

WARNING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

September 15, 2017

Mr. George J. Damiris
Chief Executive Officer and President
Holly Energy Partners (Operator of UNEV Pipeline, LLC)
2828 N. Harwood St.
Suite 1300
Dallas, TX 75201

CPF 5-2017-5021W

Dear Mr. Damiris:

On August 22, 2016, through September 1, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your UNEV Pipeline, LLC (UNEV), in Artesia, New Mexico, Utah, and Nevada.

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 violation(s) are:

1. **§194.107 General response plan requirements.**
 - (c) **Each response plan must include:**
 - (1) **A core plan consisting of—**
 - (viii) **Equipment testing.**

At the time of the inspection, no records were available to demonstrate that the operator has been testing the spill response equipment. The operator's Facility Response Plans, Section A.3.3 Equipment Response Testing and Deployment, state that semi-annual testing is to be performed at the facilities that include Woods Cross, Cedar City Terminal, and Las Vegas Terminal. Therefore, UNEV failed to perform testing of emergency response equipment in accordance with §194.107(c)(1)(viii).

2. §195.420 Valve Maintenance.

(b) Each operator shall, at intervals not exceeding 7 ½ months, but at least twice per calendar year, inspect each mainline valve to determine if it is functioning properly.

UNEV did not inspect each mainline valve to determine if it is functioning properly at intervals not exceeding 7 ½ months, but at least twice per calendar year. At the time of the inspection, the following valves were not inspected between 2014 and 2016:

- Mainline valves between MP 351.32 and the Las Vegas Terminal were only inspected once during calendar year 2014.
- Mainline valves between MP 0.0 and the Cedar City Terminal exceeded the 7.5 month interval in 2014.
- Mainline valve, MOV 1000, at the Cedar City Terminal Receipt was not inspected in December 2014, and May 2015.
- Mainline valves between MP 53.31 and the Cedar City Terminal were not inspected during the first interval of 2016.

3. §195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

UNEV did not inspect the surface conditions of the pipeline right-of-way at intervals not exceeding 3 weeks, but at least 26 times each calendar year. At the time of the inspection, segment 3 exceeded the three weeks between November 24, 2015 and December 19, 2015.

4. §195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

UNEV did not conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. At the time of the inspection, cathodic protection pipe-to-soil annual surveys at the Cedar City Lateral exceeded the 15 months between March 2013 and December 2014.

- 5. §195.589 What corrosion control information do I have to maintain?**
(a) You must maintain current records or maps to show the location of—
(1) Cathodically protected pipelines.

At the time of the inspection, a review of the 2014 to 2016 annual pipe-to-soil surveys revealed several missed test station reads from MP 0.0 to MP 216.1.

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. 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(s) identified in this letter. Failure to do so will result in UNEV Pipeline, LLC 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 5-2017-5021W**. 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,

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling (#153270 and #153271)