Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

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You ~~Our investors should consider the following risks that could affect us and our business. Although we have tried to identify 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. Investors~~ should consider carefully the following discussion of risks ~~and~~ **, as well as all of** the other information **contained** ~~included or incorporated by reference~~ in this Annual Report **. Our business** , ~~including " Forward- Looking Statements, " which are included in Part II, Item 7, Management' s Discussion and Analysis of Financial~~ **financial** ~~Condition~~ **conditions** ~~and~~ **,** ~~Results~~ **results** of ~~Operations~~ **operations or prospects could be materially and adversely affected by any of these risks or uncertainties** . RISK FACTORS RELATED TO OUR BUSINESS AND INDUSTRY If the level of drilling in the regions in which we operate declines substantially near our assets, our volumes and revenues could decline. Our gathering and transportation pipeline systems are dependent upon production from natural gas and crude oil wells, which naturally ~~declines~~ **decline** over time. As a result, our cash flows associated with these wells may also decline over time. In order to maintain or increase throughput levels on our gathering and transportation pipeline systems and the asset utilization rates at our processing and fractionation facilities, we must continually obtain new supplies. Our ability to maintain or expand our businesses depends largely on the level of drilling and production by third parties in the regions in which we operate. Our natural gas and NGL supply volumes may be impacted if producers curtail or redirect drilling and production activities. Drilling and production are impacted by factors beyond our control, including: • demand and prices for natural gas, NGLs **, Refined Products** and crude oil; • producers' access to capital; • producers' finding and development costs of reserves; • producers' ability to secure drilling and completion crews and equipment; • producers' desire and ability to obtain necessary permits, drilling rights and surface access in a timely manner and on reasonable terms; • crude oil and associated natural gas field characteristics and production performance; **• regulatory compliance; • reserve performance;** and • capacity constraints and / or **shutdowns** ~~shut downs~~ on the pipelines that transport crude oil, natural gas ~~and~~ **,** NGLs **and Refined Products** from producing areas and our facilities. Commodity prices are subject to significant volatility. Drilling and production activity levels may vary across our geographic areas; however, a prolonged period of low commodity prices may reduce drilling and production activities across all areas. If we are not able to obtain new supplies to replace the natural decline in volumes from existing production or reductions in volumes because of competition ~~, including increased competition due to industry consolidation~~ , throughput on our gathering and transportation pipeline systems and the utilization rates of our processing and fractionation facilities would decline, which could affect adversely our business, results of operations, financial position and cash flows. Our operating results may be affected adversely by unfavorable economic and market conditions. ~~In addition to impacts from the COVID- 19 pandemic, uncertainty~~ **Uncertainty** or adverse changes in economic conditions worldwide, in the United States, or in the economic regions in which we operate, could negatively affect the crude oil and natural gas markets, resulting in reduced demand and increased price competition for our services and products, or otherwise affect adversely our business, results of operations, financial position and cash flows. Volatility in commodity prices may have an impact on many of our suppliers and customers, which, in turn, could have a negative impact on their ability to meet their obligations to us. Periods of severe volatility in equity and credit markets may disrupt our access to such markets, make it difficult to obtain financing necessary to expand facilities or acquire assets, increase financing costs and result in the imposition of restrictive financial covenants. Also, economic conditions in the wake of the pandemic have included increasing inflation. Inflationary pressures have resulted in, and may continue to result in, additional increases to the cost of our materials, services and personnel, which could increase our capital expenditures and operating costs. Sustained levels of high inflation have caused the Federal Reserve System and other central banks to increase interest rates, which may cause the cost of capital to increase and depress economic growth, either of which, or the combination of both, could affect adversely our business, results of operations, financial position and cash flows. The volatility of natural gas, **NGL, Refined Products and** crude oil ~~and NGL~~ prices could affect adversely our earnings and cash flows. Lower commodity prices could reduce crude oil, natural gas and NGL production, which could decrease the demand for our services. Additionally, a significant portion of our revenues are derived from the sale of commodities that are received **or purchased** in conjunction with **our** ~~natural gas~~ gathering ~~and~~ **,** processing **, fractionation, transportation and storage** services ~~, the transportation and storage of natural gas, and from the purchase and sale of NGLs and purity NGLs~~ . As commodity prices decline, we could be paid less for our commodities thereby reducing our cash flows. Historically, commodity prices have been volatile and can change quickly ~~. For example, in March 2020, unsuccessful negotiations between the Organization of the Petroleum Exporting Countries (OPEC) and Russia regarding crude oil production cuts resulted in a price war between Saudi Arabia and Russia. As a result, the global supply of crude oil significantly exceeded demand and led to a collapse in crude oil prices~~ . It is likely that commodity prices will continue to be volatile in the future. The prices we receive for our commodities are subject to wide fluctuations in response to a variety of factors beyond our control, including, but not limited to, the following: • overall domestic and global economic conditions and uncertainty; • changes in the supply of, and demand for, domestic and foreign energy, even if relatively minor; • market uncertainty; • the occurrence of wars **(such as the Russian invasion of Ukraine), the activities of the Organization of Petroleum Exporting Countries (OPEC)** and **other non- OPEC oil producing countries with large production capacity, or** other geopolitical conditions **(including instability in the Middle East)** impacting supply and demand for natural gas, NGLs **, Refined Products** and crude oil; • production decisions by other countries, and the failure of countries to abide by recent agreements relating to production decisions; • 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; • weather conditions; • **public health crises, including pandemics (such as COVID- 19); •** domestic and foreign governmental regulations and taxes; • the price and availability of alternative fuels; • speculation in the commodity futures markets; • the effects of imports and exports on the price of natural gas, **NGLs, Refined Products,** crude oil ~~, NGL~~ and liquefied natural gas; • the effect of worldwide energy- conservation measures; • the impact of new supplies, new pipelines, processing and fractionation facilities on location price differentials; and • technology and improved efficiency impacting supply and demand for natural gas, NGLs **, Refined Products** and crude oil. These external factors and the volatile nature of the energy markets make it difficult to reliably estimate future prices of commodities and the impact commodity price fluctuations have on our customers and their need for our services, which could affect adversely our business, results of