



State of Utah

Department of Commerce  
Division of Public Utilities

FRANCINE GIANI      CHRIS PARKER  
*Executive Director      Director, Division of Public Utilities*

GARY HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

## Division's Report

**To:** Utah Public Service Commission

**From:** Utah Division of Public Utilities

Chris Parker, Director

Al Zadeh, Senior Pipeline Safety Engineer

Jimmy Betham, Pipeline Safety Engineer

Connie Hendricks, Office Specialist II

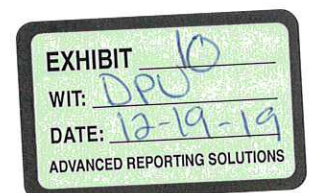
**Date:** July 9, 2019

**Re:** Docket No. 18-2602-01 – Division's Report Responding to Commission's June 14, 2019 Order

### I. Introduction

The Division of Public Utilities (Division) files this report in response to the Public Service Commission of Utah's (Commission or PSC) June 14, 2019 order (Order). The Utah Pipeline Safety Staff (UTPS) is part of the Division.

The Order followed the Commission's April 10, 2019 Hazardous Facility Order (HFO). This June Order instructed the Division "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 [Pacific Energy & Mining Company] or other operator of the Pipeline to take in order to ensure



the Pipeline is not hazardous to life or property.”<sup>1</sup> The Division was directed to include in its report “reference to any applicable statutes, regulations, or industry practices.”<sup>2</sup>

The Division has no evidence that PEMC or another operator used proper procedures to shut-in the Pipeline. The Division requests the Commission compel PEMC or another operator to detail the process it used to cease Pipeline operations to the extent it has. Further, PEMC and any other current operator should be required to file a plan for continued operation of the Pipeline consistent with pipeline safety law. There remains in the Pipeline pressurized gas and the absence of evidence of compliance with relevant pipeline safety laws. Whether the existence of pressurized gas in the system is consistent with the Commission’s HFO is a question for the Commission, but the Pipeline remains out of compliance with pipeline safety law for a variety of reasons. Without a plan for continued operation and evidence of compliance with relevant laws for operating a pipeline, the Commission should order PEMC or another operator to properly deactivate or abandon the Pipeline.

## **II. Discussion**

### **A. Operator Status and PEMC’s or Other Operator’s Status Report**

#### **1. Operator Status**

PEMC has represented that effective May 14, 2019, and through its counsel, that it is no longer the operator of the Pipeline.<sup>3</sup> PEMC has represented that Dead Horse Oil Company LLC (Dead Horse) is the operator of the Pipeline.<sup>4</sup> Dead Horse has also represented that it is the operator of the Pipeline, but has not provided the Division the date upon which it became the Pipeline operator.<sup>5</sup> To the Division’s knowledge, Dead Horse has not yet obtained an operator

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<sup>1</sup> Order at p. 3. The Pipeline is the “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.” Order at p. 1.

<sup>2</sup> Order at p. 3.

<sup>3</sup> See Exhibits 1, 2, 3, 4a, and 4b. See also Exhibit 5.

<sup>4</sup> See Exhibits 4a, 4b, and 5.

<sup>5</sup> See Exhibits 6a, Dead Horse June 10, 2019 fax, and 6b, Dead Horse June 10, 2019 letter received by mail (the content appears identical), 7a, and 7b. It is the Division’s experience that a new operator will generally contact the regulatory agency and inform it of the change in operator and discuss the status of the pipeline, any compliance

identification number from PHMSA. Thus, there remains some uncertainty about who the operator is. Consequently, throughout this report, the Division generally will use “PEMC or another operator.” The Commission may wish to require PEMC and Dead Horse to detail their relationship, as well as identifying who is the Pipeline’s current owner.

## 2. Status Report

On June 17, 2019, by letter dated June 14, 2019, PEMC filed correspondence with the Commission stating:

Pacific Energy and Mining Company has confirmation from Dead Horse Oil Company the Pipeline valves at Northwest Pipeline’s Interconnect are closed and locked. The valve between the Pacific Energy and Mining’s Gas Plant and the pipeline is closed and locked. Pacific suspended operations of the Gas Plant on Sunday June 9th, 2019.<sup>6</sup>

Because no other filing was made by PEMC or Dead Horse after the date of the Order but on or before June 25, 2019, the Division will treat PEMC’s June 17, 2019, correspondence as the “status report” required by the Commission in its Order.

