



December 14, 2021

Ms. Mary L. McDaniel, Director
Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 South Gessner Road #630
Houston, Texas 77074

RE: Pipeline and Hazardous Materials Safety Administration Notice of Proposed Violation # CPF 4-2021-011NOPV:

Holly Energy Partners (HEP) is in receipt of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Notice of Proposed Violation # CPF 4-2021-011NOPV, received as of November 16, 2021.

Please note, HEP does NOT contest noted probable violations with the exception of the following item:

NOPV Item 2): 195.432 Inspection of in-service breakout tanks.

(a) . . .

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval.

Cited Probable Violation:

HEP failed to inspect the physical integrity of its in-service Tank #1201B at its Navajo Refinery in accordance with API Std 653. Specifically, HEP did not complete an external inspection on Tank #1201B in accordance with API Std 653 Section 6.3 Inspections from the Outside of the Tank as required by § 195.432(b). API Std 653 Section 6.3.2 External Inspection requires external in-service breakout tank inspections by an authorized inspector every five years or RCA/4N years

(where RCA is the difference between the measured shell thickness and the minimum required thickness in mils, and N is the shell corrosion rate in mils per year), whichever is less.

PHMSA reviewed HEP's Storage Tank In-Service External Visual Inspection Report for Tank #1201B (dated June 6, 2017) and found that the inspection report was inadequate to comply with API Std 653 Section 6.9 Reports. The report did not include information regarding the next inspection date or the inspection interval, any recommendations, the name of the inspector, company, API Std 653 certification number, or signature of the Authorized Inspector responsible for the inspection.

HEP Response:

Specific to part one of the noted, probable violation; HEP contests with no hearing. It was stated that *"HEP did not complete an external inspection on Tank #1201B in accordance with API Std 653 Section 6.3 Inspections from the Outside of the Tank as required by § 195.432(b)."* However, during the course of the inspection, HEP provided a record indicating this inspection was last completed June 6, 2017. As such, it would not be due again until June 6, 2022. This record has been included as an enclosure to this response letter.

Specific to part two of the noted, probable violation; HEP does not contest as with all other cited probable violations.

For all probable violations not being contested, HEP will provide final documentation demonstrating compliance pending receipt of the Final Compliance Order. Should you have any questions, please contact Bridgette Taylor at (214) 954-6652 or via email at Bridgette.Taylor@hollyenergy.com.

Sincerely,



Mark Cunningham, Sr. VP, Operations & Engineering
Holly Energy Partners

Attachments: A: API 653 External Inspection Record

cc: Lori Coupland, Director, Compliance & EHS
 Bridgette Taylor, Pipeline Regulatory Manager