow NGL product price differentials.

ONEOK Partners is exposed to commodity price risk and the cost of NGL transportation to various market locations as a result of receiving commodities through its POP contracts in exchange for its services. ONEOK Partners uses commodity derivative financial instruments and physical-forward contracts to reduce the near-term impact of price fluctuations related to natural gas, NGLs and condensate.

The price differential between the typically higher valued NGL products and the value of natural gas, particularly the price differential between ethane and natural gas, may influence the volume of NGLs recovered from natural gas processing plants. When economic conditions warrant, natural gas processors may elect to reduce the recovery of the ethane component of the natural gas stream, also known as ethane rejection, and instead leave much of the ethane component in the natural gas stream sold at the tailgate of natural gas processing plants. ONEOK Partners' natural gas processing plant operations can be adjusted to respond to market conditions, such as demand for ethane. By changing operating parameters at certain plants, ONEOK Partners can reduce the amount of ethane recovered if the price differential is unfavorable.

Seasonality - Certain products of this segment are subject to weather-related seasonal demand. Cold temperatures typically increase demand for natural gas and propane, which are used to heat homes and businesses. Warm temperatures typically drive demand for natural gas used for natural gas-fired electric generation needed to meet the demand required to cool residential and commercial properties. Demand for butanes and natural gasoline, which are used primarily by the refining industry as blending stocks for motor fuel, also may be subject to some variability as automotive travel increases and seasonal gasoline formulation standards are implemented. During periods of peak demand for a certain commodity, prices for that product typically increase.

Competition - The natural gas gathering and processing business remains relatively fragmented despite significant consolidation in the industry. ONEOK Partners competes for natural gas supplies with major integrated oil companies, independent exploration and production companies that have gathering and processing assets, pipeline companies and their affiliated marketing companies, national and local natural gas gatherers and processors, and marketers in the Mid-Continent and Rocky Mountain regions. The factors that typically affect ONEOK Partners' ability to compete for natural gas supplies are:

- quality of services provided;
- producer drilling activity;
- products retained and/or fees charged under its gathering and processing contracts;
- location of its gathering systems relative to those of its competitors;
- location of its gathering systems relative to drilling activity;
- operating pressures maintained on its gathering systems;
- efficiency and reliability of its operations;
- delivery capabilities for natural gas and natural gas liquids that exist in each system and plant location; and
- cost of capital.

Competition for natural gas gathering and processing services continues to increase as new infrastructure projects are completed to address increased production from shale and other resource areas. In response to these changing industry conditions, ONEOK Partners is evaluating opportunities to increase earnings and cash flows, and reduce risk by:

- investing capital to construct and expand its assets;
- improving natural gas processing efficiency;
- reducing operating costs;
- consolidating assets;
- decreasing commodity price exposure; and
- renegotiating low-margin contracts.

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Government Regulation - The FERC traditionally has maintained that a natural gas processing plant is not a facility for the transportation or sale for resale of natural gas in interstate commerce and, therefore, is not subject to jurisdiction under the Natural Gas Act. Although the FERC has made no specific declaration as to the jurisdictional status of ONEOK Partners' natural gas processing operations or facilities, its natural gas processing plants are primarily involved in extracting NGLs and, therefore, are exempt from FERC jurisdiction. The Natural Gas Act also exempts natural gas gathering facilities from the jurisdiction of the FERC. ONEOK Partners believes its natural gas gathering facilities and operations meet the criteria used by the FERC for nonjurisdictional natural gas gathering facility status. Interstate transmission facilities remain subject to FERC jurisdiction. The FERC has historically distinguished between these two types of facilities, either interstate or intrastate, on a fact-specific basis. ONEOK Partners transports residue natural gas from its natural gas processing plants to interstate pipelines in accordance with Section 311(a) of the Natural Gas Policy Act.

Oklahoma, Kansas, Wyoming, Montana and North Dakota also have statutes regulating, to various degrees, the gathering of natural gas in those states. In each state, regulation is applied on a case-by-case basis if a complaint is filed against the gatherer with the appropriate state regulatory agency.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

Natural Gas Liquids

Overview - The Natural Gas Liquids segment owns and operates facilities that gather, fractionate, treat and distribute NGLs and store NGL products, primarily in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region where it provides nondiscretionary services to producers of NGLs. It owns or has an ownership interest in FERC-regulated natural gas liquids gathering and distribution pipelines in Oklahoma, Kansas, Texas, New Mexico, Montana, North Dakota, Wyoming and Colorado, and terminal and storage facilities in Missouri, Nebraska, Iowa and Illinois. ONEOK Partners also owns FERC-regulated natural gas liquids distribution and refined petroleum products pipelines in Kansas, Missouri, Nebraska, Iowa, Illinois and Indiana that connect its Mid-Continent assets with Midwest markets, including Chicago, Illinois. The majority of the pipeline-connected natural gas processing plants in Oklahoma, Kansas and the Texas Panhandle, which extract unfractionated NGLs from unprocessed natural gas, are connected to its gathering systems. ONEOK Partners owns and operates truck- and rail-loading and -unloading facilities that connect with its natural gas liquids fractionation and pipeline assets. In April 2013, ONEOK Partners began transporting unfractionated NGLs from natural gas processing plants in the Williston Basin on its Bakken NGL Pipeline. These unfractionated NGLs previously were transported by rail to its Mid-Continent natural gas liquids fractionation facilities. ONEOK Partners continues to use its rail-terminal facilities in its NGL marketing activities. In November 2014, ONEOK Partners began transporting unfractionated NGLs from natural gas processing plants in the Permian Basin after completion of the West Texas LPG acquisition.

Most natural gas produced at the wellhead contains a mixture of NGL components, such as ethane, propane, iso-butane, normal butane and natural gasoline. The NGLs that are separated from the natural gas stream at the natural gas processing plants remain in a mixed, unfractionated form until they are gathered, primarily by pipeline, and delivered to fractionators where the NGLs are separated into NGL products. These NGL products are then stored or distributed to ONEOK Partners' customers, such as petrochemical manufacturers, heating fuel users, ethanol producers, refineries and propane distributors. The Natural Gas Liquids segment also purchases NGLs and condensate from third parties, as well as from the Natural Gas Gathering and Processing segment.

Revenues for the Natural Gas Liquids segment are derived primarily from nondiscretionary fee-based services that ONEOK Partners provides to its customers and from the physical optimization of its assets. The segment's fee-based services have increased due primarily to new supply connections; expansion of existing connections; its previously completed capital projects, including the Bakken NGL Pipeline and Sterling III Pipeline; the West Texas LPG acquisition; and expansion of its NGL fractionation capacity, including the completion of its MB-2 and MB-3 fractionators. The segment's sources of revenue are categorized as exchange services, optimization and marketing, pipeline transportation, and isomerization and storage, which are defined as follows:

- ONEOK Partners' exchange-services activities utilize its assets to gather, fractionate and/or treat unfractionated NGLs for a fee, thereby converting them into marketable NGL products that are stored and shipped to a market center or customer-designated location. Many of these exchange volumes are under contracts with minimum volume commitments.
- ONEOK Partners' optimization and marketing activities utilize its assets, contract portfolio and market knowledge to capture location, product and seasonal price differentials. It transports NGL products between Conway, Kansas, and Mont Belvieu, Texas, to capture the location price differentials between the two market centers. Its natural gas liquids

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storage facilities are also utilized to capture seasonal price variances. A growing portion of its marketing activities serves truck and rail markets.

- ONEOK Partners' pipeline transportation services transport unfractionated NGLs, NGL products and refined petroleum products, primarily under FERC-regulated tariffs. Tariffs specify the maximum rates it charges customers and the general terms and conditions for NGL transportation service on its pipelines.
- ONEOK Partners' isomerization activities capture the price differential when normal butane is converted into the more valuable iso-butane at its isomerization unit in Conway, Kansas. Iso-butane is used in the refining industry to increase the octane of motor gasoline.
- ONEOK Partners' storage activities consist primarily of fee-based NGL storage services at its Mid-Continent and Gulf Coast storage facilities.

Since late 2012, NGL location price differentials have generally remained narrow between the Mid-Continent and Gulf Coast market centers. We expect these narrow NGL price differentials, with periods of volatility for certain NGL products, to continue as new fractionators and pipelines, including its growth projects discussed below, have alleviated constraints between the Conway, Kansas, and Mont Belvieu, Texas, natural gas liquids market centers. In addition, new natural gas liquids pipeline projects constructed by third parties are expected to bring incremental NGL supply from the Rocky Mountain, Marcellus and Utica regions to the Mont Belvieu, Texas, market center that may affect NGL prices, as well as compete with or displace NGL supply volumes from the Mid-Continent and Rocky Mountain regions where its assets are located. The Natural Gas Liquids segment's capital-growth projects are supported by fee-based contractual commitments that it expects will fill much of its optimization capacity used historically to capture NGL location price differentials between the two market centers.

Market Conditions and Seasonality - Supply - Supply for the Natural Gas Liquids segment depends on the pace of crude oil and natural gas drilling activity by producers, the decline rate of existing production and the NGL content of the natural gas that is produced and processed. Throughout 2014, domestic supplies of natural gas, natural gas liquids and crude oil continued to increase from drilling activities focused in crude oil and NGL-rich resource areas. North American crude oil, natural gas and NGL production continued to increase at a faster rate than demand, primarily as a result of increased production from nonconventional resource areas such as shale areas. However, the recent decline in crude oil, natural gas and NGL prices along with announced reductions in producer drilling activities are expected to slow supply growth in the United States in 2015. We expect the overall supply of NGLs, as well as demand for its fee-based services, to continue to increase in early 2015 as existing drilling activities are completed. Many new natural gas processing plants are being constructed in North Dakota, Wyoming, Oklahoma, West Texas and New Mexico to process NGL-rich natural gas being produced in the Williston Basin, Bakken Shale, Niobrara Shale, Powder River Basin, Cana-Woodford Shale, Woodford Shale, SCOOP, Granite Wash, Permian Basin, Barnett Shale and Mississippian Lime areas. The unfractionated NGLs that the segment transports are gathered primarily from natural gas processing plants in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region. Its fractionation operations receive NGLs from a variety of processors and pipelines, including its affiliates, located in these regions.

The Natural Gas Liquids segment also is affected by operational or market-driven changes that affect the output of natural gas processing plants to which ONEOK Partners is connected. The price differential between the typically higher valued NGL products and the value of natural gas, particularly the price differential between ethane and natural gas, has influenced the volume of ethane natural gas processing plants make available to be gathered in the Natural Gas Liquids segment. The recent economic conditions caused certain natural gas processors to reduce the recovery of the ethane component of the natural gas stream, also known as ethane rejection, and instead leave much of the ethane component in the natural gas stream sold at the tailgate of natural gas processing plants. Price differentials between ethane and natural gas resulted in ethane rejection at most of ONEOK Partners' natural gas processing plants and its customers' natural gas processing plants connected to its natural gas liquids gathering system in the Mid-Continent and Rocky Mountain regions during 2013 and 2014, which reduced natural gas liquids volumes gathered, fractionated and transported in the Natural Gas Liquids segment and its results of operations.

We expect ethane rejection to persist until new world-scale ethylene production capacity, which is anticipated to begin coming on line in 2017, significantly increases ethane demand. Ethane rejection is expected to continue to have a significant impact on our and ONEOK Partners' financial results through 2017. However, the Natural Gas Liquids segment's integrated assets enable it to mitigate partially the impact of ethane rejection through minimum volume commitments and its ability to utilize the transportation capacity made available due to ethane rejection to capture additional NGL location price differentials in its optimization activities. See additional discussion in the "Financial Results and Operating Information" section in the Natural Gas Liquids segment.

Natural gas, natural gas liquids and crude oil transportation constraints may also impact the output of natural gas processing plants in total or for specific NGL products. These constraints are currently being alleviated by the addition of new

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infrastructure and the projected slower growth in crude oil and natural gas production resulting from the recent decrease in prices.

Demand - Demand for NGLs and the ability of natural gas processors to successfully and economically sustain their operations affect the volume of unfractionated NGLs produced by natural gas processing plants, thereby affecting the demand for NGL gathering, fractionation and distribution services. Natural gas and propane are subject to weather-related seasonal demand. Other NGL products are affected by economic conditions and the demand associated with the various industries that utilize the commodity, such as butanes and natural gasoline used by the refining industry as blending stocks for motor fuel, denaturant for ethanol and diluents for crude oil. Ethane, propane, normal butane and natural gasoline are used by the petrochemical industry to produce chemical products, such as plastic, rubber and synthetic fibers. Several petrochemical companies announced new plants, plant expansions, additions or enhancements that improve the light-NGL feed capability of their facilities due primarily to the increased supply and attractive price of ethane, compared with crude oil-based alternatives, as a petrochemical feedstock in the United States. The demand is expected to increase significantly in two to four years when the new petrochemical plants are expected to be completed. We do not expect the recent decline in crude oil, natural gas and natural gas liquids prices to impact the construction of new plants, plant expansions, additions or enhancements at petrochemical facilities in the Gulf Coast region. In addition, international demand for ethane, propane and butane is expected to continue affecting the NGL market in the future. We expect this increase in demand for NGLs will provide opportunities to increase fee-based earnings in its exchange services, storage and marketing activities.

Commodity Prices - In recent years, market conditions have occasionally produced periods of volatility, higher prices and wider NGL location and product price differentials. The abundance of NGLs produced from the development of shale and other resource areas has made NGL feedstocks to the petrochemical industry less costly. Ethane production has increased more rapidly than the petrochemical industry’s current capability to consume the increase in supplies. This oversupply has contributed to low ethane prices since 2013. While petrochemical demand has remained strong since 2013, ONEOK Partners expects the oversupply of ethane to persist until ethylene producers increase their capacity to consume additional ethane feedstock volumes through plant modifications and expansions, and the completion of announced new world-scale ethylene capacity is completed and ethane exports increase. In the near term, this ethane oversupply situation may result in low ethane prices and continued ethane rejection to balance supply and demand.

ONEOK Partners is exposed to market risk associated with changes in the price of NGLs; the location differential between the Mid-Continent, Chicago, Illinois, and Gulf Coast regions; and the relative price differential between natural gas, NGLs and individual NGL products, which affect its NGL purchases and sales, and its exchange, storage, transportation and optimization margins. When natural gas prices are higher relative to NGL prices, NGL production declines due to ethane rejection, which affects negatively ONEOK Partners’ exchange services and transportation revenues. When the NGL location price differential between the Mid-Continent and Gulf Coast market centers is narrow, optimization opportunities and NGL shipments may decline, resulting in a decline in earnings from ONEOK Partners’ NGL optimization and marketing activities. Since 2013, strong production and supply growth from the development of NGL-rich areas, increased demand in the Mid-Continent region and increased capacity available on pipelines that connect the Mid-Continent and Gulf Coast market centers resulted in NGL price differentials remaining narrow between the Mid-Continent market center at Conway, Kansas, and the Gulf Coast market center at Mont Belvieu, Texas. NGL storage revenue may be affected by price volatility and forward pricing of NGL physical contracts versus the price of NGLs on the spot market.

ONEOK Partners is also exposed to volumetric risk associated with producer drilling activity that is influenced by commodity prices. However, ONEOK Partners is able to mitigate partially the impact of volume decreases through minimum volume commitments with customers.

Seasonality - ONEOK Partners' natural gas liquids fractionation and pipeline operations typically experience some seasonal variation. Some NGL products stored and transported through its assets are subject to weather-related seasonal demand, such as propane, which can be used to heat homes during the winter heating season and for agricultural purposes such as crop drying in the fall. Demand for butanes and natural gasoline, which are primarily used by the refining industry as blending stocks for motor fuel, denaturant for ethanol and diluents for crude oil, may also be subject to some variability during seasonal periods when certain government restrictions on motor fuel blending products change. The ability of natural gas processors to produce NGLs is also affected by weather. In periods of cold weather, the processors ability to gather the raw gas is affected by freeze-offs or treating, limiting the amount of natural gas processed and thus NGL recovery. Conversely, in periods of hot weather, the natural gas processing plants become less efficient in NGL recovery, and thus NGL recovery during the summer typically decreases.

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Competition - The Natural Gas Liquids segment competes with other fractionators; intrastate and interstate pipeline companies; storage providers and gatherers and transporters for NGL supply in the Rocky Mountain, Permian, Mid-Continent and Gulf Coast regions. The factors that typically affect ONEOK Partners' ability to compete for NGL supply are:

- quality of services provided;
- producer drilling activity;
- the petrochemical industry's level of capacity utilization and feedstock requirements;
- fees charged under its contracts;
- current and forward NGL prices;
- location of its gathering systems relative to its competitors;
- location of its gathering systems relative to drilling activity;
- proximity to NGL supply areas and markets;
- efficiency and reliability of its operations;
- receipt and delivery capabilities that exist in each pipeline system, plant, fractionator and storage location; and
- cost of capital.

ONEOK Partners is responding to these factors by making capital investments to access new supplies; increasing gathering, fractionation and distribution capacity; increasing storage, withdrawal and injection capabilities; and reducing operating costs so that it may compete effectively. ONEOK Partners' competitors are constructing or have completed new natural gas liquids pipeline and fractionation projects to address the growing NGL supply and petrochemical demand. As ONEOK Partners' growth projects and those of its competitors have alleviated constraints between the Conway, Kansas, and Mont Belvieu, Texas, natural gas liquids market centers, it expects the narrow location price differentials between the Mid-Continent and Gulf Coast market centers to continue. In addition, new natural gas liquids pipeline projects are expected to bring incremental NGL supply from the Rocky Mountain, Marcellus and Utica basins to the Mont Belvieu, Texas, market center that may affect NGL prices, as well as compete with or displace NGL supply volumes from the Mid-Continent and Rocky Mountain regions where ONEOK Partners' assets are located. ONEOK Partners believes its natural gas liquids fractionation, pipelines and storage assets are located strategically, connecting diverse supply areas to market centers.

Government Regulation - The operations and revenues of ONEOK Partners' natural gas liquids pipelines are regulated by various state and federal government agencies. Its interstate natural gas liquids pipelines are regulated by the FERC, which has authority over the terms and conditions of service, rates, including depreciation and amortization policies, and initiation of service. In Kansas and Texas, certain aspects of ONEOK Partners' intrastate natural gas liquids pipelines that provide common carrier service are subject to the jurisdiction of the KCC and RRC, respectively.

