

Pacific Energy & Mining Company	<p style="text-align: center;"><u>DOCKET NO. 18-2602-01</u></p> <p style="text-align: center;"><u>NOTICE OF HAZARDOUS FACILITY</u> <u>ORDER, ORDER TO PROVIDE</u> <u>CONFIRMATION OF COMPLIANCE, AND</u> <u>ACTION REQUEST TO THE DIVISION OF</u> <u>PUBLIC UTILITIES</u></p>
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ISSUED: June 14, 2019

On April 10, 2019, the Public Service Commission (PSC) issued its Hazardous Facility Order (“HFO”) with respect to the pipeline that, at the time, Pacific Energy & Mining Company (“PEMC”) operated, which is an approximately 21.19 mile, 16-inch steel natural gas pipeline running from the outlet of PEMC’s processing plant near the intersection of Ruby Ranch Road and Power Line Road to the TD Williams tap near the south side of the Archview Resort northwest of Moab, Utah (the “Pipeline”). The HFO ordered all operations of the Pipeline cease within 60 days of the HFO, *i.e.* June 9, 2019, and not recommence until the PSC orders otherwise. Additionally, the HFO ordered PEMC to pay a civil penalty in the amount of \$100,000, payable to the State of Utah, within 120 days.

On June 12, 2019, the Division of Public Utilities (DPU) filed a Status Update, representing an entity called Dead Horse Oil LLC (“Dead Horse”) claims it is now the operator of the Pipeline. The DPU represents it served a letter on Dead Horse notifying it of the HFO and its requirement that operations at the Pipeline cease. The DPU further represents it conducted a field inspection of the Pipeline on June 11, 2019 and observed as follows: (1) the Pipeline is packed at approximately 680 psig; (2) the Pipeline pressure “is below the Williams’ interstate pipeline operating pressures and no gas was being delivered to Williams at the time of [the] site

visit”; (3) the “valves appeared to remain open throughout the [P]ipeline on the PEMC side”; (4) “Wesco had shut in (closed valve and locked) its pipeline, which feeds into the PEMC [P]ipeline”; and (5) “Wesco is flaring approximately 600,000 cubic feet per day of gas according to [its] ... Plant Manager.”

The DPU explains “although no gas is apparently flowing to the Williams interstate pipeline, the PEMC pipeline remains capable of operation.” The DPU represents “[i]f PEMC, or a successor, has attempted to comply with the [HFO], it is not apparent from the [DPU’s] physical inspection on June 11, 2019.” The DPU further explains that “[e]ven though there was no gas flowing at the time of [the DPU’s] visit, if and when PEMC or Dead Horse decides to increase pressure, gas could flow to Williams.” The DPU concludes that “[i]f Wesco resumed operations, gas might also flow” and “the packed line contains pressurized gas and the possibility of harm from the facility remains.”

On June 12 and June 13, 2019, the PSC received correspondence from PEMC representing as follows: (1) PEMC “shut down its compressor on Sunday June 9 ... [and] stopped shipping gas to [Dead Horse,] the current operator of the Pipeline”; (2) the Pipeline contains “stranded” gas; and (3) venting the stranded gas would be harmful to the environment and unlawful without a permit.

In light of these developments, the PSC issues this notice and order.

**EXPRESS NOTICE OF THE HFO TO DEAD HORSE AND ANY OF ITS OR PEMC’S
SUCCESSOR OPERATORS**

The PSC previously held in this docket that the Pipeline is an intrastate natural gas transmission line over which the PSC has jurisdiction. The PSC’s HFO applies *to the Pipeline*.

While the HFO contained directives and penalties specific to PEMC, anyone who operates the Pipeline without successfully petitioning the PSC to discontinue the HFO could face new fines and penalties.

**ORDER DIRECTING PEMC TO PROVIDE CONFIRMATION OF COMPLIANCE
AND ACTION REQUEST TO THE DPU**

The PSC orders PEMC, or any successor operator of the Pipeline, to file on or before **Tuesday, June 25, 2019** a status report identifying each step or measure it has taken to comply with the HFO and an explanation for its failure to take any step or measure law, regulation, or industry practice require or suggest is necessary to render safe a pipeline that may not lawfully transport gas.

The PSC directs the DPU to investigate, research, and report as soon as reasonably possible following the status report, as to what, if any, steps the PSC should compel PEMC or other operator of the Pipeline to take in order to ensure the Pipeline is not hazardous to life or property. The DPU should include in its report reference to any applicable statutes, regulations, or industry practices.

DATED at Salt Lake City, Utah, June 14, 2019.

/s/ Michael J. Hammer
Presiding Officer

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Approved and confirmed June 14, 2019, as the Order of the Public Service Commission
of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#308739

CERTIFICATE OF SERVICE

I CERTIFY that on June 14, 2019, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By U.S. Mail:

Rodney Nugent
Registered Agent—PEMC
17 West Main 149
PO Box 149
Green River, UT 84525

Dean H. Christensen
Manager
Dead Horse Oil Company
17 West Main Street
Green River, Utah 84525

By Electronic-Mail:

Dan Green (dfgreen1@dslextreme.com)
Tariq Ahmed (taroil@yahoo.com)

Terry R. Spencer, Ph.D. (terry@spencerandcollier.com)
Spencer & Collier, PLLC
Attorney for PEMC

Patricia Schmid (pschmid@agutah.gov)
Justin Jetter (jjetter@agutah.gov)
Robert Moore (rmoore@agutah.gov)
Steven Snarr (stevensnarr@agutah.gov)
Assistant Utah Attorneys General

Madison Galt (mgalt@utah.gov)
Division of Public Utilities

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By Hand-Delivery:

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant