



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

November 25, 2025

Steve Ledbetter
Executive Vice President, Commercial
HF Sinclair Corporation
2323 Victory Avenue
Suite 1400
Dallas, Texas 75219

CPF 4-2025-043-NOPV

Dear Mr. Ledbetter:

From March 18 through November 22, 2024 of the on-site inspection, a representative 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 Energy Partners, LP's¹ (HEP) Cheyenne Refined Products Pipeline System in Dallas, Texas, North Platte, Nevada, Sydney, Nevada, and Cheyenne, Wyoming.

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

- 1. § 195.5 Conversion to service subject to this part.
(a) A steel pipeline previously used in service not subject to this part qualifies for use under this part if the operator prepares and follows a written procedure to accomplish the following:**

¹ Holly Energy Partners, LP, is a wholly owned subsidiary of HF Sinclair Corporation, doing business as HF Sinclair Midstream.

(1) The design, construction, operation, and maintenance history of the pipeline must be reviewed and, where sufficient historical records are not available, appropriate tests must be performed to determine if the pipeline is in satisfactory condition for safe operation. If one or more of the variables necessary to verify the design pressure under § 195.106 or to perform the testing under paragraph (a)(4) of this section is unknown, the design pressure may be verified and the maximum operating pressure determined by—

(i) Testing the pipeline in accordance with ASME/ANSI B31.8 (incorporated by reference, *see* § 195.3), Appendix N, to produce a stress equal to the yield strength; and

(ii) Applying, to not more than 80 percent of the first pressure that produces a yielding, the design factor F in § 195.106(a) and the appropriate factors in § 195.106(e).

(2) The pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments must be visually inspected for physical defects and operating conditions which reasonably could be expected to impair the strength or tightness of the pipeline.

(3) All known unsafe defects and conditions must be corrected in accordance with this part.

(4) The pipeline must be tested in accordance with subpart E of this part to substantiate the maximum operating pressure permitted by § 195.406.

HEP failed to follow a written procedure to convert breakout tanks (BOTs) previously used in service not subject to Part 195 in accordance with § 195.5(a). Specifically, HEP failed to provide a written procedure or any records that show the requirements of § 195.5(a)(1) through (4) were met when converting BOTs to Part 195 service.

On July 21, 2023, HEP notified PHMSA (No. F-20230721-44801) of a Conversion to Service of eight (8) tanks at HF Sinclair Refinery in Wyoming to regulated breakout tanks (BOTs). The notification included an anticipated start-up date of October 1, 2023. During the inspection, HEP provided its procedures for conversion to service, including *195.5 Conversion to Service Procedure Steps* (undated), *P-195.5 – Conversion of Service Form* (undated), and *Operations and Maintenance (O&M) Manual* (June 10, 2024). Section 4.16 *Conversion to Service (§ 195.5)* of its O&M procedure references the US DOT PHMSA Guidance for Pipeline Flow Reversals, Product Changes, and Conversion to Service dated September 2014, and a PHMSA Implementation Plan to document the review, but did not include detailed procedures to comply with the requirements in § 195.5(a).

The procedure and form provided by HEP were not specific to the conversion of service of the BOTs. In addition, both the *195.5 Conversion to Service Procedure Steps* and the *P-195.5 – Conversion of Service Form* were blank and marked as drafts and had not been approved through

the HEP Management of Change (MOC) process. HEP did not provide any records documenting the requirements of § 195.5(a) were completed.

Therefore, HEP failed to follow a written procedure to convert BOTs previously used in service not subject to Part 195 in accordance with § 195.5(a).

2. § 195.452 Pipeline integrity management in high consequence areas.