operations, financial position and cash flows **. Reduced volatility in energy prices or new government regulations could discourage our storage customers from holding positions in Refined Products, crude oil and natural gas, which could adversely affect our business. The demand for the storage services has resulted in part from customers' desire to have the ability to take advantage of profit opportunities created by the volatility in prices of Refined Products, crude oil and natural gas. Periods of prolonged stability or declines in these commodity prices could reduce demand for our storage services. If federal, state or international regulations are passed that discourage our customers from storing these commodities, demand for our storage services could decrease, in which case we may be unable to identify customers willing to contract for such services or be forced to reduce the rates we charge for our services. The realization of any of these risks could adversely affect our business. We depend on producers, gathering systems, refineries and pipelines owned and operated by others to supply our assets, and any closures, interruptions or reduced activity levels at these facilities may adversely affect our business. We depend on crude oil production and on connections with gathering systems, refineries and pipelines owned and operated by third parties to supply our assets. We cannot control or predict the amount of product that will be delivered to us by the gathering systems and pipelines that supply our assets, nor can we control or predict the output of refineries that supply our Refined Products pipelines and terminals. Changes in the quality or quantity of this crude oil production, outages at these refineries or reduced or interrupted throughput on gathering systems or pipelines due to weather- related or other natural causes, competitive forces, testing, line repair, damage, reduced operating pressures or other causes could reduce shipments on our pipelines or result in our being unable to receive products at or deliver products from our terminals, any of which could adversely affect our business. Refineries that supply or are supplied by our facilities are subject to regulatory developments, including but not limited to low carbon fuel standards, regulations regarding fuel specifications, plant emissions and safety and security requirements that could significantly increase the cost of their operations and reduce their operating margins. In addition, the profitability of the refineries that supply our facilities is subject to regional and global supply and demand dynamics that are difficult to predict. A period of sustained weak demand or increased costs could make refining uneconomic for some refineries, including those directly or indirectly connected to our Refined Products and crude oil pipelines. The closure of a refinery that delivers product to or receives crude oil from our pipelines could reduce the volumes we transport. Further, the closure of these or other refineries could result in our customers electing to store and distribute Refined Products and crude oil through their proprietary terminals, which could result in a reduction in demand for our storage services** . Increasing attention to ESG issues, including climate change, may impact our business. There are increasing expectations that companies across all industries address ESG issues, including climate change. Changes in regulatory policies, public sentiment or widespread adoption of technologies that aim to address climate change through reducing GHG emissions may result in a reduction in the demand for hydrocarbon products, restrictions on their use or increased use of alternative energy sources. These changes could reduce the demand for our services, impacting our business, results of operations, financial position and cash flows. In addition, increasing attention to climate change has resulted in an increased likelihood of governmental investigations, regulation, shareholder activism and private litigation, which could increase our costs or otherwise affect adversely our business. For example, the SEC has announced its plans to propose new climate change disclosure requirements. While the form those requirements may take are not final, we may face increased costs associated with complying with any new climate disclosure rules. Certain investors are increasingly focused on ESG issues, including climate change. Further, organizations that provide information to investors on corporate governance and related matters have also increased their focus on ESG issues and have developed ratings processes for evaluating companies on various ESG initiatives. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us or midstream companies in general. Due to climate change concerns, some investors may choose ~~to either~~ not **to** invest, or to reduce ~~their~~ investment, in companies that explore for, produce, process, transport or sell products derived from hydrocarbons. If this negative investor sentiment increases, we may see reduced demand for our securities, which could impact our liquidity or the value of our securities. Additionally, certain large institutional lenders have announced their own policies to meet publicly announced climate commitments, which often involve commitments to shift lending activities in the energy sector to meet GHG emissions goals. As a result, certain institutional lenders may impose additional requirements on us, or decide not to lend to us, based on ESG concerns, which could adversely affect our access to capital on reasonable terms or at all and, as a result, our financial condition. To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could also negatively affect our ability to access capital or cause us to receive less favorable terms and conditions in future financings. In ~~September~~ 2021, we announced a companywide absolute GHG emissions reduction target of 2. 2 million metric tons of carbon dioxide equivalents from our combined Scope 1 and Scope 2 emissions by 2030 **for our legacy ONEOK assets** . The target represents a 30 % reduction in combined operational Scope 1 and location- based Scope 2 GHG emissions attributable to ONEOK assets as of December 31 **, 2019** . To the extent that the potential pathways we have identified to achieve this emissions reduction target are not available to us, or to the extent we otherwise are unable to make progress toward other ESG- related targets we may establish, we may face additional costs to meet these targets, or we may fail to meet them, which could negatively impact our business and reputation. We may be subject to ~~physical and financial~~ risks associated with **the physical impacts of** climate change. The threat of global climate change may create physical and financial risks to our business. Some of our customers' energy needs vary with weather conditions, primarily temperature. ~~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 us to invest in more pipelines and other infrastructure to serve increased demand. A decrease in energy use due to weather changes may affect our 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 damage to our assets or service interruptions. Weather conditions outside of our operating territory could also have an impact on our revenues. Severe weather impacts our operating territories primarily through hurricanes, thunderstorms, tornados, floods, freezing temperatures and snow or ice storms. To the extent the severity or frequency of extreme weather events increases, this could increase our cost of providing services, including the cost of insurance, and ~~decrease~~ the availability of certain insurance coverages **could decrease** . We may not be able to pass on the higher costs to our customers or recover all costs related to mitigating these physical risks. Our operations are subject to operational hazards and unforeseen interruptions, which could affect adversely our business and for which we may not be adequately insured. Our operations are subject to all the risks and hazards typically associated with the operation of ~~natural gas and NGL~~ gathering, transportation