HOLLY ENERGY PARTNERS

February 22, 2010

Mr. R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous Material Safety Administration
8701 South Gessner, Suite 1110 *via Federal Express*
Houston, TX 77074

Dear Mr. Seeley,

Holly Energy Partners (HEP) is in receipt of your letter regarding the Notice of Amendment, CPF 4-2010-5004M, for the River and Trust Pipeline System inspection held on November 30 through December 3, 2009.

In compliance with the requirements of 49 CFR 190.237 governing Holly Energy Partners' responses to the Notice of Amendment, HEP intends to submit the revisions to the Operations and Maintenance Procedures Manual, as well as necessary processes as outlined in the following attachment for your review and approval on or before April 23, 2010.

Should additional information be required, please feel free to contact me at (214) 871-3846.

Sincerely,

Mark Cunningham
Vice President – Operations

Enclosures

1. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(5) Analyzing pipeline accidents to determine their causes.

During the inspection it was noted that HEP could not demonstrate through documentation or otherwise that investigations had been completed for the two reportable excavation accidents that occurred in 2005 and 2006. HEP would like to note that we have been conducting incident investigations since that time frame regarding accidents that have occurred on our facilities, and we have recognized that more in-depth procedural steps and a formalized process are required to ensure that documentation is maintained to demonstrate this. Therefore, HEP is implementing a more in-depth company-wide policy for incident investigations and intends to continue accomplishing the investigations through its Safety Committee and Reliability Manager. The Safety Committee is comprised of company employees from different areas of our operations who are trained in the accident/incident investigation process to ensure an investigation is conducted thoroughly using the specific criteria and/or guidelines outlined in the process. As a result of any investigation, affected policies and procedures will be reviewed, modified and updated and employee/contractor education and training will be conducted upon completion to minimize the possibility of recurrence of the incident.

In addition, Procedure HEP-O&M-195.442 (Damage Prevention Program) will be updated to reflect the criteria used in the investigation process to ensure a review for effectiveness of procedures related to accidents and/or incidents are completed.

2. § 195.401 General requirements.

(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

Corrosion Control procedures found in HEP-O&M-195.555 through HEP-O&M-195.589 are being amended to clearly define "reasonable time" and steps that will be taken to promptly correct and thoroughly document when deficiencies are found that could affect safe operations to ensure that conditions are corrected in accordance with 195.401 (b).

3. *§ 195.402 Procedural manual for operations, maintenance, and emergencies.*

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

HEP has implemented a policy for supervisors to review and document work done by employees and contractor personnel to ensure procedures are effective and deficiencies are corrected when found. Expanded detail will be added to address requirements of the review as well as how the review is documented and steps for addressing deficiencies. HEP will also add a requirement in the OQ Plan for evaluators, at least annually, to review work done by all employees to determine the effectiveness of procedures when performing Covered Tasks.

4. ***§ 195.404 Maps and records.***

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:

(4) The diameter, grade, type, and nominal wall thickness of all pipe.

(c) Each operator shall maintain the following records for the periods specified:

(1) The date, location, and description of each repair made to pipe shall be maintained for the useful life of the pipe.

HEP is adding/modifying procedures to ensure consistent, accurate mapping and identification of the required items above, at a minimum, are included on all alignment sheets and maps. Procedures will include steps to ensure quality control of records, whether in hard copy or electronic format.

5. §195.405 Protection against ignitions and safe access/egress involving floating roofs.

(b) The hazards associated with access/egress onto floating roofs of in-service aboveground breakout tanks to perform inspection, service, maintenance or repair activities (other than specified general considerations, specified routine tasks or entering tanks removed from service for cleaning) are addressed in API Publication 2026. After October 2, 2000, the operator must review and consider the potentially hazardous conditions, safety practices and procedures in API Publication 2026 for inclusion in the procedure manual (§195.402(c)).

HEP is updating/modifying procedure HEP-O&M-195.432 to specifically address the conditions, practices and procedures in the procedure manual to clearly identify the requirements for safe work practices and identification of hazardous conditions and to

ensure proper training of employees and contractor personnel per the subjects of API Publication 2026.

6. § 195.432 Inspection of in-service breakout tanks.

(a) Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each in-service breakout tank.

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).

(c) Each operator shall inspect the physical integrity of in-service steel aboveground breakout tanks built to API Standard 2510 according to section 6 of API 510.

(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.

HEP is updating/modifying procedure HEP-O&M-195.432 to reflect detailed requirements and conditions in which an internal inspection interval must be established per API Standard 653. Additionally, Corrosion Control procedure, Section 6.3.2 will be updated to include tank procedures and/or cross references to tank procedures. Requirements will include when a zero corrosion rate can be assumed and to ensure the maximum internal inspection intervals are not exceeded for in-service breakout tank inspections.

7. ***§ 195.440 Public awareness.***

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(1) Use of a one-call notification system prior to excavation and other damage prevention activities;

HEP has updated our public awareness brochures for future mailings to further educate individuals and organizations to contact the nationwide 811 number prior to excavation and in the event of an emergency.

8. § 195.442 Damage prevention program.

(a) Except as provided in paragraph (d) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring,

tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations.

(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:

(6) Provide as follows for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities:

(i) The inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline; and

HEP has updated damage prevention procedures to require the inspection of pipelines in accordance with 195.442 (c)(6). Procedures include provisions for criteria, frequency and documentation for inspection of pipelines to verify the integrity in the event the pipeline could be damaged by excavation activities.

9. § 195.573 What must I do to monitor external corrosion control?

(c) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under §195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

HEP is updating/modifying procedure HEP-O&M-195.432 to reflect detailed requirements and conditions to ensure corrosion control on the bottom of breakout tanks are in accordance with API RP 651. Additionally, Cathodic Protection procedure, HEP-O&M-195.563 Section 6.3.2, will be updated to include tank procedures and/or cross references to tank procedures.

10. § 195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

Corrosion Control procedures will be amended to clearly define "reasonable time" and specific steps that will be taken to promptly correct and thoroughly document when deficiencies are found that could affect safe operations to ensure that conditions are

corrected in accordance with 195.401 (b) and specifically when the minimum pipe to soil potential criteria is not achieved.

11. § 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.

Criteria for corrosion rates, or amounts of inhibitor injected into pipeline systems will be identified and incorporated into Corrosion Control Procedure HEP-O&M-195.563 Section 6.5 of the procedure. HEP will establish a basis for internal corrosion control monitoring as demonstrated by study or procedure and will modify procedures to ensure an investigation is carried out to adequately mitigate internal corrosion.

11. § 195.579 What must I do to mitigate internal corrosion?

(d) Breakout tanks. After October 2, 2000, when you install a tank bottom lining in an aboveground breakout tank built to API Specification 12F, API Standard 620, or API Standard 650 (or its predecessor Standard 12C), you must install the lining in accordance with API Recommended Practice 652. However, installation of the lining need not comply with API Recommended Practice 652 on any tank for which you note in the corrosion control procedures established under §195.402(c)(3) why compliance with all or certain provisions of API Recommended Practice 652 is not necessary for the safety of the tank.

Cathodic Protection Procedures, HEP-O&M-195.563 Section 6.3 are being revised to identify internal corrosion control requirements for breakout tanks, and to clearly distinguish between internal corrosion control and external corrosion control monitoring for tank bottoms.