(a) *Which pipelines are covered by this section?* This section applies to each hazardous liquid pipeline and carbon dioxide pipeline that could affect a high consequence area, including any pipeline located in a high consequence area unless the operator effectively demonstrates by risk assessment that the pipeline could not affect the area. (Appendix C of this part provides guidance on determining if a pipeline could affect a high consequence area.) Covered pipelines are categorized as follows:

HEP failed to include each hazardous liquid pipeline segment that could affect a high consequence area (HCA) in its integrity management program in accordance with § 195.452(a). Specifically, HEP failed to include segments of UID 3483 – Cheyenne Products Pipeline, from Kanab to North Platte that could affect an HCA in its 2024 Cheyenne Segment Risk Ranking for the Cheyenne Pipeline System.

HEP's 2024 Cheyenne Segment Risk Ranking for the Cheyenne Pipeline System included the Cheyenne Refinery to Kanab Traps (UID 90501) segment but did not include any HCA could-affect segments of the Cheyenne Products Pipeline (UID 3483). The status of segment UID 3483 is active (unfilled), not abandoned, and has HCA could-affect segments that are required to be included in HEP's integrity management program.

Therefore, HEP failed to include each hazardous liquid pipeline that could affect a high consequence area, including any pipeline located in a high consequence area (HCA), in its integrity management program in accordance with § 195.452(a).

3. § 195.583 What must I do to monitor atmospheric corrosion control?

(a)

(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by § 195.581.

HEP failed to, upon finding atmospheric corrosion during an inspection, provide protection against the corrosion in accordance with § 195.583(c). Specifically, HEP failed to clean and apply protective coating as required by § 195.581 on its Sidney to North Platte pipeline segment.

The 2020, 2022 and 2024 atmospheric corrosion inspection records for the Sidney to North Platte pipeline segments showed numerous corrosion control deficiencies, including poor pipe support conditions which requires additional inspection or testing to determine extent and method of

repairs needed. The atmospheric corrosion inspection records also show numerous atmospheric corrosion repair priority ratings of 2, which require complete cleaning and recoating and repair as soon as practical, but before the next scheduled visual inspection. During PHMSA's inspection, HEP stated that it did not plan to remediate the corrosion of the Sidney to North Platte pipeline segment as it is active (unfilled) with no plans to bring it back into service, but HEP does not plan to abandon the pipeline segment.

Therefore, HEP failed to, upon finding atmospheric corrosion during an inspection on an active pipeline segment, provide protection against the corrosion in accordance with § 195.583(c).

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, 2, and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Holly Energy Partners, LP. 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 4-2025-043-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

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

cc: Eric Kaysen, Vice President of Health & Safety, HF Sinclair Corporation,
eric.kaysen@hfsinclair.com
Charles Curl, Director Pipeline Excellence and Compliance, 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 Holly Energy Partners with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to HEP's failure to follow a written procedure to convert breakout tanks (BOTs) previously used in service not subject to Part 195 in accordance with § 195.5(a), HEP must submit records documenting all actions taken to convert the breakout tanks to service under Part 195, including a detailed report with HEP's determination that the actions taken to bring its breakout tanks into service complied with all requirements of § 195.5(a)(1) through (4), to the Director, Southwest Region, within **180** days of receipt of the Final Order.
- B. In regard to Item 2 of the Notice pertaining to HEP's failure to include each hazardous liquid pipeline that could affect a high consequence area, including any pipeline located in a high consequence area (HCA), in its integrity management program in accordance with § 195.452(a), HEP must revise its integrity management program to include all HCA could affect pipeline segments and perform a risk analysis on the omitted segments. HEP must provide its updated integrity management program risk analysis to the Director, Southwest Region, within **60** days of receipt of the Final Order.
- C. In regard to Item 3 of the Notice pertaining to HEP's failure to, upon finding atmospheric corrosion during an inspection, provide protection against the corrosion in accordance with § 195.583(c), HEP must develop a plan to remediate any corrosion and clean and coat the recorded corrosion deficiencies on the Sidney to North Platte pipeline segment, and submit the plan for approval to the Director, Southwest Region, within **60** days of receipt of the Final Order. HEP must remediate the areas of corrosion and provide records, including photos, to the Director, Southwest Region, within **180** days of approval of the remediation plan.
- C. It is requested (not mandated) that Holly Energy Partners, LP, 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.