PHMSA has asserted jurisdiction over certain portions of ONEOK Partners' fractionation facilities in Bushton, Kansas, that it believes are subject to its jurisdiction. ONEOK Partners has objected to the scope of PHMSA's jurisdiction and is seeking resolution of this matter. ONEOK Partners does not anticipate that the cost of compliance will have a material adverse effect on its consolidated results of operations, financial position or cash flows.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

Natural Gas Pipelines

Overview - The Natural Gas Pipelines segment owns and operates regulated natural gas transmission pipelines and natural gas storage facilities. It also provides interstate natural gas transportation and storage service in accordance with Section 311(a) of the Natural Gas Policy Act.

The segment's FERC-regulated interstate natural gas pipeline assets transport natural gas through pipelines in North Dakota, Minnesota, Wisconsin, Illinois, Indiana, Kentucky, Tennessee, Oklahoma, Texas and New Mexico. Its interstate pipeline companies include:

- Midwestern Gas Transmission, which is a bi-directional system that interconnects with Tennessee Gas Transmission Company's pipeline near Portland, Tennessee, and with several interstate pipelines at the Chicago Hub near Joliet, Illinois;
- Viking Gas Transmission, which is a bi-directional system, interconnects with a TransCanada pipeline near Emerson, Manitoba, and ANR Pipeline Company near Marshfield, Wisconsin;
- Guardian Pipeline, which interconnects with several pipelines at the Chicago Hub near Joliet, Illinois, and with local natural gas distribution companies in Wisconsin; and
- OkTex Pipeline, which has interconnects in Oklahoma, Texas and New Mexico.

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This segment's intrastate natural gas pipeline assets in Oklahoma transport natural gas through the state and have access to the major natural gas producing formations, including the Cana-Woodford Shale, Woodford Shale, Springer Shale, Granite Wash, Stack, SCOOP and Mississippian Lime. In Texas, its intrastate natural gas pipelines are connected to the major natural gas producing formations in the Texas Panhandle, including the Granite Wash formation and Delaware and Cline producing formations in the Permian Basin; and transport natural gas throughout the western portion of Texas, including the Waha Hub where other pipelines may be accessed for transportation to western markets, the Houston Ship Channel market to the east and the Mid-Continent market to the north. ONEOK Partners also has access to the major natural gas producing formations, including the Mississippian Lime formation in south central Kansas.

The segment owns underground natural gas storage facilities in Oklahoma and Texas that are connected to its intrastate natural gas pipeline assets. It also has underground natural gas storage facilities in Kansas.

The segment's transportation contracts for its regulated natural gas activities are based upon rates stated in its tariffs. Tariffs specify the maximum rates that customers may be charged, which may be discounted to meet competition if necessary, and the general terms and conditions for pipeline transportation service, which are established at FERC or appropriate state jurisdictional agency proceedings known as rate cases. In Texas and Kansas, natural gas storage service is a fee business that may be regulated by the state in which the facility operates and by the FERC for certain types of services. In Oklahoma, natural gas storage operations are also a fee business but are not subject to rate regulation by the state and have market-based rate authority from the FERC for certain types of services.

The Natural Gas Pipelines segment's revenues are derived primarily from fee-based services. Revenues are generated from the following types of fee-based contracts:

- Firm service - Customers can reserve a fixed quantity of pipeline or storage capacity for the term of their contract. Under this type contract, the customer pays a fixed fee for a specified quantity regardless of their actual usage. The customer then typically pays incremental fees, known as commodity charges, that are based upon the actual volume of natural gas they transport or store, and/or ONEOK Partners may retain a specified volume of natural gas in-kind for fuel. Under the firm-service contract, the customer generally is guaranteed access to the capacity they reserve; and
- Interruptible service - Customers with interruptible service transportation and storage agreements may utilize available capacity after firm-service requests are satisfied or on an as-available basis. Interruptible service customers typically are assessed fees, such as a commodity charge, based on their actual usage, and/or ONEOK Partners may retain a specified volume of natural gas in-kind for fuel. Under the interruptible service contract, the customer is not guaranteed use of ONEOK Partners' pipelines and storage facilities unless excess capacity is available.

Unconsolidated Affiliates - The Natural Gas Pipelines segment includes ONEOK Partners' 50 percent interest in Northern Border Pipeline, which owns a FERC-regulated interstate pipeline that transports natural gas from the Montana-Saskatchewan border near Port of Morgan, Montana, to a terminus near North Hayden, Indiana.

See Note P of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of unconsolidated affiliates.

Market Conditions and Seasonality - Supply - The development of natural gas produced from shale resource areas has continued to increase available supply across North America and has caused location and seasonal price differentials to narrow in the regions where ONEOK Partners operates. As new supply is developed, ONEOK Partners' customers may want access to this new shale supply, requiring new or additional services, to transport their production to the market. ONEOK Partners' intrastate pipelines and storage assets could be impacted by the pace of natural gas drilling activity by producers and the decline rate of existing production in the major natural gas production areas in the Mid-Continent region.

Guardian Pipeline, Midwestern Gas Transmission and Viking Gas Transmission access supply from the major producing regions of the Mid-Continent, Rocky Mountains, Canada, Gulf Coast and the Northeast. The current supply of natural gas for Northern Border Pipeline is primarily sourced from Canada; however, as the Williston Basin supply area, which contains the Bakken Shale and Three Forks formations, continues to develop, more natural gas supply from this area is expected to be transported on Northern Border Pipeline to markets near Chicago. In addition, supply volumes from nontraditional natural gas production areas, such as the Northeast, may compete with and displace volumes from the Mid-Continent, Rocky Mountain and Canadian supply sources in ONEOK Partners' markets. Significant factors that can impact the supply of Canadian natural gas transported by its pipelines are the availability of United States supply, Canadian natural gas available for export, Canadian storage capacity and demand for Canadian natural gas in Canada and United States consumer markets.

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Demand - Demand for natural gas pipeline transportation service and natural gas storage is related directly to the segment’s access to supply and the demand for natural gas in the markets that its natural gas pipelines and storage facilities serve. Demand is also affected by weather, the economy and natural gas price volatility. This segment’s pipelines primarily serve end users, such as local natural gas distribution companies, electric-generation facilities, large industrial companies, municipalities and irrigation customers that require natural gas to operate their businesses and generally are not impacted by location price differentials. However, narrower location price differentials may impact demand for the segment’s services from natural gas marketers as discussed below under “Commodity Prices.” Demand for its services is also affected as coal-fired electric generators are retired and replaced with alternative power generation fuels such as natural gas. Recent EPA regulations on emissions from coal-fired electric-generation plants, including the Maximum Achievable Control Technology Standards and the Mercury and Air Toxics Standards, have increased the demand for natural gas as a fuel for electric generation, as well as related transportation and storage services. The demand for natural gas and related transportation and storage services is expected to increase over the next several years as these regulations continue to be implemented. The effect of weather on ONEOK Partners’ natural gas pipelines operations is discussed below under “Seasonality.” The strength of the economy directly impacts manufacturing and industrial companies that consume natural gas. Commodity price volatility can influence producers’ decisions related to the production of natural gas and the level of NGLs processed from natural gas.

Commodity Prices - The high level of natural gas supply from the development of shale resource areas throughout the country has caused natural gas prices to remain low, and natural gas location and seasonal price differentials to generally narrow across the regions where ONEOK Partners operates. ONEOK Partners is exposed to market risk through interruptible contracts or when existing firm contracts expire and are subject to renegotiation with customers that have competitive alternatives and analyze the market price differential between receipt and delivery points along the pipeline, also known as location differential, to determine their expected gross margin. The anticipated margin and its variability are important determinants of the transportation rate customers are willing to pay. Natural gas storage revenue is impacted by the differential between forward pricing of natural gas physical contracts and the price of natural gas on the spot market. ONEOK Partners’ fuel costs and the value of the retained fuel in-kind received for its services also are impacted by changes in the price of natural gas.

Seasonality - Demand for natural gas is seasonal. Weather conditions throughout North America may significantly impact regional natural gas supply and demand. High temperatures may increase demand for natural gas-fired electric generation needed to meet the electricity demand required to cool residential and commercial properties. Cold temperatures may lead to greater demand for ONEOK Partners’ transportation services due to increased demand for natural gas to heat residential and commercial properties. Low precipitation levels may impact the demand for natural gas that is used to fuel irrigation activity in the Mid-Continent region.

To the extent that pipeline capacity is contracted under firm-service transportation agreements, revenue, which is generated primarily from demand charges, is not significantly impacted by seasonal throughput variations. However, when transportation agreements expire, seasonal demand may affect the value of firm-service transportation capacity.

Natural gas storage is necessary to balance the relatively steady natural gas supply with the seasonal demand of residential, commercial and electric-generation users. The majority of the Natural Gas Pipeline segment’s storage capacity is contracted under firm-service agreements; however, contracted capacity declined in 2014 as a result of a contract with our former energy services business, which expired in the first quarter 2014. Due to the current storage capacity market, this segment has elected to use that capacity to provide park-and-loan services to its customers rather than recontracting it under long-term firm-service agreements. The segment also retains a small portion of its storage capacity for operational purposes.

Competition - This segment’s natural gas pipelines and storage facilities compete directly with other intrastate and interstate pipeline companies and other storage facilities providing natural gas transportation and storage services. Its natural gas assets primarily serve local natural gas distribution companies, electric-generation facilities, large industrial companies, municipalities, irrigation customers and marketing companies. Competition among pipelines and natural gas storage facilities is based primarily on fees for services, quality of services provided, current and forward natural gas prices, and proximity to natural gas supply areas and markets. Competition for natural gas transportation services continues to increase as new infrastructure projects are completed and the FERC and state regulatory bodies continue to encourage more competition in the natural gas markets. Regulatory bodies also are encouraging the use of natural gas for electric generation that has traditionally been fueled by coal. The cost of coal and the associated rail transportation continues to compete with natural gas for this market; however, the clean-burning aspects of natural gas and abundance of supply make it an economically competitive and environmentally advantaged alternative. ONEOK Partners believes that its pipelines and storage assets compete effectively due to their strategic locations connecting supply areas to market centers and other pipelines.

Government Regulation - This segment’s interstate natural gas pipelines are regulated under the Natural Gas Act and Natural Gas Policy Act, which give the FERC jurisdiction to regulate virtually all aspects of this business segment, such as

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transportation of natural gas, rates and charges for services, construction of new facilities, depreciation and amortization policies, acquisition and disposition of facilities, and the initiation and discontinuation of services.

Likewise, ONEOK Partners' intrastate natural gas pipelines in Oklahoma, Kansas and Texas are regulated by the OCC, KCC and RRC, respectively. While ONEOK Partners has flexibility in establishing natural gas transportation rates with customers, there is a maximum rate that it can charge its customers in Oklahoma and Kansas. In Kansas and Texas, natural gas storage may be regulated by the state and by the FERC for certain types of services. In Oklahoma, natural gas storage is not subject to rate regulation, but certain types of services may be regulated by the FERC.

Recent EPA regulations on emissions from coal-fired electric-generation plants, including the Maximum Achievable Control Technology Standards and the Mercury and Air Toxics Standards, have increased the demand for the use of natural gas for electric generation, as well as related transportation and storage services. The demand for natural gas and related transportation and storage services is expected to increase over the next several years as these regulations continue to be implemented.

In November 2012, the FERC initiated a review of Viking Gas Transmission's rates pursuant to Section 5 of the Natural Gas Act. The parties reached agreement on the terms of a settlement that provides for a 2 percent reduction in transportation rates. The settlement was approved by the FERC in December 2013, and the revised rates became effective January 1, 2014.

In August 2014, Viking Gas Transmission filed a "Stipulation and Agreement in Resolutions of All Issues Concerning Adjustment in Rates of Viking Gas Transmission Company" (settlement) with the FERC. The settlement was approved on October 1, 2014, and became final on October 31, 2014. Rates under the settlement became effective January 1, 2015, and we do not expect the settlement to materially impact ONEOK Partners.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

SEGMENT FINANCIAL INFORMATION

Operating Income, Customers and Total Assets - See Note S of the Notes to Consolidated Financial Statements in this Annual Report for disclosure by segment of our operating income and total assets and for a discussion of revenues from external customers.

Other

Through ONEOK Leasing Company, L.L.C. and ONEOK Parking Company, L.L.C., we own an office building (ONEOK Plaza) and a parking garage in downtown Tulsa, Oklahoma, where our headquarters are located. ONEOK Leasing Company, L.L.C. leases excess office space to others and operates our headquarters office building. ONEOK Parking Company, L.L.C. owns and operates a parking garage adjacent to our headquarters.

REGULATORY, ENVIRONMENTAL AND SAFETY MATTERS

Additional information about ONEOK Partners' environmental matters is included in Note R of the Notes to Consolidated Financial Statements in this Annual Report.

Environmental Matters - ONEOK Partners is subject to multiple historical preservation, wildlife preservation and environmental laws and/or regulations that affect many aspects of its present and future operations. Regulated activities include, but are not limited to, those involving air emissions, storm water and wastewater discharges, handling and disposal of solid and hazardous wastes, wetlands preservation, hazardous materials transportation, and pipeline and facility construction. These laws and regulations require ONEOK Partners to obtain and/or comply with a wide variety of environmental clearances, registrations, licenses, permits and other approvals. Failure to comply with these laws, regulations, licenses and permits may expose ONEOK Partners to fines, penalties and/or interruptions in its operations that could be material to its results of operations. For example, if a leak or spill of hazardous substances or petroleum products occurs from pipelines or facilities that ONEOK Partners owns, operates or otherwise uses, ONEOK Partners could be held jointly and severally liable for all resulting liabilities, including response, investigation and cleanup costs, which could affect materially its results of operations and cash flows. In addition, emission controls and/or other regulatory or permitting mandates under the Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at ONEOK Partners' facilities. ONEOK Partners cannot assure that existing environmental statutes and regulations will not be revised or that new regulations will not be adopted or become applicable to it.

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In June 2013, the Executive Office of the President of the United States (the President) issued the President's Climate Action Plan, which includes, among other things, plans for further regulatory actions to reduce carbon emissions from various sources. On March 28, 2014, the President released the Climate Action Plan - Strategy to Reduce Methane Emissions (Methane Strategy) that lists a number of actions the federal agencies will undertake to continue to reduce above-ground methane emissions from several industries, including the oil and natural gas sectors. The proposed measures outlined in the Methane Strategy include, without limitation, the following: collaboration with the states to encourage emission reductions; standards to minimize natural gas venting and flaring on public lands; policy recommendations for reducing emissions from energy infrastructure to increase the performance of the nation's energy transmission, storage and distribution systems; and continued efforts by PHMSA to require pipeline operators to take steps to eliminate leaks and prevent accidental methane releases and evaluate the progress of states in replacing cast-iron pipelines. The impact of any such regulatory actions on ONEOK Partners' facilities and operations is unknown. ONEOK Partners continues to monitor these developments and the impact they may have on its businesses. Revised or additional statutes or regulations that result in increased compliance costs or additional operating restrictions could have a significant impact on ONEOK Partners' business, financial position, results of operations and cash flows.

Pipeline Safety - ONEOK Partners is subject to PHMSA regulations, including pipeline asset integrity-management regulations. The Pipeline Safety Improvement Act of 2002 requires pipeline companies operating high-pressure pipelines to perform integrity assessments on pipeline segments that pass through densely populated areas or near specifically designated high-consequence areas. In January 2012, The Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 was signed into law. The law increased maximum penalties for violating federal pipeline safety regulations and directs the DOT and Secretary of Transportation to conduct further review or studies on issues that may or may not be material to ONEOK Partners. These issues include, but are not limited to, the following:

- an evaluation on whether hazardous natural gas liquids and natural gas pipeline integrity-management requirements should be expanded beyond current high-consequence areas;
- a review of all natural gas and hazardous natural gas liquids gathering pipeline exemptions;
- a verification of records for pipelines in Class 3 and 4 locations and high-consequence areas to confirm maximum allowable operating pressures; and
- a requirement to test previously untested pipelines operating above 30 percent yield strength in high-consequence areas.

The potential capital and operating expenditures related to this legislation, the associated regulations or other new pipeline safety regulations are unknown.

Air and Water Emissions - The Clean Air Act, the Clean Water Act, analogous state laws and/or regulations promulgated thereunder, impose restrictions and controls regarding the discharge of pollutants into the air and water in the United States. Under the Clean Air Act, a federally enforceable operating permit is required for sources of significant air emissions. ONEOK Partners may be required to incur certain capital expenditures for air pollution-control equipment in connection with obtaining or maintaining permits and approvals for sources of air emissions. The Clean Water Act imposes substantial potential liability for the removal of pollutants discharged to waters of the United States and remediation of waters affected by such discharge.

Federal, state and regional initiatives to measure and regulate greenhouse gas (GHG) emissions are underway. ONEOK Partners monitors all relevant federal and state legislation to assess the potential impact on its operations. The EPA's Mandatory Greenhouse Gas Reporting Rule requires annual GHG emissions reporting from affected facilities and the carbon dioxide emission equivalents for the natural gas delivered by ONEOK Partners and the emission equivalents for all NGLs produced by ONEOK Partners as if all of these products were combusted, even if they are used otherwise.

ONEOK Partners' 2013 total reported emissions were approximately 46.7 million metric tons of carbon dioxide equivalents. The 2013 total reportable emissions related to our former natural gas distribution business were approximately 14.0 million metric tons of carbon dioxide equivalents. These totals include direct emissions from the combustion of fuel in ONEOK Partners' equipment, such as compressor engines and heaters, as well as carbon dioxide equivalents from natural gas and NGL products delivered to customers and produced as if all such fuel and NGL products were combusted. The additional cost to gather and report this emission data did not have, and we do not expect it to have a material impact on our results of operations, financial position or cash flows. In addition, Congress has considered, and may consider in the future, legislation to reduce GHG emissions, including carbon dioxide and methane. Likewise, the EPA may institute additional regulatory rule-making associated with GHG emissions from the oil and natural gas industry. At this time, no rule or legislation has been enacted that assesses any costs, fees or expenses on any of these emissions.

In April 2014, the EPA and the United States Army Corps of Engineers proposed a joint rule-making to redefine the definition of "Waters of the United States" under the Clean Water Act. The public comment period on the proposed rule-making remains

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pending and, as a result, the impact of any such proposed regulatory actions on ONEOK Partners' projects, facilities and operations is unknown.

