

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED COMPLIANCE ORDER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

March 13, 2012

Mr. Mark Cunningham  
Vice President  
Holly Energy Partners-Operating, L.P.  
Suite 1300  
2828 N. Harwood  
Dallas, TX 75201

**CPF 5-2012-6006**

Dear Mr. Cunningham:

In July and August of 2010, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your four hazardous liquid pipelines in Salt Lake City, Utah. Operation and maintenance procedures and records were also reviewed.

As a result of the inspections, it appears that Holly Energy Partners-Operating, L.P. (HEP) have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

**1. §195.428 Overpressure safety devices and overflow protection systems**

**(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.**

It does not appear that HEP has been properly inspecting and testing all of the overpressure safety devices that protect your DOT-regulated pipeline facilities. Inspections of pipeline pressure control equipment inside the Holly Refining and Marketing (HRM) refinery that could affect the integrity of HEP’s pipelines are occurring at approximately 5-year intervals. Section 195.428(a) requires inspections of all pressure control devices once each calendar year, but at intervals not exceeding 15 months. At the time of inspection, there were 43 missed inspections on 11 pipeline over-pressure control devices inside the HRM refinery since Holly Energy Partners became the operator.

The following table of PSV test/calibrations summarizes records that were received from Holly Energy Partners on August 25, 2010. This table shows over-pressure safety devices PHMSA believes are integral to HEP pipeline operations and must also comply with Section 195.428.

Device ID	Location	Size (inch)	Set Press (psig)	Last Test Date	Previous Test Dates	Missed Inspections
374	South Gasoline Filter at MCC 15	1 x 2	600	4/18/07	3/19/02 3/19/02	4
336	Gasoline Meter After Pump	¾ x 1	500	8/16/06	8/3/01	4
401	Protection for temporary diesel pipeline filter located next to MCC 15	¾ x 1	300	11/11/08	5/1/08 (new)	4
337	Distillate Meter (RWCD-68.7 Sh M-4)	¾ x 1	280	8/23/06	8/6/01	4
263	Low sulfur diesel filter, North	1.5 x 2	200	12/2/05	10/10/03	5
362	North Diesel Filter 68-35-60 – WTF by MCC (RWCD-66.7 Sh M-4)	¾ x 1	275	8/18/06	8/6/01 (new)	4

339a	Gasoline Pipeline Pump	¾ x 1	700	3/12/07	3/13/02	4
380	WTF Gasoline Pipeline at pig trap east of tank 130	¾ x 1	800	7/2/08	3/30/07 3/09/07 3/13/02	3
350	On 10-inch Pipe Line by pig trap (RNWC4-68.2 – 304 Sh 3)	¾ x 1	250	8/30/06	8/6/01	4
349	Bridge at MCC 15 after meter (RNWC4-68.2 – 304 Sh 3)	¾ x 1	250	8/1/10	1/21/10 1/12/05 11/15/99	3
358	10-inch Distillate Pipeline by pig receiver SE of TK 105 (RNWC4-68.2 – 304 Sh 3)	¾ x 1	250	Due 6/9/10	6/9/05 2/9/2000	4

**2. §195.501 Scope.**

**(a) This subpart prescribes the minimum requirements for operator qualification of individuals performing covered tasks on a pipeline facility.**

**(b) For the purpose of this subpart, a covered task is an activity, identified by the operator, that:**

- (1) Is performed on a pipeline facility;**
- (2) Is an operations or maintenance task;**
- (3) Is performed as a requirement of this part; and**
- (4) Affects the operation or integrity of the pipeline.**

It does not appear that all individuals performing covered tasks on the HEP facilities are meeting the minimum requirements of 49 CFR, Part 195, Subpart G – Qualification of pipeline personnel. As determined during interviews of Holly Refining and Marketing (HRM) refinery supervisors on July 15 and August 30, 2010, and on April 13, 2011, HRM refinery personnel are performing pipeline control room functions that are covered tasks for pipeline operations and maintenance as identified by §195.501. HRM personnel are not included in Holly Energy Partner’s Operator Qualification Program.

Proposed Compliance Order

With respect to items 1 and 2, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Holly Energy Partners-Operating, L.P. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 5-2012-6006** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry  
PHP-500 C. Allen (#128410)

## **PROPOSED COMPLIANCE ORDER**

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Holly Energy Partners-Operating, L.P. (HEP) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Holly Energy Partners-Operating, L.P. with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to pressure control equipment inspections, HEP must identify all pressure control equipment that could affect the integrity of pipelines, and inspect and test them per §195.428.
2. In regard to Item Number 2 of the Notice pertaining to qualification of personnel performing covered tasks, you must qualify personnel performing pipeline control room covered tasks per HEP's operator qualification plan to ensure they meet all requirements of 49 CFR, Part 195, Subpart G.
3. After receipt of the Final Order, you have 60 days to complete the items.
4. It is requested (not mandated) that Holly Energy Partners-Operating, L.P. maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.