and distribution pipelines, storage facilities and processing and fractionation facilities, which include, but are not limited to, leaks, pipeline ruptures, damage by third parties, the breakdown or failure of equipment or processes and the performance of facilities below expected levels of capacity and efficiency ~~. For example, on July 9, 2022, a fire occurred at our 210 MBbl / d Medford, Oklahoma, natural gas liquids fractionation facility~~ . Other operational hazards and unforeseen interruptions include adverse weather conditions (including extreme cold weather), infectious disease including a pandemic **(such as COVID- 19)** , cybersecurity attacks, geopolitical reactions, accidents, explosions, fires, the collision of equipment with our pipeline facilities (for example, this may occur if a third party were to perform excavation or construction work near our facilities) and catastrophic events such as tornados, hurricanes, earthquakes, floods and other similar events beyond our control. Similar operational hazards and unforeseen interruptions may also impact our producers or suppliers; for example, extreme cold weather can result in supply reductions from producer wellhead freeze- offs, as well as power curtailments or outages. Further, the United States government warned that energy assets, specifically the nation' s pipeline infrastructure, may be targets of terrorist attacks. An act of terrorism could target our facilities, those of our suppliers or customers or those of other pipelines. A casualty occurrence may result in injury or loss of life, extensive property damage or environmental damage. The occurrence of operational hazards and unforeseen interruptions could affect adversely our business results of operations, financial position and cash flows. 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, we may not be able to renew existing insurance policies or purchase other desirable insurance on commercially reasonable terms, if at all. Insurance proceeds may not be adequate to cover all liabilities or incurred costs and losses or lost earnings. Further, we are not fully insured against all risks inherent to our business. If we were to incur a significant liability for which we were not fully insured, it could affect adversely our business, results of operations, financial position and cash flows. Further, the proceeds of any such insurance may not be paid in a timely manner. Continued development of supply sources outside of our operating regions could impact demand for our services. Production areas outside of our operating regions may compete with natural gas ~~and~~ **,** NGL **and crude oil** supply originating in production areas connected to our systems, which may cause **products** ~~natural gas and NGLs~~ in supply areas connected to our systems to be diverted to markets other than our traditional market areas and may affect capacity utilization adversely on our pipeline systems and our ability to renew or replace existing contracts ~~. In our Natural Gas Gathering and Processing segment, the development of reserves could move drilling rigs from our current service areas to other areas, which may reduce demand for our services. In our Natural Gas Pipelines segment, the displacement of natural gas originating in supply areas connected to our pipeline systems by supply sources that are closer to the end- use markets could reduce demand for our services. Either of these possibilities could result in lower revenues, which could affect adversely our business, results of operations, financial position and cash flows~~ . We do not hedge fully against commodity price risk or interest rate risk, including commodity price changes, seasonal price differentials, product price differentials or location price differentials. This could result in decreased revenues, increased costs and lower margins, affecting adversely our results of operations. Certain of our businesses are exposed to market risk and the impact of market fluctuations in natural gas, ~~NGLs~~ - **NGL, Refined Products** and crude oil prices. Market risk refers to the risk of loss of future cash flows and earnings arising from adverse changes in commodity prices. Our primary commodity price exposures arise from: • the value of the commodities sold under fee with POP contracts of which we retain a portion of the sales proceeds; • ~~the~~ **product** price differentials ~~between the individual purity NGLs with respect to our NGL transportation and fractionation agreements~~ ; • ~~the~~ location price differentials ~~in the price of natural gas and NGLs~~ ; • ~~the~~ seasonal price differentials ~~in natural gas and NGLs related to our storage operations~~ ; • the price risk related to electric costs to operate our facilities; and • the fuel costs and the value of the retained fuel in- kind in our natural gas pipelines and storage operations. To manage the risk from market price fluctuations in natural gas, NGLs, **Refined Products and** crude oil and electricity prices, we may use derivative instruments such as swaps, futures, forwards and options. However, we do not hedge fully against commodity price changes, and we therefore retain some exposure to market risk. Further, hedging instruments that are used to reduce our exposure to interest- rate fluctuations could expose us to risk of financial loss where we may contract for fixed- rate swap instruments to hedge variable- rate instruments and the fixed rate exceeds the variable rate. Finally, hedging arrangements for forecasted sales and purchases are used to reduce our exposure to commodity price fluctuations and may limit the benefit we would otherwise receive if market prices for natural gas, **NGLs, Refined Products and** crude oil ~~and NGLs~~ differ from the stated price in the hedge instrument for these commodities. A breach of information security, including a cybersecurity attack, or failure 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 information technology systems, networks and services include, but are not limited to: • controlling our plants and pipelines with industrial control systems including Supervisory Control and Data Acquisition; • 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, financial or tax requirements; • providing data security; and • other processes necessary to manage our business. If any of our systems ~~are~~ **is** damaged, ~~fail~~ **fails** to function properly or otherwise ~~become~~ **becomes** 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 affect adversely our business and results of operations. Our financial results could also be affected adversely if our operational systems fail as a result of an inadvertent error or by deliberate tampering with or manipulation of our operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws or employee or third-party tampering or manipulation of those systems will result in losses that are difficult to detect. Due to increased technology advances and an increase in remote work arrangements, we have become more reliant on technology to help increase efficiency in our businesses. ~~We use software to help manage and operate our businesses, and this may subject us to increased risks.