The EPA's "Tailoring Rule" regulates GHG emissions at new or modified facilities that meet certain criteria. Affected facilities are required to review best available control technology (BACT), conduct air-quality, impact analysis and public reviews with respect to such emissions. At current emission threshold levels, this rule has had a minimal impact on ONEOK Partners' existing facilities. In addition, on June 23, 2014, the Supreme Court of the United States, in a case styled, Utility Air Regulatory Group v. EPA, 530 U.S. (2014), held that an industrial facility's potential to emit GHG emissions alone cannot subject a facility to the permitting requirements for major stationary source provisions of the Clean Air Act. The decision invalidated the EPA's current Triggering and Tailoring Rule for GHG Prevention of Significant Deterioration (PSD) and Title V requirements as applied to facilities considered major sources only for GHGs. However, the Court also ruled that to the extent a source pursues a capital project (new construction or expansion of existing facility), which otherwise subjects the source to major source PSD permitting for conventional criteria pollutants, the permitting authorities may impose BACT analysis and emission limits for GHGs from those sources. ONEOK Partners is in the process of evaluating the effects the decision and related pending judicial proceedings at the lower court level may have on its existing operations and the opportunities it creates for design decisions for new project applications.

In July 2011, the EPA issued a proposed rule that would change the air emission New Source Performance Standards, also known as NSPS, and Maximum Achievable Control Technology requirements applicable to the oil and natural gas industry, including natural gas production, processing, transmission and underground storage sectors. In April 2012, the EPA released the final rule, which includes new NSPS and air toxic standards for a variety of sources within natural gas processing plants, oil and natural gas production facilities and natural gas transmission stations. The rule also regulates emissions from the hydraulic fracturing of wells for the first time. The EPA's final rule reflects significant changes from the proposal issued in 2011 and allows for more manageable compliance options. The NSPS final rule became effective in October 2012, but the dates for compliance vary and depend in part upon the type of affected facility and the date of construction, reconstruction or modification.

The rule was most recently amended in December 2014. The EPA has indicated that further amendments may be issued in 2015. Based on the amendments, ONEOK Partners' understanding of pending stakeholder responses to the NSPS rule and the proposed rule-making, ONEOK Partners does not anticipate a material impact to its anticipated capital, operations and maintenance costs resulting from compliance with the regulation. However, the EPA may issue additional responses, amendments and/or policy guidance on the final rule, which could alter its present expectations. Generally, the NSPS rule will require expenditures for updated emissions controls, monitoring and record-keeping requirements at affected facilities in the crude oil and natural gas industry. We do not expect these expenditures will have a material impact on our results of operations, financial position or cash flows.

CERCLA - The federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), also commonly known as Superfund, imposes strict, joint and several liability, without regard to fault or the legality of the original act, on certain classes of "persons" (defined under CERCLA) who caused and/or contributed to the release of a hazardous substance into the environment. These persons include, but are not limited to, the owner or operator of a facility where the release occurred and/or companies that disposed or arranged for the disposal of the hazardous substances found at the facility. Under CERCLA, these persons may be liable for the costs of cleaning up the hazardous substances released into the environment, damages to natural resources and the costs of certain health studies. We do not expect ONEOK Partners' responsibilities under CERCLA will have a material impact on our results of operations, financial position or cash flows.

Chemical Site Security - The United States Department of Homeland Security (Homeland Security) released an interim rule in April 2007 that requires companies to provide reports on sites where certain chemicals, including many hydrocarbon products, are stored. ONEOK Partners completed the Homeland Security assessments, and its facilities subsequently were assigned one of four risk-based tiers ranging from high (Tier 1) to low (Tier 4) risk, or not tiered at all due to low risk. To date, four of its facilities have been given a Tier 4 rating. Facilities receiving a Tier 4 rating are required to complete Site Security Plans and possible physical security enhancements. We do not expect the Site Security Plans and possible security enhancement costs to have a material impact on our results of operations, financial position or cash flows.

Pipeline Security - The United States Department of Homeland Security's Transportation Security Administration and the DOT have completed a review and inspection of ONEOK Partners' "critical facilities" and identified no material security issues. Also, the Transportation Security Administration has released new pipeline security guidelines that include broader definitions for the determination of pipeline "critical facilities." ONEOK Partners has reviewed its pipeline facilities according to the new guideline requirements, and there have been no material changes required to date.

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Environmental Footprint - ONEOK Partners' environmental and climate change strategy focuses on minimizing the impact of its operations on the environment. These strategies include: (i) developing and maintaining an accurate GHG emissions inventory according to current rules issued by the EPA; (ii) improving the efficiency of its various pipelines, natural gas processing facilities and natural gas liquids fractionation facilities; (iii) following developing technologies for emissions control and the capture of carbon dioxide to keep it from reaching the atmosphere; and (iv) utilizing practices to reduce the loss of methane from its facilities.

ONEOK Partners participates in the EPA's Natural Gas STAR Program to reduce voluntarily methane emissions. ONEOK Partners continues to focus on maintaining low rates of lost-and-unaccounted-for methane gas through expanded implementation of best practices to limit the release of natural gas during pipeline and facility maintenance and operations.

EMPLOYEES

At January 31, 2015, we employed 2,269 people.

EXECUTIVE OFFICERS

All executive officers are elected annually by our Board of Directors. Our executive officers listed below include the officers who have been designated by our Board of Directors as our Section 16 executive officers.

Name and Position	Age	Business Experience in Past Five Years	
John W. Gibson	62	2014 to present	Chairman of the Board, ONEOK and ONEOK Partners
Chairman of the Board		2012 to 2014	Chairman and Chief Executive Officer, ONEOK and ONEOK Partners
		2011	Chairman, President and Chief Executive Officer, ONEOK
		2011	Vice Chairman of the Board of Directors, ONEOK
		2010 to 2011	President and Chief Executive Officer, ONEOK
		2010 to 2011	Chairman, President and Chief Executive Officer, ONEOK Partners
Terry K. Spencer	55	2014 to present	President and Chief Executive Officer, ONEOK and ONEOK Partners
President and Chief Executive Officer		2012 to 2014	President, ONEOK and ONEOK Partners
		2010 to present	Member of the Board of Directors, ONEOK Partners
		2009 to 2011	Chief Operating Officer, ONEOK Partners
Robert F. Martinovich	57	2015 to present	Executive Vice President and Chief Administrative Officer, ONEOK and ONEOK Partners
Executive Vice President and Chief Administrative Officer		2014 to 2015	Executive Vice President, Commercial, ONEOK and ONEOK Partners
		2013 to 2014	Executive Vice President, Operations, ONEOK and ONEOK Partners
		2012	Executive Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
		2011 to 2012	Member of the Board of Directors, ONEOK Partners

		2011	Senior Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
		2009 to 2011	Chief Operating Officer, ONEOK
Walter S. Hulse III	51	2015 to present	Executive Vice President, Strategic Planning and Corporate Affairs, ONEOK and ONEOK Partners
Executive Vice President, Strategic Planning and Corporate Affairs		2010 to 2015	Spinnaker Strategic Advisory Services, LLC
Wesley J. Christensen	61	2014 to present	Senior Vice President, Operations, ONEOK and ONEOK Partners
Senior Vice President, Operations		2011 to 2014	Senior Vice President, Operations, ONEOK Partners
		2007 to 2011	Senior Vice President, Natural Gas Liquids Operations
Stephen W. Lake	51	2012 to present	Senior Vice President, General Counsel and Assistant Secretary, ONEOK and ONEOK Partners
Senior Vice President, General Counsel and Assistant Secretary		2011	Senior Vice President, Associate General Counsel and Assistant Secretary, ONEOK and ONEOK Partners
		2008 to 2011	Executive Vice President and General Counsel, McJunkin Red Man Corporation
Derek S. Reiners	43	2013 to present	Senior Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
Senior Vice President, Chief Financial Officer and Treasurer		2009 to 2012	Senior Vice President and Chief Accounting Officer, ONEOK and ONEOK Partners
Sheppard F. Miers III	46	2013 to present	Vice President and Chief Accounting Officer, ONEOK and ONEOK Partners
Vice President and Chief Accounting Officer		2009 to 2012	Vice President and Controller, ONEOK Partners

No family relationships exist between any of the executive officers, nor is there any arrangement or understanding between any executive officer and any other person pursuant to which the officer was selected.

INFORMATION AVAILABLE ON OUR WEBSITE

We make available, free of charge, on our website (www.oneok.com) copies of our Annual Reports, Quarterly Reports, Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Copies of our Code of Business Conduct and Ethics, Governance Guidelines, Bylaws and the written charter of our Audit Committee are also available on our website, and we will provide copies of these documents upon request. Our website and any contents thereof are not incorporated by reference into this report.

We also make available on our website the Interactive Data Files required to be submitted and posted pursuant to Rule 405 of Regulation S-T.

ITEM 1A. RISK FACTORS

Our investors should consider the following risks that could affect us and our business. Although we have tried to discuss key factors, our investors need to be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Risks related to ONEOK Partners' business discussed below will also affect us indirectly as we are the sole general partner and, as of December 31, 2014, owned 37.8 percent of ONEOK Partners. Investors should carefully consider the following discussion of risks and the other information included or incorporated by reference in this Annual Report, including "Forward-Looking Statements," which are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

RISK FACTORS INHERENT IN ONEOK'S BUSINESS

Our cash flow depends heavily on the earnings and distributions of ONEOK Partners.

Our partnership interest in ONEOK Partners is our primary cash-generating source. Therefore, our cash flow is heavily dependent upon the ability of ONEOK Partners to make distributions to its partners. A significant decline in ONEOK Partners' earnings and/or cash distributions could have a corresponding negative impact on us. For information on the risk factors inherent in the business of ONEOK Partners, see the section below entitled "Additional Risk Factors Related to ONEOK Partners' Business" and Item 1A, Risk Factors in the ONEOK Partners' Annual Report.

Our indebtedness could impair our financial condition and our ability to fulfill our obligations.

As of December 31, 2014, we had total indebtedness for borrowed money of approximately $1.1 billion, which excludes the debt of ONEOK Partners. Our indebtedness could have significant consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our senior notes and our other indebtedness due to the increased debt-service obligations, which could, in turn, result in an event of default on such other indebtedness or our senior notes;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general business purposes;
- diminish our ability to withstand a downturn in our business or the economy;
- require us to dedicate a substantial portion of our cash flow from operations to debt-service payments, reducing the availability of cash for working capital, capital expenditures, acquisitions, dividends or general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which ONEOK Partners operates; and
- place us at a competitive disadvantage compared with our competitors that have proportionately less debt.

We are not prohibited under the indentures governing our senior notes from incurring additional indebtedness, but our debt agreements do subject us to certain operational limitations summarized in the next paragraph. If we incur significant additional indebtedness, it could worsen the negative consequences mentioned above and could affect adversely our ability to repay our other indebtedness.

Our revolving debt agreements with banks contain provisions that restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, certain of these agreements contain provisions that, among other things, limit our ability to make loans or investments, make material changes to the nature of our business, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Certain agreements also require us to maintain certain financial ratios, which limit the amount of additional indebtedness we can incur, as described in the "Liquidity and Capital Resources" section of Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation. These restrictions could result in higher costs of borrowing and impair our ability to generate additional cash. Future financing agreements we may enter into may contain similar or more restrictive covenants.

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If we are unable to meet our debt-service obligations, we could be forced to restructure or refinance our indebtedness, seek additional equity capital or sell assets. We may be unable to obtain financing or sell assets on satisfactory terms, or at all.

The cost of providing pension and postretirement health care benefits to eligible employees and qualified retirees is subject to changes in pension fund values and changing demographics and may increase.

We have a defined benefit pension plan for certain employees and postretirement welfare plans that provide postretirement medical and life insurance benefits to certain employees who retire with at least five years of service. The cost of providing these benefits to eligible current and former employees is subject to changes in the market value of our pension and postretirement benefit plan assets, changing demographics, including longer life expectancy of plan participants and their beneficiaries and changes in health care costs. For further discussion of our defined benefit pension plan, see Note N of the Notes to Consolidated Financial Statements in this Annual Report.

Any sustained declines in equity markets and reductions in bond yields may have a material adverse effect on the value of our pension and postretirement benefit plan assets. In these circumstances, additional cash contributions to our pension plans may be required, which could aversely impact our business, financial condition and liquidity.

Federal, state and local jurisdictions may challenge our tax return positions.

The positions taken in our federal and state tax return filings require significant judgments, use of estimates and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the timing and amounts of deductible and taxable items. Despite management's belief that our tax return positions are fully supportable, certain positions may be successfully challenged by federal, state and local jurisdictions.

The separation of ONE Gas could result in substantial tax liability.

We have received a private letter ruling from the IRS substantially to the effect that, for U.S. federal income tax purposes, the separation and certain related transactions qualify under Sections 355 and/or 368 of the U.S. Internal Revenue Code of 1986, as amended. If the factual assumptions or representations made in the request for the private letter ruling prove to have been inaccurate or incomplete in any material respect, then we will not be able to rely on the ruling. Furthermore, the IRS does not rule on whether a distribution such as the separation satisfies certain requirements necessary to obtain tax-free treatment under section 355 of the Code. The private letter ruling was based on representations by us that those requirements were satisfied, and any inaccuracy in those representations could invalidate the ruling. In connection with the separation, we obtained an opinion of outside legal and tax counsel, substantially to the effect that, for U.S. federal income tax purposes, the separation and certain related transactions qualify under Sections 355 and 368 of the Code. The opinion relies on, among other things, the continuing validity of the private letter ruling and various assumptions and representations as to factual matters made by us which, if inaccurate or incomplete in any material respect, would jeopardize the conclusions reached by such counsel in its opinion. The opinion will not be binding on the IRS or the courts, and there can be no assurance that the IRS or the courts would not challenge the conclusions stated in the opinion or that any such challenge would not prevail.

Although we control ONEOK Partners, we may have conflicts of interest with ONEOK Partners that could subject us to claims that we have breached our fiduciary duty to ONEOK Partners and its unitholders.

We are the sole general partner and owned 37.8 percent of ONEOK Partners as of December 31, 2014. Conflicts of interest may arise between us and ONEOK Partners and its unitholders. In resolving these conflicts, we may favor our own interests and the interests of our affiliates over the interests of ONEOK Partners and its unitholders as long as the resolution does not conflict with the ONEOK Partners' partnership agreement or our fiduciary duties to ONEOK

Partners and its unitholders.

RISK FACTORS INHERENT IN BOTH ONEOK AND ONEOK PARTNERS

Market volatility and capital availability could affect adversely our business.

The capital and global credit markets have experienced volatility and disruption in the past. In many cases during these periods, the capital markets have exerted downward pressure on equity values and reduced the credit capacity for certain companies. ONEOK Partners' ability to grow could be constrained if it does not have regular access to the capital and global credit markets. Similar or more severe levels of global market disruption and volatility may have an adverse affect on us or ONEOK Partners resulting from, but not limited to, disruption of access to capital and credit markets, difficulty in obtaining financing necessary to expand facilities or acquire assets, increased financing costs and increasingly restrictive covenants.

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Our operating results may be affected materially and adversely by unfavorable economic and market conditions.

Economic conditions worldwide have from time to time contributed to slowdowns in the oil and natural gas industry, as well as in the specific segments and markets in which ONEOK Partners operates, resulting in reduced demand and increased price competition for its products and services. ONEOK Partners' operating results in one or more geographic regions may also be affected by uncertain or changing economic conditions within that region. Volatility in commodity prices may have an impact on many of ONEOK Partners' customers, which, in turn, could have a negative impact on their ability to meet their obligations to ONEOK Partners. If global economic and market conditions (including volatility in commodity markets) or economic conditions in the United States or other key markets remain uncertain or persist, spread or deteriorate further, we and ONEOK Partners may experience material impacts on our businesses, financial condition, results of operations and liquidity.

Terrorist attacks directed at our or ONEOK Partners' facilities could affect adversely our business.

Since the terrorist attacks on September 11, 2001, the United States government has issued warnings that energy assets, specifically the nation's pipeline infrastructure, may be future targets of terrorist organizations. These developments may subject ONEOK Partners' operations to increased risks. Any future terrorist attack that targets ONEOK Partners' facilities, those of its customers and, in some cases, those of other pipelines, or our facilities could have a material adverse effect on our business.

Our businesses are subject to market and credit risks.

We and ONEOK Partners are exposed to market and credit risks in all of our operations. To reduce the impact of commodity price fluctuations, ONEOK Partners uses derivative transactions, such as swaps, futures and forwards, to hedge anticipated purchases and sales of natural gas, NGLs and crude oil and firm transportation commitments. Interest-rate swaps are also used to manage interest-rate risk. However, derivative instruments do not eliminate the risks. Specifically, such risks include commodity price changes, market supply shortages, interest-rate changes and counterparty default. The impact of these variables could result in our and ONEOK Partners' inability to fulfill contractual obligations, significantly higher energy or fuel costs relative to corresponding sales contracts, or increased interest expense.

We or ONEOK Partners may not be able to make additional strategic acquisitions or investments.

Our and ONEOK Partners' ability to make strategic acquisitions and investments will depend on:
- the extent to which acquisitions and investment opportunities become available;
- success in bidding for the opportunities that do become available;
- regulatory approval, if required, of the acquisitions or investments on favorable terms; and
- access to capital, including the ability to use our or equity in acquisitions or investments, and the terms upon which we obtain capital.

If we or ONEOK Partners are unable to make strategic investments and acquisitions, we or ONEOK Partners may be unable to grow.

Acquisitions that appear to be accretive may nevertheless reduce our cash from operations on a per-share basis.

Any acquisition involves potential risks that may include, among other things:
- inaccurate assumptions about volumes, revenues and costs, including potential synergies;
- an inability to integrate successfully the businesses we acquire;
-

decrease in our liquidity as a result of our using a significant portion of our available cash or borrowing capacity to finance the acquisition;

- a significant increase in our interest expense and/or financial leverage if we incur additional debt to finance the acquisition;
- the assumption of unknown liabilities for which we are not indemnified, our indemnity is inadequate or our insurance policies may exclude from coverage;
- an inability to hire, train or retain qualified personnel to manage and operate the acquired business and assets;
- limitations on rights to indemnity from the seller;
- inaccurate assumptions about the overall costs of equity or debt;
- the diversion of management's and employees' attention from other business concerns;
- unforeseen difficulties operating in new product areas or new geographic areas;
- increased regulatory burdens;

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- customer or key employee losses at an acquired business; and
- increased regulatory requirements.

