



HOLLY ENERGY PARTNERS

April 11, 2012

Mr. Chris Hoidal, Director
 Pipeline and Hazardous Materials Safety Administration
 Office of Pipeline Safety – Western Region
 12300 West Dakota Avenue, Suite 110
 Lakewood, CO 80228

**RE: Notice of Probable Violation / Proposed Compliance Order
 CPF 5-2012-6006
 Holly Energy Partners - Salt Lake City, Utah Pipelines**

Dear Mr. Hoidal,

Holly Energy Partners (HEP) is in receipt of the Notice of Probable Violation and Proposed Compliance Order dated March 13, 2012 related to the hazardous liquid pipeline inspection conducted in July and August 2010 at Salt Lake City, Utah. HEP's response to Item I is outlined below.

1. *§195.428 Overpressure safety devices and overfill 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.*

As discussed with the inspectors during the initial and follow-up inspection processes, HEP became the owner/operator of the pipelines that were subject to this inspection in March 2008. At that time, custody breakpoints between Holly Frontier Corporation (HFC), formerly Holly Refining and Marketing (HRM), and HEP were clearly defined in an agreement between the two companies. The following information, which is excerpted from the breakpoint document between HRM and HEP, was explained to the inspectors at both the initial and follow-up inspections.

Chevron 8" Products Pipeline

HEP ownership begins at the connecting flanges to the inlet of the launching facility. There are no remote operative valves under HEP control up stream of the ownership breakpoint.

Corporate Office:	2828 N. Harwood, Suite 1300	Dallas, TX 75201-1507	214-871-3555
Operations Office:	1602 West Main Street	Artesia, NM 88210	575-748-4000

Page 2
PHMSA Western Region
Mr. Chris Hoidal
April 11, 2012

The HEP CC has the ability to stop the booster pump for this pipeline in an emergency situation but HOC has direct control over normal operations and maintenance of this booster.

Pioneer 10" Products Pipeline

HEP ownership begins at the connecting flanges to the inlet of the launching facility. There are no remote operative valves under HEP's control up stream of the ownership break point. This line does utilize a rupture rod relief valve for pipeline overpressure protection up stream of the ownership breakpoint. This rupture rod relief valve is under the control of HEP for compliance certification and maintenance. The HEP CC has the ability to stop the booster pump for this pipeline in an emergency situation but HOC has direct control over normal operations and maintenance of this booster. This emergency shutdown capability is also passed to Conoco Phillips Control through the Pioneer facility to the COP Control Center in Tulsa, Oklahoma.

HEP will be responsible for the maintenance of the meters and proving, pigging the lines, corrosion coupons monitoring, and rectifiers/CP.

Based on the clearly defined demarcation information above, and that which was discussed during the inspection and follow-up, HEP would also like to reiterate that the pumps associated with these lines cannot overpressure the pipelines in any situation, except on the Pioneer 10" Products Pipeline. (See pump curves included as Attachment A). HEP further believes from the demarcation stated above that the only equipment that falls under §195.428 for inspection by HEP at the not to exceed 15 months, but once per calendar year interval, would be the rupture rod relief valve associated with the Pioneer 10" distillate pipeline, which was installed in March 2008. HEP disagrees with the statement that there were 43 missed inspections on 11 pipeline over-pressure control devices inside the HRM refinery since HEP became the operator. As noted above, this equipment is under the normal operation, control and maintenance of HRM refinery personnel and therefore should not be negatively reflected as non-compliance against HEP.

We would like to disclose that since the receipt of the NOPV and Proposed Compliance Order, HEP has recognized that there are no previous records on file verifying the annual inspections of the rupture rod relief valve since its installation in 2008. In an effort to bring this device into compliance, we are submitting the most recent inspection, dated March 26, 2012.

Corporate Office:	2828 N. Harwood, Suite 1300	Dallas, TX 75201-1507	214-871-3555
Operations Office:	1602 West Main Street	Artesia, NM 88210	575-748-4000

Page 3
PHMSA Western Region
Mr. Chris Hoidal
April 11, 2012

(See Valve Inspection Report included as Attachment A.1). HEP will ensure compliance with the regulation requiring the inspection interval of once per calendar year, not to exceed 15 months, going forward.

With regard the Item II, HEP's response is as follows:

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.

Also as discussed during the inspection process, the HEP control center is located in Artesia, New Mexico and HEP employees are trained and fully OQ qualified per the requirements of §195.501. As per the demarcation agreement between HEP and HRM stated above, the HEP control center operators *only* have the ability to stop the pumps associated with these pipelines in an emergency situation. We have included the OQ paperwork for the Artesia operators associated with this particular covered task. (See OQ Records included as Attachment B).

The HRM control center, which is located in the Woods Cross Refinery in Woods Cross, Utah has direct control over normal operations and maintenance of this booster. Since HEP employs, directs, trains and supervises the control center operators located in Artesia, NM, we believe we are in full compliance with the requirements of 49 CFR 195, Subpart G.

If you have any further questions or need additional information, please feel free to contact me at (214) 871-3846 or Lori Coupland at (575) 748-4076.

Sincerely,



Mark Cunningham
Vice President – Operations

Enclosures/lgc