~~ According to experts, there has been a rise in the number and sophistication 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, or those of our vendors **or counterparties** , could result in a disruption of our operations, physical or environmental damages, 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 **and counterparties** , including personnel, customer ~~and~~ **,** vendor **and counterparty** 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 **and counterparties** to develop, implement and maintain security measures may not be successful in anticipating, detecting or preventing these events from occurring, due in part to attackers' ever- changing methods and efforts to conceal their activities, and any network and information systems- related events could require us to expend significant resources to identify, assess and remedy such events. Cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our enterprise, information systems and data from attack, damage or unauthorized access and to identify and appropriately report cyberattacks, remain a priority for us. Although we believe that we have robust information security procedures and other safeguards in place, including sufficient insurance, 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 or cumbersome contractual obligations. Current efforts by the federal government, such as the Improving Critical Infrastructure Cybersecurity executive order, and the TSA security directives ~~issued in May and July 2021, and July 2022,~~ have utilized significant internal and external resources, and any potential future statutes, regulations or orders could lead to further increased regulatory compliance costs, insurance coverage costs or capital expenditures. We cannot predict the potential impact to our business resulting from additional regulations. Growing our business by constructing new pipelines and facilities or making modifications to our existing facilities subjects us to construction risk and supply risks, should adequate natural gas ~~or~~ **,** NGL **, Refined Products and crude oil** supply be unavailable upon completion of the facilities. To expand our business, we regularly construct new and modify or expand existing pipelines and gathering, processing, storage and fractionation facilities. The construction and modification of these facilities may involve the following risks: • projects may require significant capital expenditures, which may exceed our estimates, and involve numerous regulatory, environmental, political, legal and weather- related uncertainties; • projects may increase demand for labor, materials ~~(which may be even more difficult to obtain due to supply chain constraints)~~ and rights of way, which may, in turn, affect our costs and schedule; • we may be unable to obtain new rights of way or permits to connect our systems to supply or downstream markets; • if we undertake these projects, we may not be able to complete them on schedule or at the budgeted cost; • our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we build a new pipeline, the construction will occur over an extended period of time, and we will not receive any material increases in revenues until after completion of the project; • we may construct facilities to capture anticipated future growth in production or downstream demand in which anticipated growth does not materialize; • opposition from environmental and social groups, landowners, tribal groups, local groups and other advocates could result in organized protests, attempts to block or sabotage our construction activities or operations, intervention in regulatory or administrative proceedings involving our assets, or lawsuits or other actions designed to prevent, disrupt or delay the construction or operation of our assets; • we may be required to rely on third parties downstream of our facilities to have available capacity for our delivered natural gas ~~or~~ **,** NGLs **, Refined Products and crude oil** , which may not be operational; and • inflationary pressure could increase our costs for construction materials or labor. As a result, new facilities may not be able to attract enough natural gas ~~or~~ **,** NGLs **, Refined Products and crude oil** to achieve our expected investment return, which could affect adversely our business, results of operations, financial position and cash flows. Estimates of hydrocarbon reserves may be inaccurate, which could result in lower than anticipated volumes. We may not be able to accurately estimate hydrocarbon reserves and production volumes expected to be delivered to us for a variety of reasons, including the unavailability of sufficiently detailed information and unanticipated changes in producers' expected drilling schedules. Accordingly, we may not have accurate estimates of total reserves committed to our assets, the anticipated life of such reserves or the expected volumes to be produced from those reserves. In such event, if we are unable to secure additional sources, then the volumes that we gather, process, fractionate and transport in the future could be less than anticipated. A decline in such volumes could affect adversely our business, results of operations, financial position and cash flows. We do not own all of the land on which our pipelines and facilities are located, and we lease certain facilities and equipment, which could disrupt our operations. We do not own all of the land on which certain of our pipelines and facilities are located, and we are, therefore, subject to the risk of increased costs to maintain necessary land use. We obtain the rights to construct and operate certain of our pipelines and related facilities on land owned by third parties and governmental agencies for a specific period of time. Our loss of these rights, through our inability to renew right- of- way contracts on acceptable terms or increased costs to renew such rights, could affect adversely our business, results of operations, financial position and cash flows. Measurement adjustments on our pipeline ~~system~~ **systems** may be impacted materially by changes in estimation, type of commodity and other factors. **Product** ~~Natural gas and NGL~~ measurement adjustments occur as part of the normal operating conditions associated with our assets. The quantification and resolution of measurement adjustments are complicated by several factors including: (i) the significant quantities (i. e., thousands) of measurement equipment that we use across our ~~natural gas and NGL~~ systems, ~~primarily around our gathering and processing assets;~~ (ii) varying qualities of natural gas in the streams gathered and processed through our systems and the mixed nature of NGLs gathered and fractionated; and (iii) variances in measurement that are inherent in metering technologies and standards. Each of these factors may contribute to measurement adjustments that may occur on our systems, which could affect adversely our business, results of operations, financial position and cash flows. In the competition for supply, we may have significant levels of excess capacity on our ~~natural gas and NGL pipelines~~ - **pipeline** , processing, fractionation **, terminal** and storage assets. Our ~~natural gas and NGL pipelines~~ - **pipeline** , processing, fractionation **, terminal** and storage assets compete with other **similar** ~~pipelines, processing, fractionation and storage~~ assets for natural gas ~~and~~ **,** NGL **, Refined Products and crude oil** supply delivered to the markets we serve. As a result of competition, we may have significant levels of uncontracted or discounted capacity on our assets, which could affect adversely our business, results of operations, financial position and cash flows. Many of our assets have been in service for several decades. Many of our assets are designed as long- lived assets. Over time the age of these assets could result in increased maintenance or remediation expenditures and an increased risk of product releases and associated costs and liabilities. Any significant increase in these expenditures, costs or liabilities could affect adversely our business, results of operations, financial position and cash flows. Our operating cash flows are derived partially from cash distributions we receive from our unconsolidated affiliates. Our operating cash flows are derived partially from cash distributions we receive from our unconsolidated affiliates, as discussed in Note N of the Notes to Consolidated Financial Statements in this Annual Report. The amount of cash that our unconsolidated affiliates can distribute principally depends upon the amount of cash flows these affiliates generate from their respective operations, which may fluctuate from quarter to quarter. We may be unable to unilaterally determine the cash distribution policies of our unconsolidated affiliates. This may contribute to us not having sufficient available cash each quarter to continue paying dividends at the current levels. We may be unable to cause our joint ventures to take or not to take certain actions unless some or all of our joint- venture participants agree. We participate 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 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 %) 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, we may be unable to cause any of our joint ventures to take or not to take certain actions, even though those actions may be in the best interest of us or the particular joint venture. Moreover, subject to contractual restrictions, 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 ~~us~~ **our** being required to partner with different or additional parties who may have business interests different from ours. We do not operate all of our joint- venture assets nor do we employ directly all of the persons responsible for providing administrative, operating and management services. This reliance on others to operate joint- venture assets and to provide other services could affect adversely our business and results of operations. We rely on others to provide administrative, operating and management services for certain of our joint- venture assets. We have a limited ability to control the operations and the associated costs of such operations. The success of these operations depends on a number of factors that are outside our control, including the competence and financial resources of the operator or an outsourced service provider. We may have to contract elsewhere for outsourced services, which may cost more than we are currently paying. In addition, we may not be able to obtain the same level or kind of service or retain or receive the services in a timely manner, which may impact our ability to perform under our contracts and affect adversely our business and results of operations. ~~The COVID~~ **Our ability to use net operating losses and certain other tax attributes to offset future taxable income may be limited. We currently have substantial U. S. federal net operating loss (“ NOL ”) carry forwards and other state tax attributes. Our ability to use these tax attributes to reduce our future U. S. federal and state income tax obligations depends on many factors, including our future taxable income, the timing of which is uncertain. In addition, our ability to use NOL carryforwards and other tax attributes may be subject to significant limitations under Section 382 of the Internal Revenue Code of 1986, as amended (the “ Code ”) and corresponding provisions of state law. Under Section 382 of the Code and corresponding provisions of state law, if a**

corporation undergoes an ownership change, which is generally defined as a greater than 50 percent change in its equity ownership over a three - ~~19 pandemic~~ **year period, the company' s ability to utilize U. S. NOL carryforwards and other tax attributes may be limited. Determining the limitation under Section 382 of the Code is highly complex. We believe our U. S. NOL carryforwards and other tax attributes are not currently subject to a limitation** ~~has~~ - **as** ~~affected adversely,~~ **a result of** ~~and~~ - **an ownership change. However, it is possible that an ownership change may occur in the future, which may materially impact our ability to use our U. S. NOL carryforwards and other tax attributes to reduce U. S. federal and state taxable income. Such a limitation** could ~~further~~ affect adversely ~~,~~ our results of operations ~~. The COVID- 19 pandemic led to global and regional economic disruption~~ , ~~volatility in the~~ financial ~~markets~~ **position** and **cash flows** ~~a weakened commodity price environment. The outbreak and government measures taken in response, including extended quarantines, closures and reduced operations of businesses, had a significant adverse impact, both direct and indirect, on our business and the economy. Uncertainty remains regarding the duration of global impacts due to COVID- 19. This uncertainty, and the occurrence of these events and measures taken in response, could further affect adversely our results of operations by, among other things, reducing demand for the services we provide, impacting our supply chains and the availability and efficiency of our workforce, including our executive officers, creating operational challenges and impacting our ability to access capital markets. Additionally, in the wake of the COVID- 19 pandemic, inflationary pressures have increased in the U. S. and globally. The degree to which the pandemic further impacts our business and results of operations will depend on future developments beyond our control, including the success of vaccination efforts and the effectiveness of such vaccines against future mutations of the COVID- 19 virus, how quickly and to what extent economic and operating conditions resume to pre-COVID- 19 levels, and the severity and duration of reduced global and regional economic activity resulting from the pandemic~~ . RISK FACTORS RELATED TO REGULATION Increased regulation of exploration and production activities, including hydraulic fracturing, well setbacks and disposal of wastewater, could result in reductions or delays in drilling and completing new crude oil and natural gas wells. The crude oil and natural gas ~~industry~~ **industries** ~~is~~ **are** relying increasingly on supplies from nonconventional sources, such as shale and tight sands. **Crude oil and** ~~Natural~~ **natural** gas extracted from these sources frequently requires hydraulic fracturing, which involves the pressurized injection of water, sand and chemicals into a geologic formation to stimulate crude oil and natural gas production. Legislation or regulations placing restrictions on exploration and production activities, including hydraulic fracturing and disposal of wastewater, could result in operational delays, increased operating costs and additional regulatory burdens on exploration and production operators. Any of these factors could reduce their production of **crude oil and** unprocessed natural gas and, in turn, affect adversely our revenues and results of operations by decreasing the volumes of **crude oil,** natural gas and NGLs gathered, treated, processed, fractionated **, stored** and transported on our or our joint ventures' assets. Our business is subject to regulatory oversight and potential penalties. The energy industry historically has been subject to heavy state and federal regulation that extends to many aspects of our businesses and operations, including: • ~~change~~ **changes** to federal, state and local taxation; • regulatory approval and review of certain of our rates, operating terms and conditions of service; • the types of services we may offer our counterparties; • construction and operation 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 **our** ~~the natural gas and energy businesses~~ -- **business** . Compliance with these requirements can be costly and burdensome. Future changes to laws, regulations and policies in these areas may impair our ability to compete for business or to recover costs and may increase the cost and burden of our operations. We cannot guarantee that state or federal regulators will not challenge our safety practices or will authorize any projects or acquisitions that we may propose in the future. Moreover, there can be no guarantee that, if granted, any such authorizations will be made in a timely manner or will be free from potentially burdensome conditions. Under the Natural Gas Act, which is applicable to our interstate natural gas pipelines, and the Interstate Commerce Act, which is applicable to our interstate **Refined Products, crude oil and** NGL pipelines, our interstate transportation rates are regulated by the FERC and many changes to our pipeline tariffs must be approved in a regulatory proceeding. Additionally, shippers, the FERC and / or state regulatory agencies may investigate our tariff rates which could result in, among other things, our being ordered to reduce rates or make refunds to shippers. Failure to comply with all applicable state or federal statutes, rules and regulations and orders could bring substantial penalties and fines **. Rate regulation, challenges by shippers of the rates we charge for transportation on our pipelines