If we or ONEOK Partners consummate any future acquisitions, our capitalization and results of operations may change significantly, and investors will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our resources to future acquisitions.

We or ONEOK Partners may engage in acquisitions, divestitures and other strategic transactions, the success of which may impact results of operations.

We or ONEOK Partners may engage in acquisitions, divestitures and other strategic transactions. If we or ONEOK Partners are unable to integrate successfully businesses that we acquire with our respective existing businesses, our results of operations may be affected materially and adversely. Similarly, we or ONEOK Partners may from time to time divest portions of our respective businesses, which may also affect materially and adversely our results of operations.

Our and ONEOK Partners' established risk-management policies and procedures may not be effective, and employees may violate our risk-management policies.

We have developed and implemented a comprehensive set of policies and procedures that involve both our senior management and the Audit Committee of our Board of Directors to assist us in managing risks associated with, among other things, the marketing, trading and risk-management activities associated with our business segments. Our risk policies and procedures are intended to align strategies, processes, people, information technology and business knowledge so that risk is managed throughout the organization. As conditions change and become more complex, current risk measures may fail to assess adequately the relevant risk due to changes in the market and the presence of risks previously unknown to us. Additionally, if employees fail to adhere to our policies and procedures or if our policies and procedures are not effective, potentially because of future conditions or risks outside of our control, we may be exposed to greater risk than we had intended. Ineffective risk-management policies and procedures or violation of risk-management policies and procedures could have an adverse affect on our earnings, financial position or cash flows.

Our use of financial instruments to hedge interest-rate risk may result in reduced income.

We and ONEOK Partners utilize financial instruments and physical-forward transactions to mitigate our exposure to interest-rate fluctuations. Hedging instruments that are used to reduce our exposure to interest-rate fluctuations could expose us to risk of financial loss, including where we have contracted for variable-rate swap instruments to hedge fixed-rate instruments and the variable rate exceeds the fixed rate. In addition, these hedging arrangements may limit the benefit we would otherwise receive if we had contracted for fixed-rate swap agreements to hedge variable-rate instruments and the variable rate falls below the fixed rate.

An impairment of goodwill, long-lived assets, including intangible assets, and equity-method investments could reduce our earnings.

Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. GAAP requires us to test goodwill and intangible assets with indefinite useful lives for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets, including intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the investments ONEOK Partners accounts for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. For example, if the current energy commodity price environment persists for a prolonged period or further declines, it could result in lower volumes delivered to ONEOK Partners' systems and impairments of ONEOK Partners' assets or equity method investments. If we determine that an impairment is indicated, we would be required to take an immediate noncash charge to earnings with a correlative effect on our equity and balance sheet leverage as measured by consolidated debt to total capitalization.

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A breach of information security, including a cybersecurity attack, or failure in of one or more key information technology or operational systems, or those of third parties, may affect adversely our operations, financial results or reputation.

Our businesses are dependent upon our operational systems to process a large amount of data and complex transactions. The various uses of these IT systems, networks and services include, but are not limited to:

- controlling ONEOK Partners' plants and pipelines with industrial control systems including Supervisory Control and Data Acquisition (SCADA);
- collecting and storing customer, employee, investor and other stakeholder information and data;
- processing transactions;
- summarizing and reporting results of operations;
- hosting, processing and sharing confidential and proprietary research, business plans and financial information;
- complying with regulatory, legal or tax requirements;
- providing data security; and
- handling other processing necessary to manage our business.

If any of our systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them and may experience loss or corruption of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business and results of operations. Our financial results could also be affected adversely if an employee causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws, employee tampering or manipulation of those systems will result in losses that are difficult to detect.

Due to increased technology advances, we have become more reliant on technology to help increase efficiency in our businesses. We use computer programs to help run our financial and operations organizations, and this may subject our business to increased risks. In recent years, there has been a rise in the number of cyberattacks on companies' network and information systems by both state-sponsored and criminal organizations, and as a result, the risks associated with such an event continue to increase. A significant failure, compromise, breach or interruption in our systems could result in a disruption of our operations, customer dissatisfaction, damage to our reputation and a loss of customers or revenues. If any such failure, interruption or similar event results in the improper disclosure of information maintained in our information systems and networks or those of our vendors, including personnel, customer and vendor information, we could also be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and privacy. Efforts by us and our vendors to develop, implement and maintain security measures may not be successful in preventing these events from occurring, and any network and information systems-related events could require us to expend significant resources to remedy such event. Although we believe that we have robust information security procedures and other safeguards in place, as cyberthreats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate information security vulnerabilities.

Cyberattacks against us or others in our industry could result in additional regulations. Current efforts by the federal government, such as the Improving Critical Infrastructure Cybersecurity executive order, and any potential future regulations could lead to increased regulatory compliance costs, insurance coverage cost or capital expenditures. We cannot predict the potential impact to our business or the energy industry resulting from additional regulations.

Changes in interest rates could affect adversely our business.

We use both fixed- and variable-rate debt, and we are exposed to market risk due to the floating interest rates on our short-term borrowings. From time to time, we use interest-rate derivatives to hedge interest obligations on specific debt issuances, including anticipated debt issuances. These hedges may be ineffective, and our results of operations, cash flows and financial position could be affected adversely by significant fluctuations or increases or decreases in interest rates from current levels.

A shortage of skilled labor may make it difficult for us to maintain labor productivity and competitive costs, which could affect operations and cash flows available for distribution.

Our operations require skilled and experienced workers with proficiency in multiple tasks. In recent years, a shortage of workers trained in various skills associated with the midstream energy business has caused us to conduct certain operations without full staff, thus hiring outside resources, which may decrease productivity and increase costs. This shortage of trained workers is the result of experienced workers reaching retirement age and increased competition for workers in certain areas,

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combined with the difficulty of attracting new workers to the midstream energy industry. This shortage of skilled labor could continue over an extended period. If the shortage of experienced labor continues or worsens, it could have an adverse impact on labor productivity and costs and our ability to expand production in the event there is an increase in the demand for our products and services, which could affect adversely our operations and cash flows available for distribution to ONEOK Partners' unitholders and, in turn, to cash flows available for dividends to ONEOK shareholders.

ADDITIONAL RISK FACTORS RELATED TO ONEOK PARTNERS' BUSINESS

Risks related to ONEOK Partners' business discussed below will also affect us as we are the sole general partner and, as of December 31, 2014, owned 37.8 percent of ONEOK Partners.

Increased competition could have a significant adverse financial impact on ONEOK Partners' business.

The natural gas and natural gas liquids industries are expected to remain highly competitive. The demand for natural gas and NGLs is primarily a function of commodity prices, including prices for alternative energy sources, customer usage rates, weather, economic conditions and service costs. ONEOK Partners' ability to compete also depends on a number of other factors, including competition from other companies for its existing customers; the efficiency, quality and reliability of the services it provides; and competition for throughput at its gathering systems, pipelines, processing plants, fractionators and storage facilities.

The volatility of natural gas, crude oil and NGL prices could affect adversely ONEOK Partners' cash flows.

A significant portion of ONEOK Partners' revenues are derived from the sale of commodities that are received as payment for natural gas gathering and processing services, for the transportation and storage of natural gas, and from the purchase and sale of NGLs and NGL products. Commodity prices have been volatile and are likely to continue to be so in the future. The prices ONEOK Partners receives for its commodities are subject to wide fluctuations in response to a variety of factors beyond ONEOK Partners' control, including, but not limited to, the following:

- overall domestic and global economic conditions;
- relatively minor changes in the supply of, and demand for, domestic and foreign energy;
- market uncertainty;
- the availability and cost of third-party transportation, natural gas processing and fractionation capacity;
- the level of consumer product demand and storage inventory levels;
- ethane rejection;
- geopolitical conditions impacting supply and demand for natural gas, NGLs and crude oil;
- weather conditions;
- domestic and foreign governmental regulations and taxes;
- the price and availability of alternative fuels;
- speculation in the commodity futures markets;
- overall domestic and global economic conditions;
- the effects of imports and exports on the price of natural gas, crude oil, NGL and liquefied natural gas;
- the effect of worldwide energy-conservation measures; and
- the impact of new supplies, new pipelines, processing and fractionation facilities on location price differentials.

These external factors and the volatile nature of the energy markets make it difficult to estimate reliably future prices of commodities and the impact commodity price fluctuations have on ONEOK Partners' customers and their need for its services. As commodity prices decline, ONEOK Partners is paid less for its commodities, thereby reducing its cash flow. NGL volumes could decline if it becomes uneconomical for natural gas processors to recover the ethane component of the natural gas stream as a separate product. In addition, crude oil, natural gas and NGL production could also decline due to lower prices.

Some of ONEOK Partners' nonregulated businesses have a higher level of risk than its regulated businesses.

Some of ONEOK Partners' nonregulated operations, which include its natural gas gathering and processing business and most of its natural gas liquids business, have a higher level of risk than its regulated operations, which include a portion of its natural gas pipelines business and a portion of its natural gas liquids business. ONEOK Partners expects to continue investing in natural gas and natural gas liquids projects and other related projects, some or all of which may involve nonregulated businesses or assets. These projects could involve risks associated with operational factors, such as competition and dependence on certain suppliers and customers; and financial, economic and political factors, such as rapid and significant

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changes in commodity prices, the cost and availability of capital and counterparty risk, including the inability of a counterparty, customer or supplier to fulfill a contractual obligation.

Measurement adjustments on ONEOK Partners’ pipeline system can be affected materially by changes in estimation, type of commodity and other factors.

Natural gas and natural gas liquids measurement adjustments occur as part of the normal operating conditions associated with ONEOK Partners’ assets. The quantification and resolution of measurement adjustments are complicated by several factors including: (1) the significant number (i.e., thousands) of meters that ONEOK Partners uses throughout its natural gas and natural gas liquids systems, primarily around its gathering and processing assets; (2) varying qualities of natural gas in the streams gathered and processed and the mixed nature of NGLs gathered and fractionated through ONEOK Partners’ systems; and (3) variances in measurement that are inherent in metering technologies. Each of these factors may contribute to measurement adjustments that can occur on ONEOK Partners’ systems, which could affect negatively its business, financial position, results of operations and cash flows.

ONEOK Partners does not hedge fully against commodity price changes, seasonal price differentials, product price differentials or locational price differentials. This could result in decreased revenues and increased costs and lower margins, adversely affecting its results of operations.

Certain of ONEOK Partners’ businesses are exposed to market risk and the impact of market fluctuations of natural gas, NGLs and crude oil prices. Market risk refers to the risk of loss of cash flows and future earnings arising from adverse changes in commodity prices. ONEOK Partners’ primary commodity price exposures arise from:

- the value of the NGLs and natural gas it receives in exchange for the natural gas gathering and processing services it provides;
- the price differentials between the individual NGL products with respect to ONEOK Partners’ NGL transportation and fractionation agreements;
- the location price differentials in the price of natural gas and NGLs with respect to ONEOK Partners’ natural gas and NGL transportation businesses;
- the seasonal price differentials of natural gas and NGLs related to storage operations; and
- the fuel costs and the value of the retained fuel in-kind in ONEOK Partners’ natural gas pipelines and storage operations.

To manage the risk from market price fluctuations of natural gas, NGLs and crude oil prices, ONEOK Partners uses derivative instruments such as swaps, futures and forwards swaps. However, it does not hedge fully against commodity price changes, and therefore, it retains some exposure to market risk. Accordingly, any adverse changes to commodity prices could result in decreased revenue and increased costs.

ONEOK Partners’ use of financial instruments and physical forward transactions to hedge market risk may result in reduced income.

ONEOK Partners utilizes financial instruments and physical forward transactions to mitigate its exposure to interest rate and commodity price fluctuations. Hedging instruments that are used to reduce ONEOK Partners’ exposure to interest-rate fluctuations could expose it to risk of financial loss where it has contracted for variable-rate swap instruments to hedge fixed-rate instruments and the variable rate exceeds the fixed rate. In addition, these hedging arrangements may limit the benefit ONEOK Partners would otherwise receive if it had contracted for fixed-rate swap agreements to hedge variable-rate instruments and the variable rate falls below the fixed rate. Hedging arrangements that are used to reduce ONEOK Partners’ exposure to commodity price fluctuations limit the benefit it would otherwise receive if market prices for natural gas, crude oil and NGLs exceed the stated price in the hedge instrument for these commodities.

ONEOK Partners' inability to develop and execute growth projects and acquire new assets could result in reduced cash distributions to its unitholders and to ONEOK.

ONEOK Partners' primary business objectives are to generate cash flow sufficient to pay quarterly cash distributions to unitholders and to increase these distributions over time. ONEOK Partners' ability to maintain and grow its distributions to unitholders, including ONEOK, depends on the growth of its existing businesses and strategic acquisitions. If ONEOK Partners is unable to implement business development opportunities and finance such activities on economically acceptable terms, its future growth will be limited, which could impact adversely its and our results of operations and cash flows.

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ONEOK Partners is subject to risks that could limit its access to capital, thereby increasing its costs and affecting adversely its results of operations.

Much of ONEOK Partners' business is capital intensive, and achievement of its long-term growth targets is dependent, at least in part, upon its ability to access capital at rates and on terms it determines to be attractive. ONEOK Partners has grown rapidly in the past due in part to capital-growth projects and acquisitions. Future capital-growth projects and acquisitions may require additional capital. If ONEOK Partners is unable to access capital at competitive rates, its strategy of enhancing the earnings potential of its existing assets, including capital-growth acquisitions of complementary assets or businesses, will be affected adversely. A number of factors could affect adversely ONEOK Partners' ability to access capital, including: (i) general economic conditions; (ii) capital market conditions; (iii) market prices for natural gas, NGLs and other hydrocarbons; (iv) the overall health of the energy and related industries; (v) ability to maintain investment-grade credit ratings; (vi) unit price and (vii) capital structure. If ONEOK Partners' ability to access capital becomes constrained significantly, its interest costs and cost of equity will likely increase and its financial condition and future results of operations could be harmed significantly.

Growing ONEOK Partners' business by constructing new pipelines and plants or making modifications to its existing facilities subjects ONEOK Partners to construction and supply risks should adequate natural gas or NGL supply be unavailable upon completion of the facilities.

One of the ways ONEOK Partners intends to grow its business is through the construction of new pipelines and new gathering, processing, storage and fractionation facilities and through modifications to ONEOK Partners' existing pipelines and existing gathering, processing, storage and fractionation facilities. The construction and modification of pipelines and gathering, processing, storage and fractionation facilities may require significant capital expenditures, which may exceed ONEOK Partners' estimates, and involve numerous regulatory, environmental, political, legal and weather-related uncertainties. Construction projects in ONEOK Partners' industry may increase demand for labor, materials and rights of way, which may, in turn, impact ONEOK Partners' costs and schedule. If ONEOK Partners undertakes these projects, it may not be able to complete them on schedule or at the budgeted cost. Additionally, ONEOK Partners' revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if ONEOK Partners builds a new pipeline, the construction will occur over an extended period of time, and ONEOK Partners will not receive any material increases in revenues until after completion of the project. ONEOK Partners may have only limited natural gas or NGL supply committed to these facilities prior to their construction. Additionally, ONEOK Partners may construct facilities to capture anticipated future growth in production in a region in which anticipated production growth does not materialize. ONEOK Partners may also rely on estimates of proved reserves in its decision to construct new pipelines and facilities, which may prove to be inaccurate because there are numerous uncertainties inherent in estimating quantities of proved reserves. As a result, new facilities may not be able to attract enough natural gas or NGLs to achieve ONEOK Partners' expected investment return, which could affect materially and adversely ONEOK Partners' results of operations, financial condition and cash flows.

If the level of drilling and production in the Mid-Continent, Rocky Mountain, Texas and Gulf Coast regions declines substantially near its assets, ONEOK Partners' volumes and revenue could decline.

ONEOK Partners' ability to maintain or expand its businesses depends largely on the level of drilling and production by third parties in the Mid-Continent, Rocky Mountain, Texas and Gulf Coast regions. Drilling and production are impacted by factors beyond ONEOK Partners' control, including:

- demand and prices for natural gas, NGLs and crude oil;
- producers' finding and developing costs of reserves;
- producers' desire and ability to obtain necessary permits in a timely and economic manner;
- natural gas field characteristics and production performance;

- surface access and infrastructure issues; and
- capacity constraints on natural gas, crude oil and natural gas liquids infrastructure from the producing areas and ONEOK Partners' facilities.

If production from the Western Canada Sedimentary Basin remains flat or declines, and demand for natural gas from the Western Canada Sedimentary Basin is greater in market areas other than the Midwestern United States, demand for ONEOK Partners' interstate gas transportation services could decrease significantly.

ONEOK Partners depends on a portion of natural gas supply from the Western Canada Sedimentary Basin for some of ONEOK Partners' interstate pipelines, primarily Viking Gas Transmission and ONEOK Partners' investment in Northern Border Pipeline, that transport Canadian natural gas from the Western Canada Sedimentary Basin to the Midwestern United States market area. If demand for natural gas increases in Canada or other markets not served by ONEOK Partners' interstate pipelines and/or production remains flat or declines, demand for transportation service on ONEOK Partners' interstate natural gas pipelines could decrease significantly, which could impact adversely its and our results of operations and cash flows.

Mergers between ONEOK Partners' customers and competitors could result in lower volumes being gathered, processed, fractionated, transported or stored on its assets, thereby reducing the amount of cash it generates.

Mergers between ONEOK Partners' existing customers and its competitors could provide strong economic incentives for the combined entities to utilize their existing gathering, processing, fractionation and/or transportation systems instead of ONEOK Partners' in those markets where the systems compete. As a result, ONEOK Partners could lose some or all of the volumes and associated revenues from these customers, and it could experience difficulty in replacing those lost volumes and revenues. Because most of ONEOK Partners' operating costs are fixed, a reduction in volumes could result not only in less revenue but also in a decline in cash flow, which would reduce its ability to pay cash distributions to its unitholders.

ONEOK Partners is subject to strict regulations at many of its facilities regarding employee safety, and failure to comply with these regulations could affect adversely ONEOK Partners' business, financial position, results of operations and cash flows.

The workplaces associated with ONEOK Partners' facilities are subject to the requirements of OSHA and comparable state statutes that regulate the protection of the health and safety of workers. The failure to comply with OSHA requirements or general industry standards, including keeping adequate records or occupational exposure to regulated substances could expose it to civil or criminal liability, enforcement actions, and regulatory fines and penalties and could have a material adverse effect on ONEOK Partners' business, financial position, results of operations and cash flows.

