



May 24, 2018

Via Fed Ex – Tracking Number: 7723 1659 1666

James A. Urisko
Director, Office of Pipeline Safety
PHMSA Southern Region
233 Peachtree Street NE
Suite 600
Atlanta, GA 30303

RE: CPF 2-2018-5001W – Warning Letter Response

Dear Mr. Urisko,

On February 2, 2018 PBF Energy received a "Warning Letter" resulting from an integrated audit performed on our MOEM and COLLINS pipeline system in July and August of 2017. While your Warning Letter did not require a response, PBF Energy is providing this letter to document the completion of actions taken to address the three probable violations.

By submitting this response, PBF Energy does not waive any right, privilege or objection that it may have in any separate or subsequent proceeding related in any way to the information provided in this response.

Below are each of the probable violations stated in the Warning Letter, followed by the corrective action, in bold italic print, that PBF has taken for each violation.

1. §195.452...PBF failed to meet the regulation because it did not adequately implement and follow its Integrity Management (IM) program. Specifically, PBF failed to identify pipeline segments that could affect high consequence areas (HCA's) on its Collins and MOEM pipelines, as required by its pipeline IM program.

During their review of maps and records documenting identified HCA's, PHMSA inspector noted overland flow spill paths identified for the segment of PBF's Collins pipeline traversing Lake Pontchartrain. Overland flow spill paths were denoted within waterbodies for several segments of PBF's MOEM pipeline as well. PBF personnel could not explain the identification of potential "overland flow" in a waterbody. Furthermore, PBF personnel could not provide documentation demonstrating any water transport analysis, for either pipeline, to identify any segments that could affect an HCA, as required by PBF's IM program.

Moreover, during subsequent discussions, PHMSA requested PBF to provide dispersion modeling data for a segment of the MOEM pipeline that appeared likely to include a "could affect" HCA segment, but was not identified as such in PBF's documentation. The chosen segment was in a water way identified by PBF's as Lake Jean Louis Robin, and was close to an ecologically-sensitive area. In an email, dated Sept. 26, 2017, PBF indicated that their consultant had reviewed the subject area and determined the segment to be a "could affect" segment based on tidal influences. The operator subsequently added the MOEM pipeline segment (from Mile Post 24.8 to Mile Post 28.1) to its IM program as a "could affect" segment.

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Corrective Action: PBF revised the IM program on September 26, 2017 to include the additional could-affect HCA mileage and added clarifying language to more clearly describe the overland flow and waterborne transport processes. In addition, on January 25, 2018 PBF included these additional could-affect HCA miles in a supplemental report to PHMSA's annual report.

2. §195.49...PBF's 2016 annual report for the Collins Pipeline was not completed correctly, Section G.b, "Reassessment miles completed during the calendar year", indicated no reassessment miles had been completed. PHMSA's records review, however, revealed that the Collins pipeline was in fact subject to an in-line inspection during the reporting period.

Corrective Action: While an in-line tool run was performed on the Collins pipeline in 2016 as required by PBF's reassessment plan, an inadvertent omission was made on the annual report to that effect. On January 25, 2018 PBF amended the PHMSA annual report with a supplemental report for the Collins Pipeline adding in those reassessment miles identified in the audit.

3. §195.505...PBF failed to meet the regulation because it did not notify the Administrator or participating state agency of significant modifications to its written qualification program.

PBF acquired the Collins Pipeline and the MOEM Pipeline in December 2015. At this time both pipelines were added to the PBF Energy Operator Qualification (OQ) program, but PBF did not submit notification of this significant modification to its OQ program.

Correction Action: On December 21, 2015, as required by §195.64(c)(2) National Registration of Pipelines and LNG Operations, PHMSA was notified electronically (Notification Type C and Type D) that PBF had acquired the Collins and MOEM pipeline assets from Exxon/Mobil and on the Type C forms identified the existing PBF OQ Plan that would be followed for these new assets. (See attachments: Type C forms)

If PBF's registration under §195.64(c)(2) does not satisfy this alleged probable violation, the company requests a meeting or letter from PHMSA providing clarification for "significantly modifies" as it applies to §195.505(i), so this acquisition and any future changes to the company can be properly distinguished as affecting the administrator's determination in verifying PBF's OQ plan compliance.

PBF prides itself on being a responsible operator and strives to be in compliance with all appropriate regulations in order to be a safe transporter of petroleum products. PBF appreciates the benefit of PHMSA audits and hopes the results of this integrated audit and the actions taken to address these three issues is a reflection of our commitment for continuous improvement.

If you have any questions about the response to the Warning Letter or about these matters in general, please do not hesitate to contact me at (281) 602-4224 or thomas.mclane@pbfenergy.com. Thank you in advance for your consideration.

Sincerely,



Thomas J. McLane
Director, Logistics Regulatory Compliance
PBF Energy Inc.