

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: steve.ledbetter@hfsinclair.com

January 8, 2025

Steven Ledbetter
Executive Vice President, Commercial
HF Sinclair Corporation
2828 N. Harwood St, Suite 1300
Dallas, TX 75201

CPF 4-2025-021-NOPV

Dear Mr. Ledbetter:

From February 27 to May 11, 2023, of the onsite inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the pipeline facilities and records of Sinclair Transportation Company, LLC¹ (Sinclair).

As a result of the inspection, it is alleged that Sinclair has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 195.310 Records.

(a) A record must be made of each pressure test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use.

(b) The record required by paragraph (a) of this section must include:

- (1) The pressure recording charts;**
- (2) Test instrument calibration data;**

¹ Sinclair Transportation Company, LLC, is a subsidiary of HF Sinclair Corporation.

- (3) The name of the operator, the name of the person responsible for making the test, and the name of the test company used, if any;
- (4) The date and time of the test;
- (5) The minimum test pressure;
- (6) The test medium;
- (7) A description of the facility tested and the test apparatus;
- (8) An explanation of any pressure discontinuities, including test failures, that appear on the pressure recording charts;
- (9) Where elevation differences in the section under test exceed 100 feet (30 meters), a profile of the pipeline that shows the elevation and test sites over the entire length of the test section; and
- (10) Temperature of the test medium or pipe during the test period.

Sinclair failed to maintain pressure test records with the required information in accordance with § 195.310(b)(1)-(10). Specifically, for the 10-inch Casper Station to Poison Spider Rd. segment, Sinclair provided the hydrotest chart, which only included the segment name, minimum test pressure, and date/time of the test.

2. § 195.430 Firefighting equipment.

Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be-

- (a) In proper operating condition at all times;
- (b) Plainly marked so that its identity as firefighting equipment is clear; and,
- (c) Located so that it is easily accessible during a fire.

Sinclair failed to maintain adequate firefighting equipment at each pump station and breakout tank area in accordance with § 195.430. Specifically, Sinclair failed to maintain adequate firefighting equipment at Tanks 1325 and 1326 at Bairoil Pump Station.

3. § 195.452 Pipeline integrity management in high consequence areas.

- (a)
- (b) *What program and practices must operators use to manage pipeline integrity?* Each operator of a pipeline covered by this section must:
 - (1)
 - (5) Implement and follow the program.

Sinclair failed to implement and follow its integrity management program in accordance with § 195.452(b)(5). Specifically, Sinclair failed to perform spill modeling for Cheyenne Station in accordance with its procedure, *Sinclair Transportation Company – Pipeline Integrity Management Program, IM-100 Volume Release & HCA Impact Procedure*, section 103.1 (Rev. Jan. 24, 2022).

Section 103.1 states that Sinclair will perform spill modeling on facilities with breakout tanks. Cheyenne Station has three breakout tanks, but Sinclair failed to perform the requisite spill modeling.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Items 1, 2, and 3 pursuant to 49 U.S.C. § 60118(b), the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Sinclair Transportation Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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 respond as described in the enclosed *Response Options*. 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2024-021-NOPV** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Proposed Compliance Order*
 Response Options for Pipeline Operators in Enforcement Proceedings

cc: Charles Curl, Director Pipeline Excellence and Compliance, charles.curl@hfsinclair.com
 Dwight Brown, Pipeline Regulator Manager, dwight.brown@hfsinclair.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Sinclair Transportation Company, LLC (Sinclair), a Compliance Order incorporating the following remedial requirements to ensure the compliance of Sinclair with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Sinclair's failure to maintain pressure test records with the required information in accordance with § 195.310(b)(1)-(10), Sinclair must complete a pressure test for Casper Station to Poison Spider Rd segment and provide pressure test records that includes the information required by § 195.310(b)(1)-(10) to the Director, Southwest Region, PHMSA within **90** days of receipt of the Final Order.
- B. In regard to Item 2 of the Notice pertaining to Sinclair's failure to maintain adequate firefighting equipment at each pump station and breakout tank area in accordance with § 195.430, Sinclair must install a fire protection system on Tanks 1325 and 1326 and provide records of the installed system to the Director, Southwest Region, PHMSA within **90** days of receipt of the Final Order.
- C. In regard to Item 3 of the Notice pertaining to Sinclair's failure to implement and follow its integrity management program in accordance with § 195.452(b)(5), Sinclair must perform overland spread spill modeling for Cheyenne Station and provide records of the modeling to the Director, Southwest Region, PHMSA within **90** days of receipt of the Final Order.
- D. It is requested (not mandated) that Sinclair Transportation Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.