ONEOK Partners' operations are subject to operational hazards and unforeseen interruptions that could affect materially and adversely ONEOK Partners' business and for which neither we nor ONEOK Partners may be insured adequately.

ONEOK Partners' operations are subject to all of the risks and hazards typically associated with the operation of natural gas and natural gas liquids gathering, transportation and distribution pipelines, storage facilities and processing and fractionation plants. Operating risks include but are not limited to leaks, pipeline ruptures, the breakdown or failure of equipment or processes, and the performance of pipeline facilities below expected levels of capacity and efficiency. Other operational hazards and unforeseen interruptions include adverse weather conditions, accidents, explosions, fires, the collision of equipment with ONEOK Partners' pipeline facilities (for example, this may occur if a third party were to perform excavation or construction work near ONEOK Partners' facilities) and catastrophic events such as tornados, hurricanes, earthquakes, floods or other similar events beyond ONEOK Partners' control. It is also possible that ONEOK Partners' facilities could be direct targets or indirect casualties of an act of terrorism. A casualty occurrence might result in injury or loss of life, extensive property damage or environmental damage. Liabilities incurred and interruptions to the operations of ONEOK Partners' pipelines or other facilities caused by such an event could reduce revenues generated by ONEOK Partners and increase expenses, thereby impairing our or ONEOK Partners' ability to meet our respective obligations. Insurance proceeds may not be adequate to cover all liabilities or expenses incurred or revenues lost, and neither we nor ONEOK Partners are fully insured against all risks inherent in our respective businesses.

As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Consequently, neither we nor ONEOK Partners may be able to renew existing insurance policies or purchase other desirable insurance on commercially reasonable terms, if at all. If either we or ONEOK Partners were to incur a significant liability for which either we or ONEOK Partners was not insured fully, it could have a material adverse effect on our or ONEOK Partners' financial position and results of operations. Further, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur.

ONEOK Partners does not own all of the land on which its pipelines and facilities are located, and it leases certain facilities and equipment, which could disrupt its operations.

ONEOK Partners does not own all of the land on which certain of its pipelines and facilities are located and are, therefore, subject to the risk of increased costs to maintain necessary land use. ONEOK Partners obtains the rights to construct and operate certain of its pipelines and related facilities on land owned by third parties and governmental agencies for a specific period of time. Loss of these rights, through its inability to renew right-of-way contracts on acceptable terms or increased costs to renew such rights, could have a material adverse effect on ONEOK Partners' financial condition, results of operations and cash flows.

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Pipeline-integrity programs and repairs may impose significant costs and liabilities.

Pursuant to a DOT rule, pipeline operators are required to develop pipeline integrity-management programs for intrastate and interstate natural gas and natural gas liquids pipelines that could affect high-consequence areas in the event of a release of product. As defined by applicable regulations, high-consequence areas include areas near the route of a pipeline with high-population densities, facilities occupied by persons of limited mobility or indoor or outdoor areas where at least 20 people gather periodically. The rule requires operators to identify pipeline segments that could impact a high-consequence area; improve data collection, integration and characterization of threats applicable to each segment and implement preventive and mitigating actions; perform ongoing assessments of pipeline integrity; and repair and remediate the pipeline as necessary. These testing programs could cause us and ONEOK Partners to incur significant capital and operating expenditures to make repairs or remediate, as well as initiate preventive or mitigating actions that are determined to be necessary.

ONEOK Partners is subject to comprehensive energy regulation by governmental agencies, and the recovery of its costs are dependent on regulatory action.

Federal, state and local agencies have jurisdiction over many of ONEOK Partners' activities, including regulation by the FERC of its storage and interstate pipeline assets. The profitability of ONEOK Partners' regulated operations is dependent on its ability to pass through costs related to providing energy and other commodities to its customers by filing periodic rate cases. The regulatory environment applicable to ONEOK Partners' regulated businesses could impair its ability to recover costs historically absorbed by its customers.

ONEOK Partners is unable to predict the impact that the future regulatory activities of these agencies will have on its operating results. Changes in regulations or the imposition of additional regulations could have an adverse impact on ONEOK Partners' business, financial condition and results of operations.

ONEOK Partners' regulated pipelines' transportation rates are subject to review and possible adjustment by federal and state regulators.

Under the Natural Gas Act, which is applicable to interstate natural gas pipelines, and the Interstate Commerce Act, which is applicable to crude oil and natural gas liquids pipelines, ONEOK Partners' interstate transportation rates, which are regulated by the FERC, must be just and reasonable and not unduly discriminatory.

Shippers may protest ONEOK Partners' pipeline tariff filings, and the FERC and/or state regulatory agencies may investigate tariff rates. Further, the FERC may order refunds of amounts collected under newly filed rates that are determined by the FERC to be in excess of a just and reasonable level. In addition, shippers may challenge by complaint the lawfulness of tariff rates that have become final and effective. The FERC and/or state regulatory agencies also may investigate tariff rates absent shipper complaint. Any finding that approved rates exceed a just and reasonable level on the natural gas pipelines would take effect prospectively. In a complaint proceeding challenging natural gas liquids pipeline rates, if the FERC determines existing rates exceed a just and reasonable level, it could require the payment of reparations to complaining shippers for up to two years prior to the complaint. Any such action by the FERC or a comparable action by a state regulatory agency could affect adversely ONEOK Partners' pipeline businesses' ability to charge rates that would cover future increases in costs, or even to continue to collect rates that cover current costs and provide for a reasonable return. We can provide no assurance that ONEOK Partners' pipeline systems will be able to recover all of their costs through existing or future rates.

ONEOK Partners' regulated pipeline companies have recorded certain assets that may not be recoverable from its customers.

Accounting policies for FERC-regulated companies permit certain assets that result from the regulated ratemaking process to be recorded on ONEOK Partners' balance sheet that could not be recorded under GAAP for nonregulated entities. ONEOK Partners considers factors such as regulatory changes and the impact of competition to determine the probability of future recovery of these assets. If ONEOK Partners determines future recovery is no longer probable, ONEOK Partners would be required to write off the regulatory assets at that time.

Compliance with environmental regulations that ONEOK Partners is subject to may be difficult and costly.

ONEOK Partners is subject to multiple environmental laws and regulations affecting many aspects of present and future operations, including air emissions, water quality, wastewater discharges, solid and hazardous wastes, and hazardous material and substance management. These laws and regulations require ONEOK Partners to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Failure to comply with these laws, regulations, permits and licenses may expose ONEOK Partners to fines, penalties and/or interruptions in its operations that could be material to its results of operations. If a leak or spill of hazardous substance occurs from ONEOK Partners' pipelines, gathering lines or facilities in the process of transporting natural gas or NGLs or at any facility that ONEOK Partners owns, operates or otherwise uses, ONEOK Partners could be held jointly and severally liable for all resulting liabilities, including investigation and clean-up costs, which could affect materially its results of operations and cash flows. In addition, emission controls required under the federal Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at ONEOK Partners' facilities. ONEOK Partners cannot assure that existing environmental regulations will not be revised or that new regulations will not be adopted or become applicable to it. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have a material adverse effect on ONEOK Partners' business, financial condition and results of operations.

ONEOK Partners' operations are subject to federal and state laws and regulations relating to the protection of the environment, which may expose it to significant costs and liabilities.

The risk of incurring substantial environmental costs and liabilities is inherent in ONEOK Partners' business. ONEOK Partners' operations are subject to extensive federal, state and local laws and regulations governing the discharge of materials into, or otherwise relating to the protection of, the environment. Examples of these laws include:

- the Clean Air Act and analogous state laws that impose obligations related to air emissions;
- the Clean Water Act and analogous state laws that regulate discharge of waste water from ONEOK Partners' facilities to state and federal waters;
- the federal CERCLA and analogous state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by ONEOK Partners or locations to which ONEOK Partners has sent waste for disposal; and
- the federal Resource Conservation and Recovery Act and analogous state laws that impose requirements for the handling and discharge of solid and hazardous waste from ONEOK Partners' facilities.

Various federal and state governmental authorities, including the EPA, have the power to enforce compliance with these laws and regulations and the permits issued under them. Violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Joint and several, strict liability may be incurred without regard to fault under the CERCLA, Resource Conservation and Recovery Act and analogous state laws for the remediation of contaminated areas.

There is an inherent risk of incurring environmental costs and liabilities in ONEOK Partners' business due to its handling of the products it gathers, transports, processes and stores, air emissions related to its operations, past industry operations and waste disposal practices, some of which may be material. Private parties, including the owners of properties through which ONEOK Partners' pipeline systems pass, may have the right to pursue legal actions to enforce compliance as well as to seek damages for noncompliance with environmental laws and regulations or for personal injury or property damage arising from ONEOK Partners' operations. Some sites ONEOK Partners operates are located near current or former third-party hydrocarbon storage and processing operations, and there is a risk that contamination has migrated from those sites to ONEOK Partners' sites. In addition, increasingly strict laws, regulations and enforcement policies could increase significantly ONEOK Partners' compliance costs and the cost of any remediation that may become necessary, some of which may be material. Additional information is included under Item 1, Business under "Environmental and Safety Matters" and in Note R of the Notes to Consolidated Financial Statements in this Annual Report.

ONEOK Partners' insurance may not cover all environmental risks and costs or may not provide sufficient coverage in the event an environmental claim is made against ONEOK Partners. ONEOK Partners' business may be affected materially and adversely by increased costs due to stricter pollution-control requirements or liabilities resulting from noncompliance with required operating or other regulatory permits. New environmental regulations might also materially and adversely affect ONEOK Partners' products and activities, and federal and state agencies could impose additional safety requirements, all of which could affect materially ONEOK Partners' profitability.

ONEOK Partners may face significant costs to comply with the regulation of GHG emissions.

GHG emissions originate primarily from combustion engine exhaust, heater exhaust and fugitive methane gas emissions. Various federal and state legislative proposals have been introduced to regulate the emission of GHGs, particularly carbon dioxide and methane, and the United States Supreme Court has ruled that carbon dioxide is a pollutant subject to regulation by the EPA. In addition, there have been international efforts seeking legally binding reductions in emissions of GHGs.

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ONEOK Partners believes it is possible that future governmental legislation and/or regulation may require it either to limit GHG emissions from its operations or to purchase allowances for such emissions that are actually attributable to its NGL customers. However, it cannot predict precisely what form these future regulations will take, the stringency of the regulations, or when they will become effective. Several legislative bills have been introduced in the United States Congress that would require carbon dioxide emission reductions. Previously considered proposals have included, among other things, limitations on the amount of GHGs that can be emitted (so called "caps") together with systems of emissions allowances. This system could require ONEOK Partners to reduce emissions, even though the technology is not currently available for efficient reduction, or to purchase allowances for such emissions. Emissions also could be taxed independently of limits.

In addition to activities on the federal level, state and regional initiatives could also lead to the regulation of GHG emissions sooner and/or independent of federal regulation. These regulations could be more stringent than any federal regulation or legislation that is adopted.

Future legislation and/or regulation designed to reduce GHG emissions could make some of its activities uneconomic to maintain or operate. Further, ONEOK Partners may not be able to pass on the higher costs to its customers or recover all costs related to complying with GHG regulatory requirements. Its future results of operations, cash flows or financial condition could be adversely affected if such costs are not recovered through regulated rates or otherwise passed on to its customers.

ONEOK Partners continues to monitor legislative and regulatory developments in this area. Although the regulation of GHG emissions may have a material impact on its operations and rates, ONEOK Partners believes it is premature to attempt to quantify the potential costs of the impacts.

ONEOK Partners is subject to physical and financial risks associated with climate change.

There is a growing belief that emissions of GHGs may be linked to global climate change. Climate change creates physical and financial risk. ONEOK Partners' customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent their largest energy use. To the extent weather conditions may be affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require ONEOK Partners to invest in more pipelines and other infrastructure to serve increased demand. A decrease in energy use due to weather changes may affect its financial condition through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Weather conditions outside of ONEOK Partners' operating territory could also have an impact on its revenues. Severe weather impacts its operating territories primarily through hurricanes, thunderstorms, tornados and snow or ice storms. To the extent the frequency of extreme weather events increases, this could increase its cost of providing service. ONEOK Partners may not be able to pass on the higher costs to its customers or recover all the costs related to mitigating these physical risks. To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could affect negatively its ability to access capital markets or cause ONEOK Partners to receive less favorable terms and conditions in future financings. Its business could be affected by the potential for lawsuits against GHG emitters, based on links drawn between GHG emissions and climate change.

ONEOK Partners' business is subject to regulatory oversight and potential penalties.

The natural gas industry historically has been subject to heavy state and federal regulation that extends to many aspects of ONEOK Partners' businesses and operations, including:

- rates, operating terms and conditions of service;

- the types of services ONEOK Partners may offer it customers;
- construction of new facilities;
- the integrity, safety and security of facilities and operations;
- acquisition, extension or abandonment of services or facilities;
- reporting and information posting requirements;
- maintenance of accounts and records; and
- relationships with affiliate companies involved in all aspects of the natural gas and energy businesses.

Compliance with these requirements can be costly and burdensome. Future changes to laws, regulations and policies in these areas may impair ONEOK Partners' ability to compete for business or to recover costs and may increase the cost and burden of operations. ONEOK Partners cannot guarantee that state or federal regulators will authorize any projects or acquisitions that it

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may propose in the future. Moreover, ONEOK Partners cannot guarantee that, if granted, any such authorizations will be made in a timely manner or will be free from potentially burdensome conditions.

Failure to comply with all applicable state or federal statutes, rules and regulations and orders, could bring substantial penalties and fines. For example, under the Energy Policy Act of 2005, the FERC has civil penalty authority under the Natural Gas Act to impose penalties for current violations of up to $1 million per day for each violation.

Finally, ONEOK Partners cannot give any assurance regarding future state or federal regulations under which it will operate or the effect such regulations could have on its or our business, financial condition and results of operations and cash flows.

ONEOK Partners' regulated pipelines' transportation rates are subject to review and possible adjustment by federal and state regulators.

Under the Natural Gas Act, which is applicable to interstate natural gas pipelines, and the Interstate Commerce Act, which is applicable to crude oil and natural gas liquids pipelines, ONEOK Partners' interstate transportation rates, which are regulated by the FERC, must be just and reasonable and not unduly discriminatory.

Shippers may protest ONEOK Partners' pipeline tariff filings, and the FERC and or state regulatory agency may investigate tariff rates. Further, the FERC may order refunds of amounts collected under newly filed rates that are determined by the FERC to be in excess of a just and reasonable level. In addition, shippers may challenge by complaint the lawfulness of tariff rates that have become final and effective. The FERC and/or state regulatory agencies also may investigate tariff rates absent shipper complaint. Any finding that approved rates exceed a just and reasonable level on the natural gas pipelines would take effect prospectively. In a complaint proceeding challenging natural gas liquids pipeline rates, if the FERC determines existing rates exceed a just and reasonable level, it could require the payment of reparations to complaining shippers for up to two years prior to the complaint. Any such action by the FERC or a comparable action by a state regulatory agency could affect adversely ONEOK Partners' pipeline businesses' ability to charge rates that would cover future increases in costs, or even to continue to collect rates that cover current costs, and provide for a reasonable return. ONEOK Partners can provide no assurance that its pipeline systems will be able to recover all of their costs through existing or future rates.

Demand for natural gas and for certain of ONEOK Partners' products and services is highly weather sensitive and seasonal.

The demand for natural gas and for certain of ONEOK Partners' businesses' products, such as propane, is weather sensitive and seasonal, with a portion of revenues derived from sales for heating during the winter months. Weather conditions influence directly the volume of, among other things, natural gas and propane delivered to customers. Deviations in weather from normal levels and the seasonal nature of certain of ONEOK Partners' businesses can create variations in earnings and short-term cash requirements.

Energy efficiency and technological advances may affect the demand for natural gas and affect adversely ONEOK Partners' operating results.

More strict local, state and federal energy-conservation measures in the future or technological advances in heating, including installation of improved insulation and the development of more efficient furnaces, energy generation or other devices could affect the demand for natural gas and adversely affect ONEOK Partners' and our results of operations and cash flows.

In the competition for customers, ONEOK Partners may have significant levels of uncontracted or discounted capacity on its natural gas and natural gas liquids pipelines, processing, fractionation and storage assets.

ONEOK Partners' natural gas and natural gas liquids pipelines, processing, fractionation and storage assets compete with other pipelines, processing, fractionation and storage facilities for natural gas and NGL supplies delivered to the markets it serves. As a result of competition, at any given time ONEOK Partners may have significant levels of uncontracted or discounted capacity on its pipelines, processing, fractionation and in its storage assets, which could have a material adverse impact on ONEOK Partners' or our results of operations and cash flows.

ONEOK Partners is exposed to the credit risk of its customers or counterparties, and its credit risk management may not be adequate to protect against such risk.

ONEOK Partners is subject to the risk of loss resulting from nonpayment and/or nonperformance by ONEOK Partners' customers or counterparties. ONEOK Partners' customers or counterparties may experience rapid deterioration of their

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financial condition as a result of changing market conditions, commodity prices or financial difficulties that could impact their creditworthiness or ability to pay ONEOK Partners for its services. ONEOK Partners assesses the creditworthiness of its customers or counterparties and obtains collateral as it deems appropriate. If ONEOK Partners fails to assess adequately the creditworthiness of existing or future customers or counterparties, unanticipated deterioration in their creditworthiness and any resulting nonpayment and/or nonperformance could adversely impact ONEOK Partners' or our results of operations. In addition, if any of ONEOK Partners' customers or counterparties files for bankruptcy protection, this could have a material negative impact on ONEOK Partners' and our business, financial condition, results of operations and cash flows.

Any reduction in ONEOK Partners' credit ratings could affect materially and adversely its business, financial condition, liquidity and results of operations.

ONEOK Partners' senior unsecured long-term debt has been assigned an investment-grade rating by Moody's of "Baa2" (Stable) and by S&P of "BBB" (Stable) as of February 3, 2014; however, we cannot provide assurance that any of its current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. Specifically, if Moody's or S&P were to downgrade ONEOK Partners' long-term debt rating, particularly below investment grade, its borrowing costs would increase, which would affect adversely its financial results, and its potential pool of investors and funding sources could decrease. Ratings from credit agencies are not recommendations to buy, sell or hold ONEOK Partners' debt securities. Each rating should be evaluated independently of any other rating.

