

WARNING LETTER

VIA E-MAIL TO MR. RICHARD VOLIVA

September 2, 2022

Mr. Richard Voliva
President
Holly Energy Partners
2828 N. Harwood, Suite 1300
Dallas, TX 75201

CPF 5-2022-047-WL

Dear Mr. Voliva:

From April 4 through 8, 2022 and May 5 through 13, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Holly Energy Sinclair Transportation (Holly) liquid transmission system in Wyoming and Colorado.

As a result of this 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. § 195.214 Welding procedures.

(a) Welding must be performed by a qualified welder or welding operator in accordance with welding procedures qualified under section 5, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, see § 195.3), or Section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC)

(incorporated by reference, see § 195.3). The quality of the test welds used to qualify the welding procedures must be determined by destructive testing.

Holly conducted welding activities using unqualified welders. During the inspection, PHMSA learned that on December 12, 2020, Holly installed a pump station at Casper Station that required welding activities. The welding procedure used for this project was WPS (Welding Procedure Specification) N2 Rev. 2 adopted 8/15/2017. The welders who performed the welding activity for the project, however, were qualified to WPS N1 instead of N2.

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 ½ 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.

Holly failed to inspect and test pressure control equipment to determine that each 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 at least once each calendar year, not to exceed 15 months. Specifically, during the inspection, PHMSA found that Holly failed to inspect twelve relief valves that protect the upstream pipeline or protect lower pressure station piping and twelve relief valves that protect small segments of aboveground pipe from over pressure, caused by thermal expansion during its 2020 and 2021 inspection cycle.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 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. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this

time. We advise you to correct the items identified in this letter. Failure to do so will result in Holly Energy Sinclair Transportation being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2022-047-WL**. 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).

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 G. Ogirima (#22-239525)