

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 31, 2014

Mr. Robert Jamieson
V.P. Pipeline Operations
Holly Energy Partners
2828 N. Harwood St. Suite 16
Dallas, TX 75201

CPF 5-2014-5012W

Dear Mr. Jamieson:

On July 16, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code investigated a July 13, 2014 release from your Break Out Tank #73 at the Holly Frontier Refinery in Cheyenne, Wyoming. The release spilled 1525 barrels of crude oil into the secondary containment surrounding the tank.

PHMSA believes that the release was most likely triggered by a prolonged hail storm which deposited 2 to 3 inches of marble-sized hail onto the external floating roof and blocked the roof drain sump. The amount of hail and rain deposited on the external floating roof caused the roof to partially sink into the underlying crude oil. The crude oil gathered on the roof through the leg penetrations. When the hail melted, the roof drain became functional allowing all of the crude oil and water on top of the floating roof to drain into the secondary containment.

As a result of the investigation, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The probable violation is:

1. §195.52 Immediate notice of certain accidents.

(a) Notice requirements. At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in § 195.50, the operator of the system must give notice, in accordance with paragraph (b) of this section, of any failure that:

- (1) Caused a death or a personal injury requiring hospitalization;**
- (2) Resulted in either a fire or explosion not intentionally set by the operator;**
- (3) Caused estimated property damage, including cost of cleanup and recovery, value of lost product, and damage to the property of the operator or others, or both, exceeding \$50,000;**
- (4) Resulted in pollution of any stream, river, lake, reservoir, or other similar body of water that violated applicable water quality standards, caused a discoloration of the surface of the water or adjoining shoreline, or deposited a sludge or emulsion beneath the surface of the water or upon adjoining shorelines; or**
- (5) In the judgment of the operator was significant even though it did not meet the criteria of any other paragraph of this section.**

Further, PHMSA issued Advisory Bulletin ADB 2013-01 in the Federal Register on January 30, 2013, the purpose of which was to advise owners and operators of gas and hazardous liquids pipeline systems and LNG facilities that they should contact the NRC within one hour of discovery of a pipeline incident and should also file additional telephonic reports if there are significant changes in the number of fatalities or injuries, product release estimates or the extent of damages.

On Tuesday, July 15, 2014, at 3:59pm Mountain Daylight Time (MDT) a representative of HEP notified the National Response Center (NRC) of the release, NRC Report Number 1089177, which occurred on July 13, 2014, at 8:05 pm MDT. This is 43 hours and 54 minutes after HEP confirmed the release. Per §195.52 and the above referenced Advisory Bulletin, HEP was required to notify the NRC within 1 hour of the confirmed release.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 HEP 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 5-2014-5012W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 P. Katchmar (#147325)