An event of default may require ONEOK Partners to offer to repurchase certain of its senior notes or may impair its ability to access capital.

The indentures governing ONEOK Partners' senior notes include an event of default upon the acceleration of other indebtedness of $100 million or more. Such events of default would entitle the trustee or the holders of 25 percent in aggregate principal amount of ONEOK Partners' outstanding senior notes to declare those senior notes immediately due and payable in full. ONEOK Partners may not have sufficient cash on hand to repurchase and repay any accelerated senior notes, which may cause ONEOK Partners to borrow money under its credit facilities or seek alternative financing sources to finance the repurchases and repayment. ONEOK Partners could also face difficulties accessing capital or its borrowing costs could increase, impacting its ability to obtain financing for acquisitions or capital expenditures, to refinance indebtedness and to fulfill its debt obligations.

ONEOK Partners' indebtedness could impair its financial condition and ability to fulfill its obligations.

As of December 31, 2014, ONEOK Partners had total indebtedness of approximately $7.1 billion. Its indebtedness could have significant consequences. For example, it could:

- make it more difficult to satisfy its obligations with respect to its senior notes and other indebtedness, which could in turn result in an event of default on such other indebtedness or its senior notes;
- impair its ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general business purposes;
- diminish its ability to withstand a downturn in its business or the economy;
- require it to dedicate a substantial portion of its cash flow from operations to debt-service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions, distributions to partners and general partnership purposes;
- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; and
- place it at a competitive disadvantage compared with its competitors that have proportionately less debt.

ONEOK Partners is not prohibited under the indentures governing its senior notes from incurring additional indebtedness, but its debt agreements do subject it to certain operational limitations summarized in the next paragraph. ONEOK Partners' incurrence of significant additional indebtedness would exacerbate the negative consequences mentioned above and could affect adversely its ability to repay its senior notes and other indebtedness.

ONEOK Partners' debt agreements contain provisions that restrict its ability to finance future operations or capital needs or to expand or pursue its business activities. For example, certain of these agreements contain provisions that, among other things, limit its ability to make loans or investments, make material changes to the nature of its business, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Certain agreements also require it to maintain certain financial ratios, which limit the amount of additional indebtedness it can incur. For example, the ONEOK Partners Credit Agreement contains a financial covenant requiring it to maintain a ratio of indebtedness to adjusted EBITDA (EBITDA, as defined in the ONEOK

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Partners Credit Agreement, adjusted for all noncash charges and increased for projected EBITDA from certain lender-approved capital expansion projects) of no more than 5.0 to 1. If ONEOK Partners consummates one or more acquisitions in which the aggregate purchase price is $25 million or more, the allowable ratio of indebtedness to adjusted EBITDA will increase to 5.5 to 1 for the quarter of the acquisition and the two following quarters.

These restrictions could result in higher costs of borrowing and impair ONEOK Partners' ability to generate additional cash. Future financing agreements ONEOK Partners may enter into may contain similar or more restrictive covenants.

If ONEOK Partners is unable to meet its debt-service obligations, it could be forced to restructure or refinance its indebtedness, seek additional equity capital or sell assets. It may be unable to obtain financing, raise equity or sell assets on satisfactory terms, or at all.

Borrowings under the ONEOK Partners Credit Agreement and its senior notes are nonrecourse to ONEOK, and ONEOK does not guarantee the debt, commercial paper or other similar commitments of ONEOK Partners.

ONEOK Partners has adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between the general partner and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of its limited partner units.

When ONEOK Partners issues additional units or engages in certain other transactions, ONEOK Partners determines the fair market value of its assets and allocates any unrealized gain or loss attributable to its assets to the capital accounts of its unitholders and its general partner. ONEOK Partners' methodology may be viewed as understating the value of its assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner, which may be unfavorable to such unitholders. Moreover, under ONEOK Partners' current valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to ONEOK Partners' tangible assets and a lesser portion allocated to ONEOK Partners' intangible assets. The IRS may challenge ONEOK Partners' valuation methods or ONEOK Partners' allocation of the Section 743(b) adjustment attributable to ONEOK Partners' tangible and intangible assets, and allocations of income, gain, loss and deduction between the general partner and certain of ONEOK Partners' unitholders.

A successful IRS challenge to these methods or allocations could affect adversely the amount of taxable income or loss being allocated to ONEOK Partners' unitholders. It also could affect the amount of gain from ONEOK Partners unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to ONEOK Partners unitholders' tax returns without the benefit of additional deductions.

ONEOK Partners' treatment of a purchaser of common units as having the same tax benefits as the seller could be challenged, resulting in a reduction in value of the common units.

Because ONEOK Partners cannot match transferors and transferees of common units, ONEOK Partners is required to maintain the uniformity of the economic and tax characteristics of these units in the hands of the purchasers and sellers of these units. ONEOK Partners does so by adopting certain depreciation conventions that do not conform to all aspects of existing United States Treasury regulations. A successful IRS challenge to these conventions could affect adversely the tax benefits to a unitholder of ownership of the common units and could have a negative impact on their value or result in audit adjustments to ONEOK Partners unitholders' tax returns.

Increased regulation of exploration and production activities, including hydraulic fracturing, could result in reductions or delays in drilling and completing new oil and natural gas wells, which could impact adversely ONEOK Partners' revenues by decreasing the volumes of unprocessed natural gas and NGLs transported on its or its joint ventures' natural gas and natural gas liquids pipelines.

The natural gas industry is relying increasingly on natural gas supplies from nonconventional sources, such as shale and tight sands. Natural gas extracted from these sources frequently requires hydraulic fracturing, which involves the pressurized injection of water, sand, and chemicals into the geologic formation to stimulate natural gas production. Recently, there have been initiatives at the federal and state levels to regulate or otherwise restrict the use of hydraulic fracturing, and several states have adopted regulations that impose more stringent permitting, disclosure and well-completion requirements on hydraulic fracturing operations. Legislation or regulations placing restrictions on hydraulic fracturing activities could impose operational delays, increased operating costs and additional regulatory burdens on exploration and production operators, which could reduce their production of unprocessed natural gas and, in turn, adversely affect ONEOK Partners' revenues and results of operations by decreasing the volumes of unprocessed natural gas and NGLs gathered, treated, processed, fractionated and

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transported on ONEOK Partners' or its joint ventures' natural gas and natural gas liquids pipelines, several of which gather unprocessed natural gas and NGLs from areas where the use of hydraulic fracturing is prevalent.

Continued development of new supply sources could impact demand.

The discovery of nonconventional natural gas production areas closer to certain market areas that ONEOK Partners serves may compete with natural gas originating in production areas connected to ONEOK Partners' systems. For example, the Marcellus Shale in Pennsylvania, New York, West Virginia and Ohio may cause natural gas in supply areas connected to ONEOK Partners' systems to be diverted to markets other than its traditional market areas and may affect capacity utilization adversely on ONEOK Partners' pipeline systems and ONEOK Partners' ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows. In addition, supply volumes from these nonconventional natural gas production areas may compete with and displace volumes from the Mid-Continent, Permian, Rocky Mountains and Canadian supply sources in certain of ONEOK Partners' markets. The displacement of natural gas originating in supply areas connected to ONEOK Partners' pipeline systems by these new supply sources that are closer to the end-use markets could result in lower transportation revenues, which could have a material adverse impact on ONEOK Partners' business, financial condition, results of operations and cash flows.

A court may use fraudulent conveyance considerations to avoid or subordinate the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes.

Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use fraudulent conveyance laws to subordinate or avoid the guarantee of certain of ONEOK Partners' senior notes issued the Intermediate Partnership. It is also possible that under certain circumstances, a court could hold that the direct obligations of the Intermediate Partnership could be superior to the obligations under that guarantee.

A court could avoid or subordinate the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes in favor of the Intermediate Partnership's other debts or liabilities to the extent that the court determined either of the following were true at the time the Intermediate Partnership issued the guarantee:

- the Intermediate Partnership incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or the Intermediate Partnership contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or
- the Intermediate Partnership did not receive fair consideration or reasonable equivalent value for issuing the guarantee and, at the time it issued the guarantee, the Intermediate Partnership:
  – was insolvent or rendered insolvent by reason of the issuance of the guarantee;
  – was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital; or
  – intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, an entity would be considered insolvent for purposes of the foregoing if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Among other things, a legal challenge of the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by the Intermediate Partnership as a result of ONEOK Partners' issuance of such senior notes. To the extent the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the holders of such senior notes would cease to have any claim in respect of the guarantee.

ONEOK Partners may be unable to cause its joint ventures to take or not to take certain actions unless some or all of its joint-venture participants agree.

ONEOK Partners participates in several joint ventures. Due to the nature of some of these arrangements, each participant in these joint ventures has made substantial investments in the joint venture and, accordingly, has required that the relevant charter documents contain certain features designed to provide each participant with the opportunity to participate in the management

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of the joint venture and to protect its investment, as well as any other assets that may be substantially dependent on or otherwise affected by the activities of that joint venture. These participation and protective features customarily include a corporate governance structure that requires at least a majority-in-interest vote to authorize many basic activities and requires a greater voting interest (sometimes up to 100 percent) to authorize more significant activities. Examples of these more significant activities are large expenditures or contractual commitments, the construction or acquisition of assets, borrowing money or otherwise raising capital, transactions with affiliates of a joint-venture participant, litigation and transactions not in the ordinary course of business, among others. Thus, without the concurrence of joint-venture participants with enough voting interests, ONEOK Partners may be unable to cause any of its joint ventures to take or not to take certain actions, even though those actions may be in the best interest of ONEOK Partners or the particular joint venture.

Moreover, any joint-venture owner generally may sell, transfer or otherwise modify its ownership interest in a joint venture, whether in a transaction involving third parties or the other joint-venture owners. Any such transaction could result in ONEOK Partners being required to partner with different or additional parties.

ONEOK Partners’ operating cash flow is derived partially from cash distributions it receives from its unconsolidated affiliates.

ONEOK Partners’ operating cash flow is derived partially from cash distributions it receives from its unconsolidated affiliates, as discussed in Note P of the Notes to Consolidated Financial Statements. The amount of cash that ONEOK Partners’ unconsolidated affiliates can distribute principally depends upon the amount of cash flow these affiliates generate from their respective operations, which may fluctuate from quarter to quarter. ONEOK Partners does not have any direct control over the cash distribution policies of its unconsolidated affiliates. This lack of control may contribute to ONEOK Partners’ not having sufficient available cash each quarter to continue paying distributions at its current levels.

Additionally, the amount of cash that ONEOK Partners has available for cash distribution depends primarily upon its cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by noncash items such as depreciation, amortization and provisions for asset impairments. As a result, ONEOK Partners may be able to make cash distributions during periods when it records losses and may not be able to make cash distributions during periods when it records net income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

DESCRIPTION OF PROPERTIES

Natural Gas Gathering and Processing

Property - The Natural Gas Gathering and Processing segment owns the following assets:

- approximately 11,300 miles and 7,400 miles of natural gas gathering pipelines in the Mid-Continent and Rocky Mountain regions, respectively;
- nine natural gas processing plants with approximately 785 MMcf/d of processing capacity in the Mid-Continent region, and 10 natural gas processing plants with approximately 665 MMcf/d of processing capacity in the Rocky Mountain region; and
-

approximately 30 MBbl/d of natural gas liquids fractionation capacity at various natural gas processing plants in the Mid-Continent and Rocky Mountain regions.

As discussed further in “Growth Projects” in the Natural Gas Gathering and Processing segment’s discussion in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, ONEOK Partners also is constructing or plans to construct the following:

- four additional natural gas processing plants in the Rocky Mountain region, which will provide approximately 530 MMcf/d of combined processing capacity;
- projects to increase natural gas compression at existing facilities in the Rocky Mountain region, which will provide approximately 100 MMcf/d of processing capacity; and
- one natural gas processing plant in the Mid-Continent region, with approximately 200 MMcf/d of processing capacity.

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Utilization - The utilization rates for ONEOK Partners' natural gas processing plants were approximately 84 percent and 71 percent for 2014 and 2013, respectively. ONEOK Partners calculates utilization rates using a weighted-average approach, adjusting for the dates that assets were placed in service.

Natural Gas Liquids

Property - The Natural Gas Liquids segment owns the following assets:

- approximately 2,800 miles of non-FERC-regulated natural gas liquids gathering pipelines with peak capacity of approximately 800 MBbl/d;
- approximately 170 miles of non-FERC-regulated natural gas liquids distribution pipelines with peak transportation capacity of approximately 66 MBbl/d;
- approximately 4,270 miles of FERC-regulated natural gas liquids gathering pipelines with peak capacity of approximately 633 MBbl/d;
- approximately 4,100 miles of FERC-regulated natural gas liquids and refined petroleum products distribution pipelines with peak capacity of 900 MBbl/d;
- one natural gas liquids fractionator, located in Oklahoma, with operating capacity of approximately 210 MBbl/d; two natural gas liquids fractionators, located in Kansas, with combined operating capacity of 280 MBbl/d; and two natural gas liquids fractionators, located in Texas, with combined operating capacity of 150 MBbl/d;
- 80 percent ownership interest in one natural gas liquids fractionator in Texas with ONEOK Partners' proportional share of operating capacity of approximately 128 MBbl/d;
- interest in one natural gas liquids fractionator in Kansas with ONEOK Partners' proportional share of operating capacity of approximately 11 MBbl/d;
- one isomerization unit in Kansas with operating capacity of 9 MBbl/d;
- six natural gas liquids storage facilities in Oklahoma, Kansas and Texas with operating storage capacity of approximately 23.2 MMBbl;
- eight natural gas liquids product terminals in Missouri, Nebraska, Iowa and Illinois;
- above- and below-ground storage facilities associated with ONEOK Partners' FERC-regulated natural gas liquids pipeline operations in Iowa, Illinois, Nebraska and Kansas with combined operating capacity of 978 MBbl; and
- one ethane/propane splitter in Texas with operating capacity of 32 MBbl/d of purity ethane and 8 MBbl/d of propane.

In addition, ONEOK Partners leases approximately 2.5 MMBbl of combined NGL storage capacity at facilities in Kansas and Texas and has access to 60 MBbl/d of natural gas liquids fractionation capacity in Texas through a fractionation service agreement.

As discussed further in "Growth Projects" in the Natural Gas Liquids segment's discussion in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, ONEOK Partners also expects to place in service in the first quarter 2015 approximately 95 miles of FERC-regulated distribution pipelines from Hutchinson, Kansas, to Medford, Oklahoma.

ONEOK Partners also has a 25 MBbl/d expansion of its Bakken NGL Pipeline and additional NGL infrastructure for its new natural gas processing plants in the Rocky Mountain region in various stages of construction.

Utilization - The utilization rates for ONEOK Partners' various assets, including leased assets, for 2014 and 2013, respectively, were as follows:

- its non-FERC-regulated natural gas liquids gathering pipelines were approximately 62 percent and 69 percent;
- its FERC-regulated natural gas liquids gathering pipelines were approximately 79 percent and 71 percent;
- its FERC-regulated natural gas liquids distribution pipelines were approximately 47 percent and 58 percent;
- its natural gas liquids fractionators were approximately 70 percent and 78 percent; and
-

its average contracted natural gas liquids storage volumes were approximately 69 percent and 72 percent of storage capacity.

ONEOK Partners calculates utilization rates using a weighted-average approach, adjusting for the dates that assets were placed in service. ONEOK Partners' fractionation utilization rate reflects approximate proportional capacity associated with its ownership interests.

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Natural Gas Pipelines

Property - The Natural Gas Pipelines segment owns the following assets:

- approximately 1,500 miles of FERC-regulated interstate natural gas pipelines with approximately 3.2 Bcf/d of peak transportation capacity;
- approximately 5,200 miles of state-regulated intrastate transmission pipelines with peak transportation capacity of approximately 3.2 Bcf/d; and
- approximately 51.7 Bcf of total active working natural gas storage capacity.

ONEOK Partners' storage includes four underground natural gas storage facilities in Oklahoma, two underground natural gas storage facilities in Kansas and two underground natural gas storage facilities in Texas.

Utilization - ONEOK Partners' natural gas pipelines were approximately 91 percent subscribed in 2014 and 90 percent subscribed in 2013, and its natural gas storage facilities were 76 percent subscribed in 2014 and 92 percent subscribed in 2013.

Other

Property - We own the 17-story ONEOK Plaza office building, with approximately 505,000 square feet of net rentable space, and an associated parking garage.

ITEM 3. LEGAL PROCEEDINGS

Gas Index Pricing Litigation - We, ONEOK Energy Services Company, L.P. (OESC) and one other affiliate are defending, either individually or together, against the following lawsuits that claim damages resulting from the alleged market manipulation or false reporting of prices to gas index publications by us and others: Sinclair Oil Corporation v. ONEOK Energy Services Corporation, L.P., et al. (filed in the United States District Court for the District of Wyoming in September 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); Reorganized FLI, Inc. (formerly J.P. Morgan Trust Company) v. ONEOK, Inc., et al. (filed in the District Court of Wyandotte County, Kansas, in October 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); Learjet, Inc., et al. v. ONEOK, Inc., et al. (filed in the District Court of Wyandotte, Kansas, in November 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); Arandell Corporation, et al. v. Xcel Energy, Inc., et al. (filed in the Circuit Court for Dane County, Wisconsin, in December 2006, transferred to MDL-1566 in the United States District Court for the District of Nevada); Heartland Regional Medical Center, et al. v. ONEOK, Inc., et al. (filed in the Circuit Court of Buchanan County, Missouri, in March 2007, transferred to MDL-1566 in the United States District Court for the District of Nevada); NewPage Wisconsin System v. CMS Energy Resource Management Company, et al. (filed in the Circuit Court for Wood County, Wisconsin, in March 2009, transferred to MDL-1566 in the United States District Court for the District of Nevada and now consolidated with the Arandell case). In each of these lawsuits, the plaintiffs allege that we, OESC and one other affiliate and approximately ten other energy companies and their affiliates engaged in an illegal scheme to inflate natural gas prices by providing false information to gas price index publications. All of the complaints arise out of a CFTC investigation into and reports concerning false gas price index-reporting or manipulation in the energy marketing industry during the years from 2000 to 2002.

