DELEK MARKETING & SUPPLY, LP

July 17, 2013

REC'D
JUL 3 1 2013
APCO

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
Box 7611 Ben Franklin Station
Washington, D.C. 20044-7611

Mr. Nelson "Beau" Smith
U.S. Environmental Protection Agency
Region 6
1445 Ross Ave.
Dallas, Texas 75202
Mail Code: 6SFPC

Mr. Ward Burnes
Air Permitting and Compliance Branch
U.S. Environmental Protection Agency
Region 7
901 North 5th Street
Kansas City, KS 66101

Re: First Amendment to the Plains All American Pipeline, L.P. Consent Decree
Delek Crude Logistics, LLC Semi-Annual Compliance Status Report
Reporting Period: January 19, 2013 through June 30, 2013
DJ No. 90-5-1-1-08698

Dear Sirs:

Delek Crude Logistics, LLC (Delek) is submitting the attached *Semi-Annual Compliance Status Report* in accordance with the First Amendment to the Consent Decree between Plains All American Pipeline, L.P. (Plains) and the U.S. EPA (Civil Action No. 4:10-cv-02833). Delek became a party to the Consent Decree with approval of the First Amendment, approved by the court on January 19, 2012, and upon Delek's purchase of a pipeline segment from Plains on January 31, 2012.

The report contains no substantive changes from the last submittal.

If you have any questions or concerns about the attached report or other matters related to Delek's compliance with the Consent Decree, please feel free to contact me at 713.301.3660 or via email at mike.norman@delekus.com.

Sincerely,

Michael E. Norman

Michael E. Norman
Vice President – Environmental & Regulatory Affairs

7102 COMMERCE WAY • BRENTWOOD • TENNESSEE • 37027
615.771.6701

DELEK CRUDE LOGISTICS, LLC
Brentwood, TN

Third

SEMI-ANNUAL COMPLIANCE STATUS REPORT

For the Period January 1 – June 30, 2013

First Amendment to the Consent Decree between Plains All American Pipeline, L.P. and EPA

Submitted to:

UNITED STATES DEPARTMENT OF JUSTICE
Washington, DC

U.S. ENVIRONMENTAL PROTECTION AGENCY – REGION 6
Dallas, Texas

U.S. ENVIRONMENTAL PROTECTION AGENCY – REGION 7
Kansas City, KS

July 17, 2013

Table of Contents

Page

1.0 Introduction

1.1 Delek Crude Logistics, LLC Assumption of Certain Consent Decree Requirements 1-1
1.2 Report Purpose 1-1
1.3 Report Organization 1-2
1.4 Period Covered By This Report 1-2
1.5 Report Certification 1-3

2.0 Consent Decree Compliance Status (*Consent Decree Section V*)

2.1 Enhanced Integrity Management and Corrosion Control *(CD Paragraph 15)* 2-1
2.1.1 IMP Requirements for Category 1, II-B and III B Pipelines *(CD Sub-Paragraph 15.A)* 2-1
2.1.2 RSP Screening of *Category (CD Subparagraph 15.B)* 2-1
2.1.3 Integrity Management of Category II and III Pipelines *(CD Subparagraph 15.C)* *2-1*
2.1.4 New Pipeline Acquisitions *(CD Subparagraph 15.D)* 2-1
2.1.5 Geographic Information Systems (GIS) Mapping (CD Subparagraph 15.E) 2-1
2.1.6 Anode Beds, Internal Corrosion Control and Close Interval Surveys (CD Subparagraph 15.F) 2-2
2.1.7 Subsequent Revisions to Plains IMP or RSP (CD Subparagraph 15.G) 2-2

2.2 Enhanced Pipeline Leak Detection *(CD Paragraph 16)* 2-3
2.2.1 Weekly Aerial Patrols *(CD Subparagraph 16.A)* 2-3
2.2.2 Implementation of API 1130 Compliant CPM Detection *(CD Subparagraph 16.B)* 2-3
2.2.3 Enhancement of API 1130 Compliant CPM Leak Detection and Minimization of Slack-Line Operations *(CD Subparagraph 16.C)* 2-3

2.3 Requirement for Replacement and/or Substitute Breakout Tanks *(CD Paragraph 17)* 2-4

2.4 Personnel and Training *(CD Paragraph 18)* 2-4
2.4.1 Position Preservation *(CD Subparagraph 18.A)* 2-4
2.4.2 Employee Training *(CD Subparagraph 18.C and 18.D)* 2-4

2.5 Permits *(Consent Decree Paragraph 19)* 2-5

3.0 Other Reporting Requirements *(Consent Decree Section VI)*

3.1 Problems Identified During the Reporting Period 3-1
3.2 Solutions to Problems Identified During the Reporting Period 3-1
3.3 Consent Decree Violations of Force Majeure Events 3-1

1.0 Introduction

1.1 Delek Crude Logistics, LLC Assumption of Certain Consent Decree Requirements

On January 31, 2012, Delek Crude Logistics, LLC (Delek) completed the purchase of a 36.38 mile section of crude oil pipeline from Plains All American Pipeline, L.P. (Plains).

