

WARNING LETTER

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

February 14, 2022

Richard Voliva
President
Holly Energy Partners-Operating, L.P.
2828 North Harwood Street, Suite 1300
Dallas, Texas 75201

CPF 4-2022-037-WL

Dear Mr. Voliva:

From April 27, 2021 through December 2, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Holly Energy Partners-Operating, L.P.'s (HEP) Cheyenne facility in Cheyenne, Wyoming.

As a result of the inspection, it is alleged that HEP has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. **§ 195.579 What must I do to mitigate internal corrosion?**
 - (a) ***General.*** If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.
 - (b)...
 - (c) ***Removing pipe.*** Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

HEP failed to inspect the internal surface of a pipe removed at its Cheyenne facility as required by § 195.579(c). In September 2020, the joint of a pipe was removed and flanges were installed at the demarcation from the Plains pipeline to the HEP pipeline. HEP did not perform an internal corrosion inspection on the removed pipe to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe. In the event that the internal inspection was performed, the operator could not provide records proving the inspection took place as required by § 195.589(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, HEP is subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violations occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violations occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violations occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022

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 item identified in this letter. Failure to do so will result in Holly Energy Partners-Operating, L.P. 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 4-2022-037-WL**. 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