or changes in the jurisdictional characterization of our assets or activities by federal, state or local regulatory agencies may reduce the amount of cash we generate. The FERC regulates the rates we can charge and the terms and conditions we can offer for interstate transportation service on our pipelines. State regulatory authorities regulate the rates we can charge and the terms and conditions we can offer for intrastate movements on our pipelines. The determination of the interstate or intrastate character of shipments on our pipelines may change over time, which may change the regulatory framework and the rates we are allowed to charge for transportation and other related services. Shippers may protest our pipeline tariff filings, and the FERC or state regulatory authorities may investigate and require changes to tariff terms as a result of the protests or complaints. Further, the FERC may order refunds of amounts collected under interstate rates that are determined to be in excess of a just and reasonable level. State regulatory authorities could take similar measures for intrastate tariffs. In addition, shippers may challenge by complaint the lawfulness of tariff rates that have become final and effective. If existing rates are determined to be in excess of a just and reasonable level, we could be required to pay refunds to shippers, reduce rates and make other concessions. The FERC' s ratemaking methodologies may limit our ability to increase rates by amounts sufficient to reflect our actual cost or may delay the use of rates that reflect increased costs. We use the FERC' s indexing methodology to establish our rates in approximately 30 % of the markets serviced by our Refined Products pipelines. The FERC' s indexing methodology is based on changes in the producer price index for finished goods combined with an index adjustment. The methodology is subject to review**

every five years and currently allows a pipeline to change its rates each year to a new ceiling level. When the change in the ceiling level is negative, we are generally required to reduce our rates that are subject to the FERC’ s indexing methodology. The FERC and most relevant state regulatory authorities allow us to establish rates based on conditions in competitive markets without regard to the FERC’ s index level or our cost- of- service. We establish market- based rates in approximately 70 % of the markets for our Refined Products pipelines. The tariffs on most of our long- haul crude oil pipelines are at negotiated rates but are still subject to regulation by the FERC or state agencies and subject to protest by shippers. If we were to lose our market- based rate authority, or if our negotiated rates were determined to not be just and reasonable, we could be required to establish rates on some other basis, such as our cost- of- service. Establishing our rates through a cost- of- service filing could be expensive and could result in tariff reductions, which would adversely affect our business. Our liquids blending activities subject us to federal regulations that govern renewable fuel requirements in the U. S. The Energy Independence and Security Act of 2007 expanded the required use of renewable fuels in the U. S. Each year, the EPA establishes a renewable volume obligation (RVO) requirement for refiners and fuel manufacturers based on overall quotas established by the federal government. By virtue of our liquids blending activity and resulting gasoline production, we are an obligated party and receive an annual RVO from the EPA. We typically purchase renewable energy credits, called RINs, to meet this obligation. Increases in the cost or decreases in the availability of RINs could have an adverse impact on our business . We may face significant costs to comply with the regulation of GHG emissions. GHG emissions in the midstream industry originate primarily from combustion engine exhaust, heater exhaust and fugitive methane gas emissions. International, federal, regional and / or state legislative and / or regulatory initiatives may attempt to control or limit GHG emissions, including initiatives directed at issues associated with climate change. 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. We believe it is likely that future governmental legislation and / or regulation on the federal, state and regional levels, may further require us to limit GHG emissions associated with our operations, pay additional fees associated with our GHG emissions or purchase allowances for such emissions. For example, the **IRA directs** ~~Inflation Reduction Act will require~~ the **EPA to impose and collect** payment of **“ Waste Emissions Charges ”, or** “ Methane Fees ” **,** for specific facilities that ~~exceed~~ **report more than 25, 000 metric tons of carbon dioxide equivalent of** GHG ~~emission~~ **emissions per year** and **have** ~~/ or~~ methane **emissions** intensity **in excess of the relevant statutory** ~~thresholds~~ - **threshold** ~~beginning~~ **. Based on text** in **the IRA and a related rule that the EPA proposed in January** 2024 **to implement the Methane Fee program, we expect to begin paying Methane Fees in 2025 (for 2024 reported emissions) for applicable facilities** . ~~This~~ **Methane Fees** and other legislative and / or regulatory initiatives could make some of our activities uneconomic to maintain or operate. However, we cannot predict precisely what form these future legislative and / or regulatory initiatives will take, the stringency of such initiatives, when they will become effective or the impact on our capital expenditures, competitive position and results of operations. Further, we may not be able to pass on the higher costs to our customers or recover all costs related to complying with GHG legislative and / or regulatory requirements. Our future results of operations, financial position or cash flows could be affected adversely if such costs are not recovered or otherwise passed on to our customers. Our operations are subject to federal and state laws and regulations relating to the protection of **public health and** the environment, which may expose us to significant costs and liabilities. Increased litigation and activism challenging **continued reliance upon** oil and gas ~~development~~ as well as changes to and / or increased penalties from the enforcement of laws, regulations and policies could impact adversely our business. The risk of incurring substantial environmental costs and liabilities is inherent in our business. Our operations are subject to extensive federal, state and local laws and regulations relating to the protection of the environment. Examples of these laws include **the** : • ~~the~~ Clean Air Act and analogous state laws that impose obligations related to air emissions; • ~~the~~ Clean Water Act and analogous state laws that impose requirements related to activities in and around certain state and federal waters, including requirements related to discharge of wastewater from our facilities into state and federal waters **and discharge of dredge and fill materials, such as dirt and other earthy materials, into waters of the United States** ; • ~~the Comprehensive Environmental Response, Compensation and Liability Act (~~ 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 us or locations to which we have sent waste for disposal; • ~~the~~ Endangered Species Act and analogous state laws that impose obligations related to protection of threatened and endangered species; and • ~~the Resource Conservation and Recovery Act (~~ RCRA ~~)~~ and analogous state laws that impose requirements for the handling and discharge of solid and hazardous waste from our 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, RCRA and analogous state laws for the remediation of contaminated areas. There is an inherent risk of incurring environmental costs and liabilities in our business due to our handling of the products we gather, transport, process and store ~~,~~ **;** air emissions related to our operations ~~,~~ **;** past industry operations and waste disposal practices, some of which may be material. Private parties, including the