

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 2, 2018

Mr. Thomas J. Nimbley  
Chief Executive Officer, PBF Energy, Inc.  
Collins Pipeline Company  
MOEM Pipeline, LLC  
1 Sylvan Way, 2nd Floor  
Parsippany, NJ 07054

**CPF 2-2018-5001W**

Dear Mr. Nimbley:

From July 25-27, 2017 and from August 8-10, 2017, 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 Collins Pipeline Company (Collins) and MOEM Pipeline, LLC (MOEM), procedures and records in Woodlands, Texas. Collins and MOEM are subsidiaries of PBF Energy, Inc. (PBF).

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

- 1. 195.452 Pipeline integrity management in high consequence areas.**
  - ...(b) *What program and practices must operators use to manage pipeline integrity?***  
**Each operator of a pipeline covered by this section must:**
    - ...(5) Implement and follow the program.**

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 (HCAs) on its Collins and MOEM pipelines, as required by its pipeline IM program.

During their review of maps and records documenting identified HCAs, PHMSA inspectors 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 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.

**2. §195.49 Annual report.**

**Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.**

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.

**3. §195.505 Qualification program.**

**Each operator shall have and follow a written qualification program. The program shall include provisions to:**

**...(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to [InformationResourcesManager@dot.gov](mailto:InformationResourcesManager@dot.gov), or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.**

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 that 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.

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. 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 Collins Pipeline Company 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 2-2018-5001W**. 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,

James A. Urisko  
Director, Office of Pipeline Safety  
PHMSA Southern Region