### **B. The Division Has No Evidence that PEMC or Another Operator Followed Proper Shut-in Procedures**

On June 7, 2019, the Division sent Dead Horse a letter, and copied PEMC, stating that Dead Horse appears to be the new operator of the Pipeline, is subject to the HFO, and must suspend operation of the Pipeline by June 10, 2019.<sup>7</sup> Dead Horse disputed that the HFO applied to it and

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issues such as providing updated policy and procedure manuals, and any outstanding enforcement items with the regulator.

<sup>6</sup> See Exhibit 5.

<sup>7</sup> See Exhibit 9.

claimed that the Pipeline was unregulated.<sup>8</sup> Miscellaneous correspondence ensued between the Division, Dead Horse, and PEMC.<sup>9</sup>

On June 11, 2019, UTPS conducted a site visit and visual inspection of the Pipeline.<sup>10</sup> UTPS found that the valves on the Pipeline - excluding lateral piping for the pig launcher/receivers and blow down bypass - were chained and locked in the open position during its visit. Dead Horse represented that it was its understanding UTPS “closed the valves” during its inspection.<sup>11</sup> However, it would not have been possible to operate these valves without breaking the locks. UTPS does not operate valves and did not do so during June 11<sup>th</sup> site visit.

On June 17, 2019, PEMC filed its status report with the Commission.<sup>12</sup> The Division has received no documentation that PEMC or another operator followed appropriate shutdown procedures. The Division has not received any policy and procedural manuals or maintenance manuals from any other operator of the Pipeline.

On June 26, 2019, UTPS conducted a follow up inspection of the Pipeline.<sup>13</sup> During this visit, UTPS verified that all valves on the Pipeline were closed and locked. UTPS does not know if a qualified operator closed and locked these valves and if the Pipeline was shut-in by qualified personnel.<sup>14</sup>

PEMC’s manual specifies start-up and shut-down procedures.<sup>15</sup> Given that these are the only shut down procedures the Division has for the Pipeline, these procedures may be instructive in

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<sup>8</sup> See Exhibit 6a, 6b, 7a, and 7b.

<sup>9</sup> See Exhibits 4a, 4b, 5, 6a, 6b, 7a, 7b, 8a, and 8b (slight differences in content), 9, and 10. Of note, the Division’s June 12, 2019 letter to Dead Horse (Exhibit 10) required Dead Horse to submit evidence of a safe and adequate shutdown to the Division by June 14, 2019 and its operation and maintenance and emergency plans to the Division no later than June 26, 2019. As of the date of this report the Division has not received the required information from Dead Horse.

<sup>10</sup> See Exhibit 11.

<sup>11</sup> See Exhibit 7a.

<sup>12</sup> See Exhibit 5, and 8a and 8b.

<sup>13</sup> See Exhibit 12.

<sup>14</sup> Sometime between the UTPS visit on June 11, 2019 and its visit on June 26, 2019, the valves were changed from opened to closed. Even though the valves were open during the June 11<sup>th</sup> visit, gas did not appear to be flowing through the Pipeline but was packed in it.

<sup>15</sup> See Exhibit 13.

evaluating the actions taken to shut down the Pipeline in response to the HFO. However, UTPS cannot confirm if these PEMC shut down procedures were used as no adequate documentation was provided to UTPS. Although valves are closed and locked now, there have been no representations made concerning when and how these actions were taken, or by whom.

A pipeline is either active, which means the operator must comply with all the relevant safety requirements, or inactive meaning it is purged, sealed, and abandoned permanently, not to be operated again.<sup>16</sup> This Pipeline in its current condition (shut-in at 610 psig) is considered active and the operator must have a current and updated Operations and Maintenance plan and must comply with all the relevant safety requirements that apply to its operation.

