



State of Utah
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Division of Public Utilities

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May 16, 2017

WARNING LETTER

Dan Green
Vice President of Operations
Pacific Energy & Mining Company (PEMC)
3550 Barron Way, Suite 13A
Reno NV 89511

Dear Mr. Green,

The Utah Public Service Commission (Commission) is authorized by Title 54, Chapter 13 of the Utah State Code to adopt rules and regulations in conformance with the Natural Gas Pipeline Safety Act of 1968, as amended, and other applicable laws. The Commission, by orders issued in Docket No. 89-999-06, has adopted Title 49 CFR Parts 190, 191, 192, 198, 199, and Part 40 along with certain subsequent amendments. Through delegation from the U.S. Department of Transportation, the Division of Public Utilities' Pipeline Safety Section (UTPS) monitors compliance and enforces intrastate gas pipeline safety requirements.

An annual inspection, No. 20161101CH, was conducted on November 1-4, 2016 for the Pacific Energy Mining Company pipeline. An O&M Inspection was performed along with a records and field audit. During the inspection 13 non-compliance items were found as noted in our letter to you dated November 21, 2016 (enclosed). A reply in writing from you with your plan of action to correct the 13 non-compliance items and/or the correction to each item was required by December 23, 2016.

Our office did not receive the required response from you by the required deadline. A follow-up email was sent March 22, 2017 reminding you of the missed deadline. The email also reminded you that the PHMSA Annual Report for Calendar Year 2016 Natural or Other Gas Transmission and Gathering Systems (Form PHMSA F 7100.2-1) was not submitted to our office, the Division of Public Utilities (DPU), or the Utah Public Service Commission (PSC) by the March 15, 2017 deadline. PSC rule R746-409-4.C states the required reporting to the PSC and DPU. 49 CFR Part 191.17 states the requirement for annual report submission for transmission systems.

We need an immediate response to this letter with a corrective action plan from you to ensure safety of the pipeline and to correct these violations. **A response by May 24, 2017 is required in order to prevent an enforcement action.** Please, be advised, an enforcement action taken against you will subject PEMC to civil penalties in the amount of up to \$100,000 per violation per day for noncompliance, with a maximum penalty of \$1,000,000 for any related series of violations in accordance with Utah Code Title 54-13-8.

If you have any questions concerning this inspection or the compliance process you may contact me at 801-828-8229 or call our office at 801-530-6286.

Sincerely,



Jimmy Betham
Pipeline Safety Engineer
801-580-7515
jbetham@utah.gov

Enclosures

cc: (via email)
Tariq Ahmad