

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 12, 2018

Mark Cunningham
Senior Vice President, Engineering and Technical Services
Holly Energy Partners – Operating, L.P.
2828 N Harwood Suite 1300
Dallas, Texas 75201

CPF-4-2018-5020M

Dear Mr. Cunningham:

From November 27, 2017 to March 23, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Osage Pipeline's Pipeline Safety Manual for operations and maintenance in Artesia, New Mexico.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Osage's plans or procedures, as described below:

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

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Osage Pipeline's Procedures were found to be inadequate for conducting normal operations and maintenance, and handling abnormal operations and emergencies. Throughout Osage's Pipeline Safety Manual, the procedures replicate and paraphrase the regulations and reference the regulations instead of their own processes and procedures. Osage's procedures must be amended to be more specific to the Osage Pipeline system to provide adequate details and not paraphrase the regulations for conducting normal operations and maintenance activities.

The following sections of Osage's Pipeline Safety Manual must be amended:

1. Section A. HEP-B-195.55-002 Safety Related Condition Reporting to meet the requirements of §195.55 Reporting safety-related conditions. Osage's procedures closely replicate and paraphrase the regulations and do not include details specific to the Osage Pipeline system. Osage's procedures should include Operator specific guidance on identifying and reporting safety related conditions, and not replicate or paraphrase the regulations.

2. Section A. HEP-B-195.58-002 Report Submission Requirements to meet the requirements of §195.58 Report submission requirements. Osage's procedure replicates the regulations and do not include adequate guidance to submit safety related condition reports to PHMSA. Osage's procedures must be amended to be more specific to their actual procedure for submitting safety related condition reports, provide adequate guidance, and not replicate the regulations.

3. Section 195.61 National Pipeline Mapping System to meet the requirements of §195.61 National Pipeline Mapping System (NPMS). Osage's procedure replicates the regulations and do not include guidance to provide data to the National Pipeline Mapping System. Osage's procedures must be amended to be more specific for submitting Osage specific data to NPMS and not replicate the regulations.

4. Section 7.1.1.1 Maximum Operating Pressure to meet requirements of §195.406 Maximum operating pressure. Osage's procedures closely replicate and paraphrase the regulations and do not include details specific to the Osage Pipeline system. Osage's procedures must be amended to provide specific guidance regarding operating at the maximum operating pressure, and not replicate the regulations.

2. §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.

Osage Pipeline's procedures were found to be inadequate and must be amended to ensure that the Pipeline Safety Manual includes procedures for analyzing pipeline accidents to determine their causes. The PHMSA Inspector reviewed Pipeline Safety Manual Section A: HEP-B-195.50-002—Accident Report Criteria, Section A: HEP-B-195.60-0002: Operator Assistance in Accident Investigation, and Section 4.2: Emergencies, paragraph 4.2.4. These sections of the Pipeline

Safety Manual did not include a detailed procedure for analyzing pipeline accidents to determine the root cause of the accident. The PHMSA Inspector also reviewed Form HSE-DOC-020 Incident Investigation and Report Form. The Operator stated that Form HSE-DOC-020 was used to document root cause analysis for accidents, but this form appears to be a health and environmental safety investigation and reporting form, and does not appear to be adequate to document the results of a root cause analysis of a pipeline accident.

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

(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

- (1) Responding to, investigating, and correcting the cause of:**
 - (i) Unintended closure of valves or shutdowns;**
 - (ii) Increase or decrease in pressure or flow rate outside normal operating limits;**
 - (iii) Loss of communications;**
 - (iv) Operation of any safety device;**
 - (v) Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.**

Osage Pipeline's procedures were found to be inadequate and must be amended to ensure that the Pipeline Safety Manual includes procedures for the abnormal operating conditions (AOCs) listed in §195.402(d)(1) to provide safety when operating design limits have been exceeded. The PHMSA Inspector reviewed Section 4.1: Abnormal Operation of the Pipeline Safety Manual, Paragraph 4.1.2: Procedures to follow when abnormal operations occur. This part of the Pipeline Safety Manual lists the four AOCs listed in the code, and steps to take in the event they occur. The steps listed are generic and the same for all listed AOCs. These procedural steps should be tailored to respond to each specific AOC.

4. §195.402 Procedural manual for operations, maintenance, and emergencies.

(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

- (2) Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.**
- (3) Correcting variations from normal operation of pressure and flow equipment and controls.**

Osage Pipeline's procedures were found to be inadequate and must be amended to ensure that the Pipeline Safety Manual includes procedures for checking and correcting variations from normal operations. The PHMSA Inspector reviewed Section 4.1: Abnormal Operation of the Pipeline Safety Manual, Paragraph 4.1.2: Procedures to follow when abnormal operations occur. This part of the Pipeline Safety Manual lists the four AOCs listed in the code, and steps to take in the event they occur. For each AOC, step (b) Investigate the cause, there is a generic statement that is verbatim to the code section §195.402(d)(2). The procedure for checking and correcting variations from normal operation should be specific to the AOC listed.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Osage Pipeline maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF-4-2018-5020M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*