

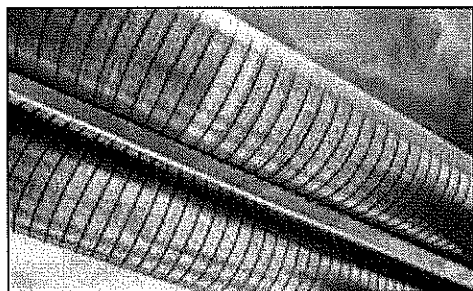
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Pipeline operator could face up to \$1 million in fines

June 6, 2018



SALT LAKE CITY — A dozen alleged violations against a pipeline operator are prompting Utah regulators to seek up to a million dollars in civil penalties against the Reno company.

Pacific Energy & Mining Co. operates a 21-mile, 16-inch natural gas pipeline from its processing plant to a tap northwest of Moab near the south side of the Archview Resort.

A November 2016 inspection by the pipeline safety section of the Utah Division of Public Utilities revealed 13 areas of "noncompliance" stemming from shortcomings in federally mandated operational plans and other required practices, according to Chris Parker, division director.

A filing before the Utah Public Service Commission indicates some of those alleged violations include deficiencies in emergency plans and an insufficient public awareness program for affected nearby entities, including schools and cities.

Company president Tarik Ahmad said none of the division's complaints have anything to do with safety but instead revolve around paperwork on a pipeline he says shouldn't be regulated.

"We are a small company that has run this for a long time and we were never regulated. It is a gathering system. It is not a transmission line."

Ahmad said the pipeline was never subjected to state inspections before 2013, a change he attributes to the past presidential administration's pattern of politically pressuring more oversight of the industry.

"It has to do with politics," he said, adding the division was trying to "toe the line" with former President Barack Obama's administration.

"It is a gathering system in operation since 2008 and it is not supposed to be regulated. In 2013, they came to us and said they want to regulate. What changed? Did they have a vision?"

Parker said when Pacific took ownership of the pipeline, operational changes put it within the state's jurisdiction, which he said was agreed to by all parties.

Ahmad argues the state's extension of jurisdiction is unwarranted.

"(Pacific Energy & Mining) is not a transmission company. Rather it gathers the gas and delivers the same to the gas meter at its own property and equipment before it is transferred to Northwest Pipeline," Ahmad said in a

Tuesday filing before the commission.

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"Division's attempt to insert itself into regulating a gas gathering system by changing the nomenclature in simply calling a gathering line a transmission line will result in every gas gathering system in the state of Utah to be regulated as a transmission line," the filing states.

Ahmad said there are hundreds of gas gathering systems located throughout Utah.

The division has insisted on the corrections.

A follow-up inspection in August 2017 found that one of 13 alleged violations was corrected.

The division issued another warning letter in late August, and while there was email correspondence from the company, Parker said the company failed to address the other violations.

The case was referred to the Utah Attorney General's Office in January this year for enforcement.

In May, the company filed a request for a 90-day extension to respond to the division, but the division is objecting.

A hearing has been set for July.