Under the terms of a September 20, 2010 Consent Decree (the Consent Decree) between the United States Environmental Protection Agency (EPA) and Plains, Delek became a party to the Consent Decree through the First Amendment to the Consent Decree having an effective date of January 19, 2012. With the First Amendment to the Consent Decree, Delek assumed all obligations and liabilities of the Consent Decree that are applicable to the acquired subject pipeline and are required to be performed on or after the purchase closing.

The Consent Decree references the acquired pipeline as the McMurrey to Tyler Pipeline with PLM/CPM record name C_PLM08 (the Pipeline). The Pipeline is an 8-inch and 10-inch diameter crude oil pipeline that originates in Nettleton, Texas and terminates at Bullard Junction near Tyler, Texas. The Pipeline is a Category I pipeline as defined in the Consent Decree.

1.2 Report Purpose

This Semi-Annual Compliance Status Report (the Report) has been prepared in compliance with Provision VI (Reporting Requirements) of the Consent Decree. This provision of the Consent Decree requires that a semi-annual report be submitted to the United States Department of Justice (DOJ) and EPA Regions 6 and 7 summarizing the status of Delek's compliance with Section V (Compliance Requirements) of the Consent Decree as well as the other specific reporting requirements of Section VI.

1.3 Report Organization

The Semi-Annual Compliance Status Report Sections are organized to follow the requirements of Section V (Compliance Requirements) of the Consent Decree. Most of the reporting requirements of Section VI are addressed as specified by the Consent Decree within these report sections. For purposes of this report, the capitalized term "Pipeline" refers to the McMurrey to Tyler Pipeline as defined and described in the second paragraph of the First Amendment to the Consent Decree.

Not all compliance requirements of the Consent Decree apply to the Pipeline either because (i) the requirement does not apply to a Category I pipeline, (ii) Plains completed the requirement prior to Delek's ownership, or (iii) the requirement does not apply after the date of Delek's acquisition of the Pipeline. Where appropriate the report identifies compliance requirements that are not applicable.

1.4 Period Covered By This Report

This Report covers the reporting period from January 1, 2013 through June 30, 2013.

The Consent Decree requires that a semi-annual report be provided to the EPA and DOJ no later than six months after the Effective Date of the Consent Decree and every six months thereafter until the Consent Decree terminates. In a discussion with Nelson Smith (EPA Region 6) on February 2, 2012, it was agreed that the Effective Date shall be January 19, 2012, the date Judge Harmon signed the First Amendment to the Consent Decree, with the first semi-annual report due six months later on July 19, 2012. To provide time to prepare the report, the period covered by the Semi-Annual Compliance Status Reports is from the end of the last reporting date through the end of the month preceding the reporting deadline.

1.5 Report Certification

(Consent Decree Paragraph 21)

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on any personal knowledge I may have and my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

John Warren 7-18-13

John Warren **Date**

Vice President

Delek Crude Logistics, LLC/Delek Logistics GP, LLC

2.0 Consent Decree Compliance Status (*Consent Decree Section V*)

2.1 Enhanced Integrity Management and Corrosion Control
(Consent Decree Paragraph 15)

2.1.1 IMP Requirements for Category I, II-B and III-B Pipelines
(CD Subparagraph 15.A)

During the reporting period covered by this Report, Delek has assessed, operated and maintained the Pipeline in accordance with the requirements of Delek's existing and revised existing Integrity Management Plan.

Delek prepared a new Integrity Management Plan that consolidates all of its Texas pipelines, including the subject Pipeline, into a single plan. The revised Integrity Management Plan was completed by July 31, 2012 and implemented by the end of 2012. The next scheduled assessment of the plan is March 2016 (Appendix E table, page 127 of Delek's IM Plan).

2.1.2 RSP Screening of Category II-A, III-A and IV Pipelines
(CD Subparagraph 15.B)

Not applicable. The Pipeline is a Category I, not Category II-A, III-A or IV.

2.1.3 Integrity Management of Category II and III Pipelines
(CD Subparagraph 15.C)

Not applicable. The Pipeline is a Category I, not Category II or III.

2.1.4 New Pipeline Acquisitions
(CD Subparagraph 15.D)

Delek acquired the subject Pipeline from Plains on January 31, 2012. Other than the Pipeline acquired from Plains, new pipeline acquisitions by Delek are not subject to the Consent Decree.

2.1.5 Geographic Information System (GIS) Mapping
(CD Subparagraph 15.E)

Plains completed digital mapping and Centerline Verification of all pipelines operated by Plains by July 1, 2010. Plains has provided digital mapping information for the Pipeline to Delek.