On July 18, 2011, the trial court granted judgments in favor of ONEOK, Inc., OESC and other unaffiliated entities in the following cases: Reorganized FLI, Learjet, Arandell, Heartland, and NewPage. The court also granted judgment in favor of OESC on all state law claims asserted in the Sinclair case. On August 18, 2011, the trial court entered an order approving a stipulation by the plaintiffs and our affiliate, Kansas Gas Marketing Company ("KGMC"), for a dismissal without prejudice of the plaintiffs' claims against KGMC in the Learjet and Heartland cases.

On April 10, 2013, the United States Court of Appeals for the Ninth Circuit reversed the summary judgments that had been granted in favor of ONEOK, OESC and other unaffiliated defendants in the following cases: Reorganized FLI, Learjet, Arandell, Heartland and NewPage. The Ninth Circuit also reversed the summary judgment that had been granted in favor of OESC on all state law claims asserted in the Sinclair case. The Ninth Circuit remanded the cases back to the United States District Court for the District of Nevada for further proceedings. ONEOK, OESC and the other unaffiliated defendants filed a Petition for Writ of Certiorari with the United States Supreme Court on August 26, 2013. The Ninth Circuit has ordered the cases stayed until final disposition of the Petition for Writ of Certiorari. On July 1, 2014, the United States Supreme Court granted the Petition for Writ of Certiorari. Oral arguments were heard by the United States Supreme Court on January 12, 2015, and we expect a decision by mid-2015.

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Because of the uncertainty surrounding the Gas Index Pricing Litigation, including an insufficient description of the purported classes and other related matters, we cannot reasonably estimate a range of potential exposures at this time. However, it is reasonably possible that the ultimate resolution of these matters could result in future charges that may be material to our results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION AND HOLDERS

Our common stock is listed on the NYSE under the trading symbol "OKE." The corporate name ONEOK is used in newspaper stock listings. The following table sets forth the high and low closing prices of our common stock for the periods indicated:

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	High	Low	High	Low
First Quarter	$68.49	$57.78	$48.17	$44.00
Second Quarter	$68.08	$58.48	$52.13	$41.16
Third Quarter	$70.98	$62.03	$54.14	$40.00
Fourth Quarter	$64.72	$44.30	$62.18	$52.54

At February 17, 2015, there were 14,830 holders of record of our 208,400,547 outstanding shares of common stock.

DIVIDENDS

The following table sets forth the quarterly dividends declared and paid per share of our common stock during the periods indicated:

	Years Ended December 31,		
	2014	2013	2012
First Quarter	$0.40	$0.36	$0.305
Second Quarter	$0.56	$0.36	$0.305
Third Quarter	$0.575	$0.38	$0.33
Fourth Quarter	$0.59	$0.38	$0.33
Total	$2.125	$1.48	$1.27

In January 2015, we declared a dividend of $0.605 per share ($2.42 per share on an annualized basis), which was paid on February 13, 2015, to shareholders of record as of January 30, 2015.

ISSUER PURCHASES OF EQUITY SECURITIES

We repurchased no shares of our common stock for the year ended December 31, 2014. The repurchase program, authorized by our Board of Directors in October 2010, terminated on December 31, 2013. As of December 31, 2014, we have no authorization to repurchase shares.

EMPLOYEE STOCK AWARD PROGRAM

Under our Employee Stock Award Program, we issued, for no monetary consideration, to all eligible employees one share of our common stock when the per-share closing price of our common stock on the NYSE was for the first time at or above $13 per share. Shares issued to employees under this program during 2014 totaled 49,864, and compensation expense related to the Employee Stock Award Plan was $2.1 million. Shares issued to employees under this program during 2013 totaled 63,975, and compensation expense related to the Employee Stock Award Plan was $3.6 million. For 2012, the number of shares issued under this program totaled 42,467, and compensation expense related to the Employee Stock Award Plan was $1.9 million.

The total number of shares of our common stock available for issuance under this program is 900,000. The shares issued under this program have not been registered under the Securities Act, in reliance upon the position taken by the SEC (see Release No. 6188, dated February 1, 1980) that the issuance of shares to employees pursuant to a program of this kind does not require registration under the Securities Act. See Note M of the Notes to Consolidated Financial Statements in this Annual Report for additional information about the employee stock award program and other equity compensation plans.

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PERFORMANCE GRAPH

The following performance graph compares the performance of our common stock with the S&P 500 Index, the Alerian MLP Index and a ONEOK Peer Group during the period beginning on December 31, 2009, and ending on December 31, 2014. We have determined that the Alerian MLP Index is a more appropriate comparison than the S&P 500 Utilities Index due to the separation of our former natural gas distribution business. We have also updated our peer group to both reflect the separation of our former natural gas distribution business and an updated assessment of appropriate industry peers. Both the S&P 500 Utilities Index and the previous peer group are included in the performance graph for comparative purposes.

The graph assumes a $100 investment in our common stock and in each of the indices at the beginning of the period and a reinvestment of dividends paid on such investments throughout the period.

Value of $100 Investment Assuming Reinvestment of Dividends at December 31, 2009,
and at the End of Every Year Through December 31, 2014, among ONEOK, Inc., the S&P 500 Index,
the Alerian MLP Index, the S&P 500 Utilities Index and a ONEOK Peer Group

	Cumulative Total Return				
	Years Ended December 31,				
	2010	2011	2012	2013	2014
ONEOK, Inc.	$129.37	$208.46	$211.67	$316.83	$299.93
S&P 500 Index	$115.08	$117.47	$136.24	$180.33	$204.96
S&P 500 Utilities Index (a)	$105.49	$126.43	$128.06	$145.04	$186.97
2013 ONEOK Peer Group (b)	$120.97	$144.12	$147.03	$184.10	$223.11
2014 ONEOK Peer Group (c)	$124.10	$145.00	$153.80	$209.70	$230.60
Alerian MLP Index (d)	$135.63	$154.39	$161.84	$206.50	$216.35

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(a) - The Standard & Poors 500 Utilities Index is comprised of the following companies: AES Corp.; AGL Resource, Inc.; Ameren Corp.; American Electric Power Co., Inc.; Centerpoint Energy, Inc.; CMS Energy Corp.; Consolidated Edison, Inc.; Dominion Resources, Inc.; DTE Energy Co.; Duke Energy Corp.; Edison International; Entergy Corp.; Exelon Corp.; FirstEnergy Corp.; Integrys Energy Group, Inc.; NextEra Energy, Inc.; NiSource, Inc.; Northeast Utilities; NRG Energy, Inc.; Pepco Holdings, Inc.; PG&E Corp.; Pinnacle West Capital Corp.; PPL Corp.; Public Service Enterprise Group, Inc.; SCANA Corp.; Sempra Energy; Southern Co.; TECO Energy, Inc.; Wisconsin Energy Corp.; and Xcel Energy, Inc.
(b) - The 2013 ONEOK Peer Group is comprised of the following companies: AGL Resources, Inc.; Atmos Energy Corp.; Centerpoint Energy, Inc.; DCP Midstream Partners, L.P.; Enbridge, Inc.; Enterprise Products Partners, L.P.; Energy Transfer Partners, L.P.; Kinder Morgan Energy Partners, L.P.; National Fuel Gas Co.; New Jersey Resources Corp.; NiSource, Inc.; OGE Energy Corp.; Piedmont Natural Gas Company, Inc.; Sempra Energy; Spectra Energy Corp.; Southwest Gas Corp.; TransCanada; UGI Corp.; Vectren Corp.; WGL Holdings, Inc.; and Wisconsin Energy Corp.
(c) - The 2014 ONEOK Peer Group is comprised of the following companies: Boardwalk Pipeline Partners, LP; Buckeye Partners L.P.; CenterPoint Energy, Inc.; Energy Transfer Partners, L.P; EQT Corporation; Magellan Midstream Partners, L.P; MarkWest Energy Partners, L.P.; MDU Resources Group, Inc.; National Fuel Gas Company; NiSource Inc.; NuStar Energy L.P.; OGE Energy Corp.; Plains All American Pipeline, L.P.; Sempra Energy; Spectra Energy Corp.; Targa Resource Partners LP; and The Williams Companies, Inc.
(d) - The Alerian MLP Index is comprised of the following companies: Access Midstream Partners L.P.; Altas Pipeline Partners L.P.; AmeriGas Partners L.P.; Alliance Resource Partners L.P.; Atlas Resource Partners L.P.; Breitburn Energy Partners L.P.; Buckeye Partners L.P.; Calumet Specialty Products Partners L.P.; Crestwood Midstream Partners L.P.; DCP Midstream Partners L.P.; Enbridge Energy Partners L.P.; Enable Midstream Partners L.P.; EnLink Midstream Partners L.P.; Enterprise Products Partners L.P.; EQT Midstream Partners L.P.; Energy Transfer Partners L.P.; EV Energy Partners L.P.; Ferrellgas Partners L.P.; Genesis Energy L.P; Golar LNG Partners L.P.; Hi-Crush Partners L.P.; Legacy Reserves L.P.; Linn Energy L.L.C.; Memorial Production Partners L.P.; Martin Midstream Partners L.P.; Magellan Midstream Partners L.P.; MPLX L.P.; MarkWest Energy Partners L.P.; NGL Energy Partners L.P.; Targa Resources Partners L.P.; Navios Maritime Partners L.P.; Natural Resources Partners L.P.; NuStar Energy L.P; Oiltanking Partners L.P.; Plains All American Pipeline L.P; Phillips 66 Partners L.P.; Regency Energy Partners L.P.; Seadrill Partners L.L.C.; Spectra Energy Partners L.P.; Suburban Propane Partners L.P.; Sunoco Logistics Partners L.P.; TC Pipelines L.P.; Teekay LNG Partners L.P.; Tesoro Logistics L.P.; Teekay Offshore Partners L.P.; Valero Energy Partners L.P.; Vanguard Natural Resources L.L.C.; Western Gas Partners L.P.; Williams Partners L.P.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data for each of the periods indicated:

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(Millions of dollars except per share amounts)				
Revenues	$12,195.1	$11,871.9	$10,184.1	$11,325.0	$8,678.6
Income from continuing operations	$668.7	$589.1	$677.7	$644.9	$349.8
Income from continuing operations attributable to ONEOK	$319.7	$278.7	$294.8	$245.8	$143.1
Net income attributable to ONEOK	$314.1	$266.5	$360.6	$360.6	$334.6
Total assets	$15,304.6	$17,741.5	$15,901.0	$13,707.5	$12,570.1
Long-term debt, including current maturities	$7,203.6	$7,764.3	$6,524.7	$4,892.1	$4,327.6
Earnings per share - continuing operations					
Basic	$1.53	$1.35	$1.43	$1.17	$0.67
Diluted	$1.52	$1.33	$1.40	$1.15	$0.66

Earnings per share - total					
Basic	$1.50	$1.29	$1.75	$1.72	$1.57
Diluted	$1.49	$1.27	$1.71	$1.68	$1.55
Dividends declared per common share	$2.125	$1.48	$1.27	$1.08	$0.91

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Item 1, Business, our audited Consolidated Financial Statements and the Notes to Consolidated Financial Statements in this Annual Report.

RECENT DEVELOPMENTS

The following discussion highlights some of our planned activities, recent achievements and significant issues affecting us. Due to the separation of our former natural gas distribution business on January 31, 2014, the wind down of our former energy services business on March 31, 2014, and the subsequent reporting of such businesses as discontinued operations, income from

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continuing operations reflects the continuing operations of ONEOK Partners and of ONEOK as its general partner. All references to income as used in Management's Discussion and Analysis of Financial Condition and Results of Operations refer to income from continuing operations. Please refer to the "Financial Results and Operating Information," and "Liquidity and Capital Resources" sections of Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and Notes to Consolidated Financial Statements in this Annual Report for additional information.

Separation of Natural Gas Distribution Business - In January 2014, our board of directors unanimously approved the separation of our natural gas distribution business into a stand-alone publicly traded company called ONE Gas, which was completed on January 31, 2014. ONEOK shareholders of record at the close of business on January 21, 2014, retained their current shares of ONEOK stock and received one share of ONE Gas stock for every four shares of ONEOK stock owned in a transaction that was tax-free to ONEOK and its shareholders. Our natural gas distribution business, which generated operating income of $47.5 million in January 2014, was classified as discontinued operations on January 31, 2014. We also incurred $23.0 million of after-tax costs associated with the separation for the year ended December 31, 2014, that have been recorded in income (loss) from discontinued operations. See additional discussion in Note B to the Consolidated Financial Statements included in this Annual Report.

In connection with the separation, we received a cash payment of approximately $1.13 billion from ONE Gas and used the proceeds to repay all of our outstanding commercial paper and to retire approximately $552.5 million of long-term debt. As a result of the early retirement of long-term debt, we incurred a loss on extinguishment of approximately $24.8 million, which is included in other expense, and reclassified losses to interest expense of approximately $7.7 million due to the discontinuance of cash flow hedge accounting for the related interest-rate swaps. We also amended and restated our ONEOK Credit Agreement effective January 31, 2014, to reduce the size of the facility to $300 million from $1.2 billion and recorded a charge to interest expense of approximately $2.9 million related to amortization of previous credit agreement issuance costs.

Wind Down of Energy Services Business - We completed the wind down of our energy services business, which ceased operations on March 31, 2014, and was classified as discontinued operations. See additional discussion in Note B to the Consolidated Financial Statements included in this Annual Report.

Change in Reportable Segments - Following the separation of our natural gas distribution business into ONE Gas and the wind down of our energy services business, our chief operating decision maker reviews the financial performance of each of the three segments of ONEOK Partners on a regular basis to assess the performance of, and allocate resources to, ONEOK Partners. As a result, our reportable segments have changed to reflect the three business segments of ONEOK Partners. We have reflected the change in reporting segments for all periods presented. See also Note S to the Consolidated Financial Statements included in this Annual Report for additional information.

Ownership of ONEOK Partners - ONEOK and its subsidiaries own all of the general partner interest and certain limited partner interests, which, together, represented a 37.8 percent ownership interest at December 31, 2014, in ONEOK Partners, one of the largest publicly traded master limited partnerships.

Commodity Prices - Due in part to the rapid growth in crude oil production in the United States, the global supply of crude oil has exceeded demand and led to a dramatic fall in crude oil prices. Commodity prices declined sharply in the fourth quarter 2014 and continued to decline into early 2015. WTI crude oil prices declined to less than $50.00 per barrel in early 2015, compared with approximately $90.00 per barrel in September 2014. NYMEX natural gas prices also declined to approximately $3.00 per MMBtu in early 2015, compared with prices in excess of $4.00 per MMBtu in September 2014. The decline in crude oil prices has also contributed to lower NGL product prices, as well as narrow NGL product price differentials.

We expect lower commodity prices and narrow location and product price differentials to persist throughout 2015. Producer capital investment is expected to decrease, which combined with natural production declines and reduced drilling activity, is expected to slow natural gas and NGL supply growth. The lower commodity prices and slower supply growth are expected to adversely impact ONEOK Partners' and our results of operations and cash flows in 2015, particularly in the Natural Gas Gathering and Processing segment where revenues are derived primarily from commodity-based contracts with fee components.

We continue to expect that natural gas liquids volumes will be affected negatively in the Natural Gas Liquids segment as a result of ethane rejection. We expect ethane rejection will persist until new world-scale ethylene production capacity begins coming on line, which is anticipated to be in 2017. Market conditions may result in periods where it is economical to recover the ethane component in the natural gas liquids stream. Ethane rejection is expected to have a significant impact on our financial results through 2017. However, the Natural Gas Liquids segment's integrated assets enable it to mitigate partially the

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impact of ethane rejection through minimum volume commitments and its ability to utilize the transportation capacity made available due to ethane rejection to capture additional NGL location price differentials in its optimization activities.

ONEOK Partners' Growth Projects - Through 2014, crude oil and natural gas producers continued to drill aggressively for crude oil and NGL-rich natural gas in many regions where ONEOK Partners has operations, including the Bakken Shale and Three Forks formations in the Williston Basin; the Niobrara Shale and other formations in the Powder River Basin; and in the Cana-Woodford Shale, Woodford Shale, Mississippian Lime, Springer Shale, Stack and SCOOP areas in the Mid-Continent region. In response to this increased production of crude oil, natural gas and NGLs, and higher demand for NGL products from the petrochemical industry, ONEOK Partners has completed growth projects and acquisitions totaling approximately $5.9 billion from 2010 through 2014 and has approximately $2.1 billion to $3.0 billion of projects in various stages of construction, including approximately $2.2 billion in new projects and acquisitions announced in 2014, to meet the needs of natural gas producers and processors in these regions, as well as enhance its natural gas liquids fractionation, distribution and storage infrastructure in the Gulf Coast region. The execution of these capital investments aligns with ONEOK Partners' strategy to generate consistent growth and sustainable earnings. Acreage dedications and contractual commitments from producers and natural gas processors in regions associated with ONEOK Partners' growth projects are expected to provide incremental cash flows and long-term fee-based earnings.

While reduced producer drilling activity is expected to slow supply growth, ONEOK Partners expects to complete its previously announced projects to meet producers' demand for its gathering, processing fractionation and transportation services. However, ONEOK Partners has suspended capital expenditures for certain natural gas processing plants and related infrastructure to align with the needs of its customers. ONEOK Partners expects to resume its suspended capital-growth projects as soon as market conditions improve. If the current commodity price environment persists for a prolonged period, it may impact the timing or demand for additional infrastructure projects or growth opportunities in the future.

See discussion of ONEOK Partners' growth projects in the "Financial Results and Operating Information" section in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

West Texas LPG - In November 2014, ONEOK Partners acquired the West Texas LPG system for approximately $800 million. See additional discussion in the "Financial Results and Operating Information" section in the Natural Gas Liquids segment.

Bighorn Gas Gathering Impairment Charge - As a result of the continued decline in dry natural gas volumes gathered in the coal-bed methane area of the Powder River Basin and the operator recording an impairment of the underlying assets of Bighorn Gas Gathering in September 2014, ONEOK Partners reviewed its equity method investment in Bighorn Gas Gathering as of September 30, 2014, and recorded noncash impairment charges totaling $76.4 million. See additional discussion in the "Financial Results and Operating Information" section in the Natural Gas Gathering and Processing segment.

Dividends/Distributions - During 2014, we paid dividends totaling $2.125 per share, an increase of approximately 44 percent over the $1.48 per share paid during 2013. We declared a quarterly dividend of $0.605 per share ($2.42 per share on an annualized basis) in January 2015, an increase of approximately 51 percent over the $0.40 declared in January 2014. During 2014, ONEOK Partners paid cash distributions totaling $3.01 per unit, an increase of approximately 5 percent from the $2.87 per unit paid during 2013. ONEOK Partners paid total cash distributions to us in 2014 of $605.3 million, which includes $279.3 million resulting from our limited-partner interest and $326.0 million related to our general partner interest. A cash distribution from ONEOK Partners of $0.79 per unit ($3.16 per unit on an annualized basis) was declared in January 2015, an increase of approximately 8 percent from the $0.73

declared in January 2014.

