

WARNING LETTER

VIA E-MAIL TO MR. RICHARD PALMER

June 11, 2021

Mr. Richard Palmer
CEO - Global Clean Energy Holdings
Alon Bakersfield Property, Inc.
2792 Skypark Drive, #105
Torrance, CA 90505

CPF 5-2021-027-WL

Dear Mr. Palmer:

On May 11, 2021, 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 pipeline system in Bakersfield, California. The inspection was done virtually due to the idle status of the pipeline since 2014. Only record questions were reviewed for CP, patrolling, general valve maintenance, and required notifications.

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

1. § 191.22 - National Registry of Pipeline and LNG operators.

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, underground natural gas storage facility, LNG plant, or LNG facility must notify PHMSA electronically through the National Registry of Pipeline, Underground Natural Gas Storage Facility, and LNG Operators at <http://opsweb.phmsa.dot.gov> of certain events.

(2) An operator must notify PHMSA of any of the following events not later than 60 days after the event occurs:

(iii) A change in the entity (e.g., company, municipality) responsible for an existing pipeline, pipeline segment, pipeline facility, underground natural gas storage facility, or LNG facility;

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On May 7, 2020, Delek US Holdings, Inc. sold Alon Bakersfield Property, Inc. to Bakersfield Renewable Fuels, LLC, an affiliate of GCEH Global Clean Energy Holdings, Inc. The required notification for this change of ownership was to be made within 60 days of May 7, 2020; however, the notification was not completed until March 12, 2021.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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 item identified in this letter. Failure to do so will result in Alon Bakersfield Property, Inc. 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 5-2021-027-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 J. Gilliam (#20-172629)