



State of Utah
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Division of Public Utilities

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June 23, 2017

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

Dear Mr. Green,

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 which are noted below along with the proposed corrections provided in your letter dated May 25, 2017:

Non-compliance Found:

- 1. 192.605 Procedural manual for operations, maintenance, & emergencies (b) (8):**
Periodically reviewing the work done by operator personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found. *No documentation was available to verify; needs documentation.*
Proposed Correction: Operator plans to complete documentation by June 30, 2017.
- 2. 192.605 Procedural manual for operations, maintenance, & emergencies (c) (4):**
Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found. *No documentation was available to verify; needs documentation.*
Proposed Correction: Operator plans to complete documentation by June 30, 2017.
- 3. 192.615 Emergency plans (b) (2):** Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective. *No documentation was available to verify training and/or training effectiveness.*
Proposed Correction: According to operator, field personnel is undergoing training program and when completed, verification will be forwarded to our office.
- 4. 192.615 Emergency plans (b) (3):** Review employee activities to determine whether the procedures were effectively followed in each emergency. *No documentation was available to verify whether procedures were effectively followed.*
Proposed Correction: Operator plans to complete documentation by June 30, 2017.

5. **192.615 Emergency plans (c):** Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials. *No documentation was available to verify liaison.*
Proposed Correction: Operator plans to complete documentation by June 30, 2017.
6. **192.616 Public awareness (e) & (f):** The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations. The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports gas. *No documentation was available to verify public awareness activities.*
Proposed Correction: Operator plans to complete documentation by July 31, 2017.
7. **192.616 Public awareness (g):** The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the non-English speaking population in the operator's area. *This item was not addressed by the PEMC Procedural Manual for Operations, Maintenance and Emergencies (PMOME).*
Proposed Correction: Operator plans to complete documentation by July 31, 2017.
8. **192.616 Public awareness (h):** Operators in existence on June 20, 2005, must have completed their written programs no later than June 20, 2006. The operator of a master meter or petroleum gas system covered under paragraph (j) of this section must complete development of its written procedure by June 13, 2008. Upon request, operators must submit their completed programs to PHMSA or, in the case of an intrastate pipeline facility operator, the appropriate State agency. *An effectiveness review was not addressed by the PEMC PMOME.*
Proposed Correction: Operator plans to complete documentation by July 31, 2017.
9. **192.706 Transmission lines: Leakage surveys:** Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with §192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted. *No documentation of leak surveys available.*
Proposed Correction: Leak Survey conducted in May 2017, and operator plans to complete documentation by June 30, 2017.
10. **192.745 Valve maintenance: Transmission lines:** Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year. *No documentation of valve maintenance/testing available.*
Proposed Correction: Leak Survey conducted in May 2017, and operator plans to complete documentation by June 30, 2017.
11. **192.751 Prevention of accidental ignition:** Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion. *Not addressed by the PEMC PMOME, no documentation available.*
Proposed Correction: Operator plans to complete documentation by June 30, 2017.

12. 192.227/229 Qualification of welders and welding operators / Limitations on welders and welding operators: Welder qualification documentation not available at the time of audit because records are stored in Reno, NV. *PEMC will check and follow-up with additional information.*

Proposed Correction: The operator took over the pipeline from Delta Petroleum and they did not provide qualification documentation of the welders, but they did provide welding and testing records. The records are held in the Green River, Utah Field Office.

13. 192.243 Nondestructive testing: NDT qualification documentation not available at the time of audit because records are stored in Reno, NV. *PEMC will check and follow-up with additional information.*

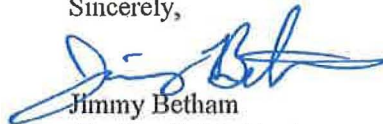
Proposed Correction: The records are held in the Green River, Utah Field Office.

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 Staff (UTPS) monitors compliance, and enforces intrastate gas pipeline safety requirements.

We reviewed your proposed corrections for the 13 non-compliance items. A follow-up inspection is scheduled for July 31-August 2, 2017 to review and verify the proposed corrections. The inspection, No. 20161101CH, remains open pending the follow-up inspection.

If you have any questions concerning this inspection or the compliance process you may contact me at 801-580-7515 or call our office at 801-530-6286.

Sincerely,



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