owners of properties through which our 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 our operations. Some sites we operate 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 ours. In addition, increasingly strict laws, regulations and enforcement policies could increase significantly our compliance costs, penalties and other cost associated with any alleged noncompliance, and the cost of any remediation that may become necessary; some of these costs could be material and could adversely affect our business, results of operation, financial position and cash flows. Our insurance may not cover all of these environmental risks, and there are also limits on coverage. Additional information is included under Item 1, Business, under " Regulatory, Environmental and Safety Matters " and in Note O of the Notes to Consolidated Financial Statements in this Annual Report. Increased litigation and activism challenging oil and gas development as well as changes to and / or more aggressive enforcement of laws, regulations and policies could impact our business. These actions could, among other things, impact our customers' activities, our existing permits, our ability to obtain permits for new development projects and public perception of our company, which could affect adversely our business, results of operations, financial position or cash flows. RISK FACTORS RELATED TO FINANCING OUR BUSINESS 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. Our results of operations, financial position and cash flows could be affected adversely by significant fluctuations in interest rates. Any reduction in our credit ratings could affect adversely our business, results of operations, financial position and cash flows. Our long- term debt has been assigned an investment- grade credit rating of " ~~Baa3~~ **Baa2** " by Moody' s and " BBB " by both S & P and Fitch. Our commercial paper program has been assigned an investment- grade credit rating of Prime- ~~3~~ **2** , A- 2 and F2 by Moody' s, S & P and Fitch, respectively. We cannot provide assurance that any of our current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by these credit rating agencies. If these agencies were to downgrade our long- term debt or our commercial paper rating, particularly below investment grade, our borrowing costs could increase, which would affect adversely our financial results, and our potential pool of investors and funding sources could decrease. Ratings from these agencies are not recommendations to buy, sell or hold our securities. Each rating should be evaluated independently of any other rating. Our indebtedness and guarantee obligations could impair our financial condition and our ability to fulfill our obligations. As of December 31, ~~2022~~ **2023** , we had total indebtedness of $ ~~13~~ **22** . ~~6~~ **8** billion. Our indebtedness and guarantee obligations could have significant consequences. For example, they could: • make it more difficult for us to satisfy our obligations with respect to senior notes and other indebtedness due to the increased debt- service obligations, which could, in turn, result in an event of default on such other indebtedness or the 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 flows 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 we operate; and • place us at a competitive disadvantage compared with our competitors that have proportionately less debt and fewer guarantee obligations. We are not prohibited under the indentures governing the senior notes from incurring additional indebtedness, but our debt agreements do subject us to certain operational limitations **that could restrict our ability to finance future operations or expand or pursue business activities, as** 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 ~~$ 2. 5 Billion Credit Agreement contains provisions that restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, our~~ $ 2. 5 Billion Credit Agreement contains provisions that, among other things, limit our ability to make material changes to the nature of our business, merge, consolidate or dispose of all or substantially all of our assets, grant liens and security interests on our assets, engage in transactions with affiliates or make restricted payments, including dividends. It also requires 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 Part II, Item 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations, in this Annual Report. 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. If we are unable to meet our debt- service obligations or comply with financial covenants, 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. An event of default may require us to offer to repurchase certain of our and ONEOK Partners' senior notes or may impair our ability to access capital. The indentures governing certain of our and ONEOK Partners' senior notes include an event of default upon the acceleration of other indebtedness of $ 15 million or more for certain of our senior notes or $ 100 million or more for certain of our and ONEOK Partners' senior notes. Such events of default would entitle the trustee or the holders of 25 % in aggregate principal amount of our and ONEOK Partners' outstanding senior notes to declare those senior notes immediately due and payable in full. We may not have sufficient cash on hand to repurchase and repay any accelerated senior notes, which may cause us to borrow ~~money~~ **funds** under our credit facility or seek alternative financing sources to finance the repurchases and repayment. We could also face difficulties accessing capital or our borrowing costs could increase, impacting our ability to obtain financing for acquisitions or capital expenditures, to refinance indebtedness and to fulfill our debt obligations. The right to receive payments on our outstanding debt securities and subsidiary guarantees is unsecured and will be effectively subordinated to any future secured indebtedness as well as to any existing and future indebtedness of our subsidiaries that do not guarantee the senior notes. Although ONEOK Partners ~~and~~ **,** the Intermediate Partnership **and Magellan** have guaranteed our debt securities, the guarantees are subject to release under certain circumstances, and we have subsidiaries that are not guarantors. In those cases, the debt securities effectively are subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries that are not guarantors. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the debt securities. A court may use fraudulent conveyance considerations to avoid or subordinate the cross guarantees of our and ONEOK Partners' indebtedness. ONEOK, ONEOK Partners ~~and~~ **,** the Intermediate Partnership **and Magellan** have cross guarantees in place for our and ONEOK Partners' indebtedness. A court may use fraudulent conveyance laws to subordinate or avoid the cross guarantees of certain of **this** ~~our and ONEOK Partners'~~ indebtedness. It is also possible that under certain circumstances, a court could avoid or subordinate the guarantor' s guarantee of **this** ~~our and ONEOK Partners'~~ indebtedness in favor of the guarantor' s other debts or liabilities to the extent that the court determined either of the following were true at the time the guarantor issued the guarantee: • the guarantor incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or the guarantor contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or • the guarantor did not receive fair consideration or reasonable equivalent value for issuing the guarantee and, at the time it issued the guarantee, the guarantor: – 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 cross guarantees of our and ONEOK Partners' indebtedness on fraudulent conveyance grounds may focus on the benefits, if any, realized by the guarantor as a result of **the** ~~our and ONEOK Partners'~~ issuance of such debt. To the extent the guarantor' s guarantee of **any such** ~~our and ONEOK Partners'~~ indebtedness is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the holders of such debt would cease to have any claim in respect of the guarantee. GENERAL RISK FACTORS Mergers and