

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 12, 2018

Mark Cunningham
Senior Vice President, Engineering and Technical Services
Holly Energy Partners – Operating, L.P.
2828 N Harwood Suite 1300
Dallas, Texas 75201

CPF-4-2018-5019W

Dear Mr. Cunningham:

From November 27, 2017 to March 23, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Osage Pipeline System in Oklahoma and Kansas.

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

1. §194.121 Response plan review and update procedures.

(a) Each operator shall update its response plan to address new or different operating conditions or information. In addition, each operator shall review its response plan in full at least every 5 years from the date of the last submission or the last approval as follows:

- (1) For substantial harm plans, an operator shall resubmit its response plan to OPS every 5 years from the last submission date.**
- (2) For significant and substantial harm plans, an operator shall resubmit every 5 years from the last approval date.**

Osage Pipeline failed to review its facility response plan (FRP) in full at least every 5 years from the date of the last submission or the last approval. Holly Energy has an FRP Core Plan which

requires the FRP to be reviewed at least every five years from the last approval date and resubmitted to DOT and the EPA. The Operator stated that they did not conduct the 5-year review for the Osage Pipeline. Osage Pipeline falls under two separate FRPs, the Tulsa Response Zone Facility Specific Plan Part B (DOT) and the Facility Specific Plan Part A: El Dorado Crude Tank Farm and Associated Pipeline Facilities.

The PHMSA Inspector reviewed the Holly Energy Partners FRP Core Plan Section 10.0: Plan Review and Update Procedures, the Tulsa Response Zone Facility Specific Plan Part B (DOT) and the Facility Specific Plan Part A: El Dorado Crude Tank Farm and Associated Pipeline Facilities and did not find that a revised plan was submitted.

2. §195.64 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.

(2) An operator must notify PHMSA of any following event not later than 60 days after the event occurs:

(iv) The acquisition or divestiture of 50 or more miles of pipeline or pipeline system subject to this part.

Osage Pipeline failed to notify PHMSA of the acquisition of 50 or more miles of pipeline not later than 60 days after the acquisition occurred. Holly Energy acquired the Osage Pipeline from Magellan Pipeline Company, LP on February 22, 2016. Osage Pipeline submitted their Operator Registry Notification on August 12, 2016, 112 days past the 60 day notification requirement.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Osage Pipeline being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF-4-2018-5019W**. 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).

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration