



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 23, 2007

Mr. Jim Townsend
Holly Energy
Vice President, Operations
PO Box 1260 / 311 W. Quay Avenue
Artesia, New Mexico 88210

CPF No. 4-2007-5013M

Dear Mr. Townsend:

On February 26 – March 2, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code inspected your procedures for operations and maintenance in Artesia, New Mexico.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Holly Energy's procedures and are described below:

1. §195.402 Procedural manual for operations, maintenance, and emergencies

(a)General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

§195.402(f) Safety related condition reports.

Holly Energy procedures did not clearly state that employees are trained on an ongoing basis to recognize safety related conditions. Holly Energy needs to amend their procedures to clarify that employees are trained on an ongoing basis to recognize safety related conditions.

2. **§195.577 What must I do to alleviate interference currents? (a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.**

Holly Energy procedures do not have a program to identify, test for, and minimize the detrimental effects of interference currents. Holly Energy needs to amend their procedures to address the identification, testing for, and minimizing the detrimental effects of interference currents.

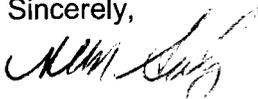
Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF No 4-2007-5013M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

Enclosure: *Response Options for Pipeline Operators in Compliance*