acquisitions that appear to be accretive may nevertheless reduce our cash from operations on a per- share basis. Any merger or 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; **and** • customer or key employee losses at an acquired business ~~; and • increased regulatory requirements~~. If we consummate any future mergers or 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. **The failure to successfully combine the businesses of ONEOK and Magellan may adversely affect our future results. The success of the Magellan Acquisition will depend, in part, on our ability to realize the anticipated benefits from combining the businesses of ONEOK and Magellan. If the businesses are not successfully combined, the anticipated benefits of the Magellan Acquisition may not be realized fully or at all or may take longer to realize than expected. In addition, the integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the Magellan Acquisition. It is possible that the integration process could result in the loss of key employees, as well as the disruption of our ongoing businesses or inconsistencies in our standards, controls, procedures and policies. Any or all of those occurrences could affect adversely the combined company' s ability to maintain relationships with customers and employees after the Magellan Acquisition or to achieve the anticipated benefits of the Magellan Acquisition. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on us.** Holders of our common stock may receive dividends that vary from anticipated amounts, or no dividends at all. We may not have sufficient cash each quarter to pay dividends or maintain current or expected levels of dividends. The actual amount of cash we pay in the form of dividends may fluctuate from quarter to quarter and will depend on various factors, some of which are beyond our control, including our working capital needs, our ability to borrow, the restrictions contained in our indentures and credit facility, our debt- service requirements and the cost of acquisitions, if any. A failure either to pay dividends or to pay dividends at expected levels could result in a loss of investor confidence, reputational damage and a decrease in the value of our stock price. We are exposed to the credit risk of our customers or counterparties, and our credit- risk management may not be adequate to protect against such risk. We are subject to the risk of loss resulting from nonpayment and / or nonperformance by our customers and counterparties. Our customers or counterparties may experience rapid deterioration of their financial condition as a result of changing market conditions, commodity prices or financial difficulties that could impact their creditworthiness or ability to pay us for our services. We assess the creditworthiness of our customers and counterparties and obtain collateral or contractual terms as we deem appropriate. We cannot, however, predict to what extent our business may be impacted by deteriorating market or financial conditions, including possible declines in our customers' and counterparties' creditworthiness. Our customers and counterparties may not perform or adhere to our existing or future contractual arrangements. To the extent our customers and counterparties are in financial distress or commence bankruptcy proceedings, contracts with them may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. If our risk- management policies and procedures fail to assess adequately the creditworthiness of existing or future customers and counterparties, any material nonpayment or nonperformance by our customers and counterparties due to inability or unwillingness to perform or adhere to contractual arrangements could affect adversely our business, results of operations, financial position and cash flows. ~~We are connected to market areas located in the Mid- Continent, Rocky Mountain, Permian Basin, Midwest markets, including Chicago, Illinois, and Gulf Coast regions of the U. S.~~ Our counterparties are primarily major integrated and independent exploration and production, pipeline, marketing and petrochemical companies and natural gas and electric utilities. Therefore, our counterparties may be similarly affected by changes in economic, regulatory or other factors that may affect our overall credit risk. A shortage of skilled labor may make it difficult for us to maintain labor productivity and competitive costs. 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, at times, 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, combined with the challenges of attracting new, qualified 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 affect adversely our labor productivity and costs and our ability to expand operations in the event there is an increase in the demand for our services and products, which could affect adversely our business, results of operations, financial position and cash flows. Our employees or directors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements. As with all companies, we are exposed to the risk of employee fraud or other misconduct. Our Board of Directors has adopted a code of business conduct and ethics that applies to our directors, officers (including our principal executive and financial officers, principal accounting officer, controllers and other persons performing similar functions) and all other employees. We require all directors, officers and employees to adhere to our code of business conduct and ethics in addressing the legal and ethical issues encountered in conducting their work for our company. Our code of business conduct and ethics requires, among other things, that our directors, officers and employees avoid conflicts of interest, comply with all applicable laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in our company' s best interest. All directors, officers and employees are required to report any conduct that they believe to be an actual or apparent violation of our code of business conduct and ethics. However, it is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could affect adversely our reputation, business, results of operations, financial position and cash flows. 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 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 we account 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 a low commodity price environment persisted for a prolonged period, it could result in lower volumes delivered to our systems and impairments of our 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 equity and balance sheet leverage as measured by consolidated debt to total capitalization. For further discussion of impairments of ~~goodwill,~~ long- lived assets **, goodwill** and equity- method investments, see Notes A, ~~E,~~ F **, G** , and N, respectively, of the Notes to Consolidated Financial Statements in this Annual Report. 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~~ **plans** for certain employees and former employees, which **are** closed to new participants ~~in 2005~~ , and postretirement welfare plans that provide postretirement medical and life insurance benefits to certain employees ~~hired prior to 2017 who retire with at least five years of full- time 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 and postretirement welfare plans, see Note L of the Notes to Consolidated Financial Statements in this Annual Report. Any sustained declines in equity markets and reductions in bond yields may affect adversely 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 affect adversely our business, financial condition and cash flows. If we fail to maintain an effective system of internal controls, we may not be able to report accurately our financial results or prevent fraud. As a result, current and potential holders of our equity and debt securities could lose confidence in our financial reporting. Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. We cannot be certain that our efforts to maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to continue to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our equity, our access to capital markets and the cost of capital.