ONEOK Partners Equity Issuances - In May 2014, ONEOK Partners completed an underwritten public offering of approximately 13.9 million common units at a public offering price of $52.94 per common unit, generating net proceeds of approximately $714.5 million. In conjunction with this issuance, we contributed approximately $15.0 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds to repay commercial paper, fund its capital expenditures and for general partnership purposes.

During 2014, ONEOK Partners sold approximately 7.9 million common units through its “at-the-market” equity program. Net cash proceeds, including our contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $402.1 million, which were used for general partnership purposes.

As a result of these transactions, our aggregate ownership interest in ONEOK Partners decreased to 37.8 percent at December 31, 2014, compared with 41.2 percent at December 31, 2013.

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See Note Q of the Notes to Consolidated Financial Statements in this Annual Report for a discussion of ONEOK Partners' issuance of common units and distributions to noncontrolling interests.

FINANCIAL RESULTS AND OPERATING INFORMATION

Consolidated Operations

Selected Financial Results - The following table sets forth certain selected financial results for the periods indicated:

Financial Results	Years Ended December 31, 2014	2013	2012	Variances 2014 vs. 2013 Increase (Decrease)		Variances 2013 vs. 2012 Increase (Decrease)	
	(Millions of dollars)						
Revenues							
Commodity sales	$10,725.0	$10,549.2	$9,010.2	$175.8	2 %	$1,539.0	17 %
Services	1,470.1	1,322.7	1,173.9	147.4	11 %	148.8	13 %
Total revenues	12,195.1	11,871.9	10,184.1	323.2	3 %	1,687.8	17 %
Cost of sales and fuel	10,088.5	10,222.2	8,540.3	(133.7)	(1)%	1,681.9	20 %
Net margin	2,106.6	1,649.7	1,643.8	456.9	28 %	5.9	— %
Operating costs	674.9	541.7	491.7	133.2	25 %	50.0	10 %
Depreciation and amortization	294.7	239.3	205.3	55.4	23 %	34.0	17 %
Gain (loss) on sale of assets	6.6	11.9	6.7	(5.3)	(45)%	5.2	78 %
Operating income	$1,143.6	$880.6	$953.5	$263.0	30 %	$(72.9)	(8)%
Equity earnings from investments	$41.0	$110.5	$123.0	$(69.5)	(63)%	$(12.5)	(10)%
Interest expense	$(356.2)	$(270.6)	$(237.6)	$85.6	32 %	$33.0	14 %
Income from continuing operations	$668.7	$589.1	$677.7	$79.6	14 %	$(88.6)	(13)%
Income (loss) and gain on sales of discontinued operations, net of tax	$(5.6)	$(12.1)	$65.8	$6.5	54 %	$(77.9)	*
Net income attributable to noncontrolling interests	$349.0	$310.4	$382.9	$38.6	12 %	$(72.5)	(19)%
Net income attributable to ONEOK	$314.1	$266.5	$360.6	$47.6	18 %	$(94.1)	(26)%
Capital expenditures (a)	$1,779.2	$2,256.6	$1,866.2	$(477.4)	(21)%	$390.4	21 %

* Percentage change is greater than 100 percent.

(a) - Includes capital expenditures of discontinued operations of $23.9 million, $292.1 million and $280.3 million for the years ended December 31, 2014, 2013 and 2012, respectively.

2014 vs. 2013 - Revenues and net margin for 2014, compared with 2013, increased due primarily to higher volumes across ONEOK Partners' systems. ONEOK Partners' new natural gas processing plants in the Williston Basin and Mid-Continent region resulted in increased natural gas volumes gathered, processed and sold in the Natural Gas Gathering and Processing segment, and combined with third-party plant connections, increased NGL volumes transported in the Natural Gas Liquids segment's exchange-services business. ONEOK Partners experienced increased optimization, marketing and isomerization margins from wider realized NGL product price differentials in 2014, compared to 2013, primarily related to increased weather-related seasonal demand for propane during the first quarter 2014 and wider realized NGL product price differential between normal butane and iso-butane. The Natural Gas Pipelines segment also experienced higher transportation revenues, primarily from increased rates and higher contracted capacity and higher storage revenues from park-and-loan activity. These margin increases were offset partially by the impact of ethane rejection in the Natural Gas Liquids segment and lower contracted storage capacity in the Natural Gas Pipelines segment.

Operating costs and depreciation and amortization expense increased for 2014, compared with 2013, due primarily to the growth of ONEOK Partners' operations related to the completed capital projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

Equity earnings decreased for 2014, compared with 2013, due primarily to noncash impairment charges totaling $76.4 million related to ONEOK Partners' equity method investment in Bighorn Gas Gathering in the Natural Gas Gathering and Processing segment.

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Interest expense increased for 2014, compared with 2013, primarily as a result of higher interest costs incurred associated with a full year of interest costs on ONEOK Partners' issuance of $1.25 billion of senior notes in September 2013.

Net income attributable to noncontrolling interests, which reflects primarily the portion of ONEOK Partners that we do not own, increased for 2014, compared with 2013, due primarily to the changes in earnings at ONEOK Partners.

Capital expenditures decreased for 2014, compared with 2013, due primarily to decreased capital expenditures due to the separation of ONE Gas and lower ONEOK Partners capital expenditures due to the timing of expenditures related to growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments. In 2014, ONEOK Partners also completed the West Texas LPG acquisition for approximately $800 million compared with the 2013 Sage Creek and Maysville acquisitions totaling approximately $395 million.

Additional information regarding the financial results and operating information is provided in the following discussion for each of the segments.

2013 vs. 2012 - Revenues and net margin for 2013, compared with 2012, increased due primarily to higher natural gas and NGL volumes gathered, processed and sold from completed capital projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments, offset partially by lower net realized natural gas and NGL product prices, and ethane rejection. The increase in natural gas supply resulting from the development of nonconventional resource areas in North America contributed to lower NGL product prices, narrower NGL location price differentials and narrower natural gas location and seasonal price differentials in the markets ONEOK Partners serves, compared with 2012. However, in December 2013, the price of propane increased significantly, and the differential between the Conway, Kansas, and Mont Belvieu, Texas, markets for propane also widened in favor of Conway, Kansas, due to colder than normal weather and lower propane inventory levels. The price of propane in the Mid-Continent market and the wider location price differentials between the Mid-Continent and Gulf Coast centers peaked in late January 2014 and moderated by the end of February 2014 as supply and demand rebalanced.

NGL location price differentials were significantly narrower between the Mid-Continent market center at Conway, Kansas, and the Gulf Coast market center at Mont Belvieu, Texas, for 2013, compared with 2012, due primarily to strong NGL production growth from the development of NGL-rich areas, exceeding the petrochemical industry's capacity to consume the increased supply resulting in higher ethane inventory levels at Mont Belvieu. Additionally, an unusually long maintenance outage season in the petrochemical industry during 2013 reduced ethane demand, which also contributed to the higher ethane inventory levels.

The differential between the composite price of NGL products and the price of natural gas, particularly the differential between ethane and natural gas, influenced the volume of NGLs recovered from natural gas processing plants. The low ethane prices resulted in ethane rejection at most of ONEOK Partners' natural gas processing plants and its customers' natural gas processing plants connected to its natural gas liquids system in the Mid-Continent and Rocky Mountain regions during 2013.

Operating costs and depreciation and amortization expense increased for 2013, compared with 2012, due primarily to the growth of ONEOK Partners' operations related to the completed capital projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

Interest expense increased in 2013, compared with 2012, primarily as a result of higher interest costs incurred associated with a full year of interest costs on ONEOK Partners' issuance of $1.3 billion of senior notes in September 2012 and interest costs on ONEOK Partners' issuance of $1.25 billion of senior notes in September 2013. This was offset partially by higher capitalized interest associated with the investments in ONEOK Partners' growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

Net income attributable to noncontrolling interests reflects primarily the earnings of ONEOK Partners attributable to the portion of ONEOK Partners that we do not own.

Income from discontinued operations for 2013, compared with 2012, decreased due primarily to $138.6 million in noncash charges related to the wind down of our former energy services business from the release of a significant portion of its natural gas transportation and storage contracts to third parties. Net income from discontinued operations for 2013 also reflects approximately $9.4 million in costs incurred related to the separation of the natural gas distribution business.

Capital expenditures increased for 2013, compared with 2012, due primarily to the growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments. In 2013, ONEOK Partners also acquired a business in the Niobrara Shale formation of the Power River Basin and purchased the remaining 30 percent interest in the Maysville, Oklahoma, natural gas processing facility.

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Additional information regarding our results of operations is provided in the following discussion of operating results for each of our segments.

Natural Gas Gathering and Processing

Growth Projects - Beginning in 2010, the Natural Gas Gathering and Processing segment has invested approximately $4.0 billion to $4.7 billion in growth projects in NGL-rich areas in the Williston Basin, the Powder River Basin, the Cana-Woodford Shale, the Springer Shale, the Stack and the SCOOP areas that ONEOK Partners expects will enable it to meet the rapidly growing needs of crude oil and natural gas producers in those areas. Nearly all of the new natural gas production is from horizontally drilled and completed wells in nonconventional resource areas. These wells tend to produce volumes at higher initial production rates resulting generally in higher initial decline rates than conventional vertical wells; however, the decline rates flatten out over time. These wells are expected to have long productive lives.

ONEOK Partners has completed approximately $2.2 billion of the growth projects and acquisitions in this segment from 2010 through 2014, which include the following:

Completed Projects	Location	Capacity	Approximate Costs (a) (In millions)	Completion Date
Rocky Mountain Region				
Garden Creek I processing plant and infrastructure	Williston Basin	100 MMcf/d	$360	December 2011
Stateline I & II processing plants and infrastructure	Williston Basin	200 MMcf/d	$565	September 2012/April 2013
Divide County gathering system	Williston Basin	270 miles	$125	June 2013
Sage Creek processing plant and infrastructure (b)	Powder River Basin	50 MMcf/d	$152	September 2013
Garden Creek II processing plant and infrastructure	Williston Basin	100 MMcf/d	$300 - $310	August 2014
Garden Creek III processing plant and infrastructure	Williston Basin	100 MMcf/d	$300 - $310	October 2014
Mid-Continent Region				
30 percent interest in Maysville processing plant (b)	Cana-Woodford Shale	40 MMcf/d	$90	December 2013
Canadian Valley processing plant and infrastructure	Cana-Woodford Shale	200 MMcf/d	$255	March 2014
Total			$2,147 - $2,167	

(a) Excludes AFUDC.
(b) Acquisition.

ONEOK Partners has the following natural gas processing plants and related infrastructure in various stages of construction:

Projects in Progress	Location	Capacity	Approximate Costs (a) (In millions)	Expected Completion Date
Rocky Mountain Region				
Sage Creek infrastructure		Various	$50	Fourth quarter 2015

	Powder River Basin			
Natural gas compression	Williston Basin	100 MMcf/d	$80-$100	Fourth quarter 2015
Lonesome Creek processing plant and infrastructure	Williston Basin	200 MMcf/d	$550-$680	Fourth quarter 2015
Stateline De-ethanizers	Williston Basin	26 MBbl/d	$60 - $80	Fourth quarter 2015
Bear Creek processing plant and infrastructure	Williston Basin	80 MMcf/d	$230-$330	Third quarter 2016
Bronco processing plant and infrastructure	Powder River Basin	50 MMcf/d	$130-$200	Suspended
Demicks Lake processing plant and infrastructure	Williston Basin	200 MMcf/d	$475-$670	Suspended
Mid-Continent Region				
Knox processing plant and infrastructure	SCOOP	200 MMcf/d	$240-$470	Suspended
Total			$1,815-$2,580	

(a) Excludes AFUDC.

As a result of announced reductions in crude oil and natural gas drilling activities by producers and the expectation of slower supply growth due to the recent decline in crude oil, natural gas and NGL prices, ONEOK Partners has suspended capital expenditures for certain natural gas processing plants and field infrastructure. ONEOK Partners expects to resume its suspended capital-growth projects as soon as market conditions improve. If the current commodity price environment persists for a prolonged period, it may further impact the timing or demand for these projects and additional infrastructure projects or growth opportunities in the future.

Rocky Mountain Region:

Williston Basin Processing Plants and related projects - ONEOK Partners is constructing natural gas gathering and processing assets in the Williston Basin to meet the growing needs of crude oil and natural gas producers. When its announced projects are completed, it will have natural gas processing capacity of approximately 1.2 Bcf/d in the basin. ONEOK Partners has acreage dedications of approximately 3 million net acres supporting these projects.

Garden Creek II Plant - The Garden Creek II natural gas processing plant was completed in August 2014.

Garden Creek III Plant - The Garden Creek III natural gas processing plant, originally scheduled for completion in the first quarter 2015, was completed in October 2014.

Natural Gas Compression - In July 2014, ONEOK Partners announced it will construct additional natural gas compression across its Williston Basin system to take advantage of additional natural gas processing capacity at its Garden Creek and Stateline facilities by a total of 100 MMcf/d.

Lonesome Creek Plant - In November 2013, ONEOK Partners announced it will construct the Lonesome Creek natural gas processing plant and related infrastructure, which will be located in McKenzie County, North Dakota. The plant and infrastructure will help address natural gas gathering and processing constraints in the region.

Stateline De-ethanizers - ONEOK Partners plans to construct de-ethanizer towers at its Stateline natural gas processing plants, located in Williams County, North Dakota. Once completed, the de-ethanizer towers will remove ethane from the natural gas stream, which we expect to then be sold under a long-term, fee-based contract to a customer who plans to transport the ethane on a third-party pipeline.

Bear Creek Plant - In September 2014, ONEOK Partners announced it will construct the Bear Creek natural gas processing plant and related infrastructure, which will be located in Dunn County, North Dakota. The plant and infrastructure will help alleviate pipeline inefficiencies in an area challenged by geographical constraints and severe terrain.

Demicks Lake Plant - In July 2014, ONEOK Partners announced it will construct the Demicks Lake natural gas processing plant and related infrastructure, which will be located in northeast McKenzie County, North Dakota, to help further address natural gas gathering and processing constraints in the region.

Powder River Basin - ONEOK Partners is constructing natural gas gathering and processing assets in the NGL-rich areas of the Powder River Basin, a region poised for significant growth in natural gas and NGL production volumes. ONEOK Partners has acreage dedications of approximately 130,000 net acres supporting these projects.

Sage Creek Plant - In September 2013, ONEOK Partners completed the acquisition of a 50 MMcf/d natural gas processing facility, the Sage Creek plant, and related natural gas gathering and natural gas liquids infrastructure. ONEOK Partners plans to upgrade existing natural gas processing infrastructure and construct new natural gas gathering infrastructure to meet the growing production of NGL-rich natural gas in this area. ONEOK Partners has supply contracts providing for long-term acreage dedications from producers in the area supporting this project.

Bronco Plant - In September 2014, ONEOK Partners announced it will construct the Bronco natural gas processing plant and related natural gas gathering and natural gas liquids infrastructure in Campbell and Converse counties, Wyoming.

Mid-Continent Region:

Cana-Woodford Shale, Woodford Shale, Springer Shale, Stack and SCOOP areas - ONEOK Partners is constructing natural gas gathering and processing assets to meet the growing production of NGL-rich natural gas in the Cana-Woodford Shale, Woodford Shale, Springer Shale, Stack and SCOOP areas. When the announced projects are completed, ONEOK Partners' Oklahoma natural gas processing capacity will be approximately 900 MMcf/d. ONEOK Partners has substantial acreage dedications from crude oil and natural gas producers supporting these plants.

Canadian Valley Plant - In March 2014, ONEOK Partners completed the Canadian Valley natural gas processing plant, which is located in the Cana-Woodford Shale.

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Knox Plant - In July 2014, ONEOK Partners announced it will construct the Knox natural gas processing plant and related infrastructure, which will be located in Grady and Stephens Counties, Oklahoma. The plant and related infrastructure will gather and process liquids-rich natural gas from the Cana-Woodford Shale and the emerging SCOOP area and will be located in close proximity to ONEOK Partners' existing natural gas gathering and processing assets and natural gas and natural gas liquids pipelines.

For a discussion of ONEOK Partners' capital expenditure financing, see "Capital Expenditures" in "Liquidity and Capital Resources."

Selected Financial Results - The Natural Gas Gathering and Processing segment's 2014 operating results reflect benefits from the following projects:

- the Garden Creek III natural gas processing plant, which was completed in October 2014;
- the Garden Creek II natural gas processing plant, which was completed in August 2014;
- the Canadian Valley natural gas processing plant, which was completed in March 2014;
- the acquisition of the remaining 30 percent undivided interest in the Maysville, Oklahoma, natural gas processing facility, which was acquired in December 2013;
- the acquisition of the Sage Creek natural gas processing plant in Wyoming in September 2013; and
- the Stateline II natural gas processing plant, which was completed in April 2013.

The completion of the Stateline II, Garden Creek II and Garden Creek III natural gas processing plants resulted in increased natural gas volumes gathered and processed in the Williston Basin, and completion of the Canadian Valley natural gas processing plant resulted in increased natural gas volumes gathered and processed in Oklahoma.

The following table sets forth certain selected financial results for the Natural Gas Gathering and Processing segment for the periods indicated:

Financial Results	Years Ended December 31, 2014	2013	2012	Variances 2014 vs. 2013 Increase (Decrease)		Variances 2013 vs. 2012 Increase (Decrease)	
	(Millions of dollars)						
NGL sales	$1,434.4	$1,095.5	$834.0	$338.9	31 %	$261.5	31 %
Condensate sales	110.8	113.2	100.2	(2.4)	(2)%	13.0	13 %
Residue natural gas sales	1,140.5	620.5	403.8	520.0	84 %	216.7	54 %
Gathering, compression, dehydration and processing fees and other revenue	281.9	222.3	177.7	59.6	27 %	44.6	25 %
Cost of sales and fuel	2,305.7	1,550.9	1,060.5	754.8	49 %	490.4	46 %
Net margin	661.9	500.6	455.2	161.3	32 %	45.4	