

DEADHORSE OIL COMPANY

EXHIBIT 1



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

January 2, 2019

NOTICE OF PROBABLE VIOLATION

Via U.S.P.S. and email

Tariq Ahmad
President
Pacific Energy & Mining Company (PEMC)
3550 Barron Way, Suite 13A
Reno NV 89511

Dear Mr. Ahmad,

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 natural gas pipeline safety requirements.

This Notice of Probable Violation (NOPV) is issued as a result of an annual inspection, No. 20180430JB, of Pacific Energy and Mining Company (PEMC), which includes 21.9 miles of 16" Intrastate Transmission Steel Pipeline. The inspection was conducted from April 30th to May 3rd, 2018. The purpose of this inspection was to review the Public Awareness Program (PAP)* and Drug and Alcohol Plan (D&A)*. As well as auditing PEMC's PAP and D&A, UTPS conducted a records and field audit. During the inspection a total of five probable violations (two new and three carried over from 2016) were found as noted below:

Probable Violations Found:

- 1. 191.17 Transmission systems; gathering systems; liquefied natural gas facilities; and underground natural gas storage facilities: Annual report:** During the inspection no transmission annual report was submitted by the March 15, 2018 deadline.
- 2. 191.29 National Pipeline Mapping System:** During the inspection no geospatial data was submitted to PHMSA for use in the National Pipeline Mapping System by the March 15, 2018 deadline.

3. **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. Documentation required. This is a carry-over item from the 2016 inspection.*
4. **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). This is a carry-over item from the 2016 inspection.*
5. **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. This is a carry-over item from the 2016 inspection.*

Please inform us in writing by **February 4, 2019** regarding your plan of action to correct these items and/or the correction made to each violation.

At this stage we need corrective action from you. However, be advised failure to plan and implement corrective action may result in enforcement actions taken against your company. In accordance with Utah Code Title 54-13-8, all violations are subject 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.

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,



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

*5-year inspection cycle for Utah Pipeline Safety (UTPS)

cc: (via email)
Dan Green
Terry R. Spencer, Ph.D.
Patricia E. Schmid
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