



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

8701 S. Gessner, Suite 630
Houston TX 77074

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

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

December 22, 2025

Steven Ledbetter
Executive VP Commercial
HF Sinclair Corporation
2323 Victory Avenue
Suite 1400
Dallas, Texas 75219

CPF 4-2025-034-NOPV

Dear Mr. Ledbetter:

From March 18 through October 11, 2024, of the on-site inspection, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Holly Enterprise Partners, LP's (HEP) Evanston Area Crude Pipeline System (Evanston) in Dallas, Texas, Salt Lake City, Utah, Park City, Utah, and Evanston, Wyoming.¹

As a result of the inspection, it is alleged that HEP 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 Holly Energy Partners, LP, is a wholly owned subsidiary of HF Sinclair Corporation HF Sinclair, doing business as HF Sinclair Midstream.

1. § 195.420 Valve maintenance.

(a)

(b) Each operator must, at least twice each calendar year, but at intervals not exceeding 7 1/2 months, inspect each mainline valve to determine that it is functioning properly. Each rupture-mitigation valve (RMV), as defined in § 195.2 and not contained in a gathering line, or alternative equivalent technology that is installed under § 195.258(c) or § 195.418, must also be partially operated. Operators are not required to close the valve fully during the inspection; a minimum 25 percent valve closure is sufficient to demonstrate compliance, unless the operator has operational information that requires an additional closure percentage for maintaining reliability.

HEP failed to inspect each mainline valve to determine that it is functioning properly at least twice each calendar year, but at intervals not exceeding 7 1/2 months in accordance with § 195.420(b) and its procedures. Specifically, HEP failed to inspect each mainline valve on the Arepi to Kimball Junction segment of the Wahsatch pipeline. HEP's *Operations and Maintenance (O&M) Manual* (June 10, 2024) section 7.1, states that HEP will inspect mainline valves necessary for the safe operation of the pipeline system at least twice yearly not to exceed 7 1/2 months. Inspection records provided by HEP show that seven mainline valves on the Arepi to Kimball Junction segment of the Wahsatch Pipeline were not inspected in accordance with § 195.420(b) and HEP's procedure from 2022 to 2024. These valves include:

- Arepi Station
- Upper Chalk Creek
- South Fork
- Wanship Weber 1
- Wanship Weber 2
- Pace's Dairy Barn
- Kimball Junction

Therefore, HEP failed to inspect each mainline valve to determine that it is functioning properly at least twice each calendar year, but at intervals not exceeding 7 1/2 months in accordance with § 195.420(b).

2. § 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 1/2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

(b)

(c) Aboveground breakout tanks that are constructed or significantly altered according to API Std 2510 (incorporated by reference, see § 195.3) after October 2, 2000, must have an overfill protection system installed according to API Std 2510, section 7.1.2. Other aboveground breakout tanks with 600 gallons (2271 liters) or more of storage capacity that are constructed or significantly altered after October 2, 2000, must have an overfill protection system installed according to API RP 2350 (incorporated by reference, see § 195.3). However, an operator need not comply with any part of API RP 2350 for a particular breakout tank if the operator describes in the manual required by § 195.402 why compliance with that part is not necessary for safety of the tank.

(d) After October 2, 2000, the requirements of paragraphs (a) and (b) of this section for inspection and testing of pressure control equipment apply to the inspection and testing of overfill protection systems.

HEP failed to inspect and test overfill protection systems installed on aboveground breakout tanks in accordance with § 195.428(a) to determine that they are functioning properly, are in good mechanical condition, and are adequate from the standpoint of capacity and reliability of operation for the service in which they are used. Specifically, HEP failed to inspect and test the high alarms (HI) and high high (HIHI) alarms for the breakout tanks at the North Salt Lake and Anschutz Terminals. HEP's *Operations and Maintenance (O&M) Manual* (June 10, 2024), section 6.8.9.1, states that inspections of overfill safety devices will be carried out according to the manufacturer's instructions to determine that the device is in good mechanical condition, is functioning properly, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Inspection records provided by HEP for the HI and HIHI alarms on the breakout tanks at the North Salt Lake and Anschutz Terminals for the years 2021 to 2023 did not include a record of alarm setpoints. Without the record of alarm setpoints, HEP cannot determine if the alarms triggered at the appropriate tank level setpoint to prevent overfills, and to ensure they are functioning properly, are in good mechanical condition, and are adequate from the standpoint of capacity and reliability of operation for the service in which they are used.

Therefore, HEP failed to inspect and test overfill protection systems installed on aboveground breakout tanks in accordance with § 195.428(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023, and before December 30, 2024, the maximum penalty may not 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.

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 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Holly Energy Partners. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to 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 your 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 4-2025-034-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

**BRYAN JEFFERY
LETHCOE**

 Digitally signed by BRYAN
JEFFERY LETHCOE
Date: 2025.12.22 10:23:46 -06'00'

Bryan Lethcoe

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

Enclosures: *Proposed Compliance Order*

Response Options for Pipeline Operators in Enforcement Proceedings

cc: Eric Kaysen, Vice President, Environmental Health & Safety, HF Sinclair Corporation,
eric.kaysen@hfsinclair.com

Charles Curl, Director, Regulatory Compliance & Operations Excellence, HF Sinclair
Corporation, charles.curl@hfsinclair.com

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item 1 of the Notice pertaining to HEP's failure to inspect each mainline valve to determine that it is functioning properly at least twice each calendar year, but at intervals not exceeding 7 1/2 months in accordance with § 195.420(b), HEP must perform mainline valve inspections for the pipeline segment from Arepi to Kimball Junction, and provide inspection records to the Director, Southwest Region, within **60** days of receipt of the Final Order.
- B. In regard to Item 2 of the Notice pertaining to HEP's failure to inspect and test overfill protection systems installed on aboveground breakout tanks in accordance with § 195.428(a), HEP must perform inspection and testing of the overfill breakout tank systems at North Salt Lake Terminal and the Anschutz Terminal and provide records of inspection and testing that show the overfill devices are adequate in terms of capacity and reliability, including providing alarm setpoints, to the Director, Southwest Region, within **60** days of receipt of the Final Order.
- C. It is requested (not mandated) that HEP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, 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.