2.1.6 Anode Beds, Internal Corrosion Control and Close Interval Surveys *(CD Subparagraph 15.F)*

As documented in the Plains Semi-Annual Consent Decree Status Report dated March 20, 2012, Plains met the minimum expenditure required by the Consent Decree for mitigating threats posed by corrosion prior to Delek's acquisition of the subject Pipeline and therefore this provision is not applicable to Delek. Plains conducted a program of anode bed and rectifier replacement or installation, installation of equipment to inject corrosion inhibitor and biocides for internal corrosion control and performance of close interval surveys.

Although not required for Consent Decree compliance, Plains replaced the anode bed at mile maker 10.9 on the subject Pipeline in November 2011 as part of Plains' routine anode bed replacement program.

2.1.7 Subsequent Revisions to Plains' (Delek's) IMP or RSP *(CD Subparagraph 15.G)*

Delek prepared a new Integrity Management Plan that consolidates all of its Texas pipelines, including the subject Pipeline, into a single plan. The revised Integrity Management Plan was completed by July 31, 2012 and implemented by the end of 2012.

We reviewed the Plains IMP and do not believe that any provisions of our IMP would be a "material change" as that term is used in Subparagraph 15.G of the Consent Decree.

2.2 Enhanced Pipeline Leak Detection
(Consent Decree Paragraph 16)

2.2.1 Weekly Aerial Patrols
(CD Subparagraph 16.A)

Weekly aerial, motor vehicle or foot patrol of the Pipeline has been conducted (weather permitting) in accordance with Subparagraph 16.A of the Consent Decree.

2.2.2 Implementation of API 1130 Compliant CPM Detection
(CD Subparagraph 16.B)

Even prior to Delek's purchase of the Pipeline, Delek operated this Pipeline from its control room at Nettleton, with monitoring by Plains. Delek continues to operate the Pipeline from the Nettleton control room with additional monitoring at our control room in El Dorado, Arkansas. Delek does not operate the Pipeline in strict accordance with performance standards for Computational Pipeline Monitoring described in API 1130. Delek monitors the following parameters and has established appropriate alarms for the purpose of identifying a potential leak:

- High Pressure
- Low Pressure
- Flow-in/Flow-out differential

2.2.3 Enhancement of API 1130 Compliant Leak Detection and Minimization of Slack-Line Operations *(CD Subparagraph 16.C)*

Prior to Delek's acquisition of the Pipeline, Plains completed the requirements of this subparagraph of the Consent Decree and installed a remotely operated control valve at the pipeline terminus in Tyler for the purpose of minimizing slack-line operation by preventing oil from draining from the line between periods of pumping. Because of the large elevation difference between Nettleton and Tyler, Delek believes a better option is use of a back pressure control valve to provide the same slack-line protection while enhancing meter performance. The back pressure control valve was installed and operational by July 31, 2012.

2.3 Requirements for Replacement and/or Substitute Breakout Tanks
(Consent Decree Paragraph 17)

There are no breakout tanks on the Pipeline. Delek has not added new tanks or used substitute breakout tanks on the Pipeline since its acquisition. If such new or substitute tanks become necessary, Delek will comply with the requirements of Paragraph 17 of the Consent Decree to ensure that such tanks have sufficient capacity and that requirements for secondary containment are met.

2.4 Personnel and Training
(Consent Decree Paragraph 18)

2.4.1 Position Preservation
(CD Subparagraph 18.A)

The requirement for this subsection ended on July 31, 2011 and is no longer effective.

2.4.2 Employee Training
(CD Subparagraph 18.C and 18.D)

The operator training requirement of Subparagraph C does not specifically apply since the Pipeline is Category I and not Category III-A or IV. However, Delek does have an operator qualification program in place for staff operating and monitoring the Pipeline

Delek has hired no new pipeline controllers for the subject Pipeline, therefore the requirement to prescreen applicants using a computer simulator-based console operator assessment has not been applicable. Delek is investigating the Cobra program used by Plains and other alternatives for potential future use if necessary.

T.D. Williamson, a third party training consultant, was engaged by Delek to conduct class-room and hands-on training on pipeline pigging and cleaning procedures for existing operators. All existing operators completed the course effective October 11, 2012. Any new employees hired will attend this training as part of their new-hire orientation and ongoing training.

2.5 Permits

(Consent Decree Paragraph 19)

No federal, state or local permit or approval was required to fulfill any compliance obligation in Section V of the Consent Decree during the reporting period that would require, or have the potential to require, Delek to seek relief under the provisions of Section VIII (Force Majeure) of the Consent Decree.

3.0 Other Reporting Requirements (Consent Decree Section VI)

3.1 Problems Identified During the Reporting Period *(CD Subparagraph 20.A (v))*

No problems were identified during the reporting period.

3.2 Implemented or Planned Solutions to Problems Identified During the Reporting Period *(CD Subparagraph 20.A (v))*

As no problems were identified during the reporting period, no implemented or planned solutions to problems are being reported.

3.3 Consent Decree Violations or Force Majeure Events *(CD Subparagraph 20.B)*

During the reporting period covered by this semi-Annual Compliance Status Report, no Consent Decree violations or Force Majeure Events occurred.