The Code of Federal Regulations – Part 192, which has been adopted as Utah law by reference in R746-409-1(B), prescribes procedures that are applicable to PEMC or another operator for this HFO as discussed below in Part IIC of this report. The Division has received no documentation that PEMC or another operator complied with these regulations. Merely closing and locking the valves as PEMC implied Dead Horse did is inadequate to comply with applicable procedures and does not “ensure the Pipeline is not hazardous to life or property.”<sup>17</sup>

**C. The Commission Should Compel PEMC or Other Operator To Take Certain Actions To Ensure the Pipeline, Which May Not Lawfully Transport Gas, Is Not Hazardous to Life or Property**

The fact that the Pipeline is shut-in does not exempt it from the pipeline safety standards. A pipeline is either active or abandoned. This Pipeline is subject to pipeline safety laws and regulations as an active intrastate natural gas pipeline because it has not been deactivated and abandoned. Accordingly, the Commission should compel PEMC or another operator to take certain actions.

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<sup>16</sup>See Exhibit 14, PHMSA Advisory Bulletin ADB-2016-05.

<sup>17</sup> See Order at p. 3.

As explained in more detail below, PEMC or another operator must have appropriate procedures in place to achieve compliance and to operate and maintain the Pipeline under normal, abnormal, and emergency conditions. Additionally, PEMC or another operator must have appropriate procedures to maintain the Pipeline during this shut-in phase, as well as to deactivate and abandon the Pipeline if it is not to be brought into compliance for operating in the future. This plan should include how long PEMC or another operator expects the Pipeline to remain shut-in and when and if it expects the Pipeline to resume transporting gas or to become deactivated and abandoned. The plan should include documentation strategies that capture all relevant operation and maintenance activities related to the safe operation of this Pipeline as verification of compliance with the safety requirements. In addition, the operator must obtain an OPID from PHMSA in accordance with the requirement of 49 C.F.R. § 191.22 National Registry of Pipeline and LNG operators. Also, PEMC or another operator must have a plan to achieve compliance with applicable procedures and regulations, including remedying outstanding violations. This compliance plan should be complete and comprehensive enough to address and cure the remaining 11 violations the Commission found in this docket.<sup>18</sup>

PEMC or another operator must comply with all the safety requirements of CFR 49, Parts 191 and 192 for having an active Pipeline unless the pipeline is deactivated and abandoned. Compliance requires that PEMC or another operator have valid policy and procedures manual, maintenance manual, emergency plans, and perform all the required maintenance procedures and collect all the necessary documentations during this shut-in period; or conduct an abandonment and deactivation procedure in accordance with 49 CFR § 192.727 Abandonment or deactivation of facilities.

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<sup>18</sup> UTPS's 2017 and 2018 inspections of the Pipeline resulted in Notices of Probable Violations.

For example, for this active Pipeline, PEMC or another operator must comply with:

**Part 192. Subpart M – Maintenance**

**192.703 General**

- a) **No person may operate a segment of pipeline, unless it is maintained in accordance with this subpart.**
- b) **Each segment of pipeline that becomes unsafe must be replaced, repaired, or removed from service.**
- c) **Hazardous leaks must be repaired promptly.**

If a pipeline is not active and is not to resume operation, the operator must isolate and, generally, purge its pipeline in accordance with the following regulation:

**192.727 Abandonment or deactivation of facilities.**

- a) **Each operator shall conduct abandonment or deactivation of pipelines in accordance with the requirements of this section.**
- b) **Each pipeline abandoned in place must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipeline, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.**

Because the Pipeline is active, albeit shut-in, the Commission should compel PEMC or another operator to have a valid Operation & Maintenance plan that addresses all the requirements of 49 C.F.R Parts 191 and 192 that apply to the operation of this Pipeline. Once the plan is reviewed and deemed adequate by UTPS and the Commission, PEMC or operator must immediately proceed with the required maintenance activities, which have apparently

lapsed during these proceedings. PEMC or another operator should promptly submit evidence of those activities' completion to UTPS for review. Specifically, PEMC or another operator must.

- 1) Have a qualified operator and properly trained operating personnel.
- 2) Have a shut-in procedure and execute it in accordance with its plan, including documentation requirements, demonstrate compliance with the plan, and make it available to UTPS.
- 3) Continue to perform all the required maintenance on this Pipeline during the shut-in period with adequate documentation that demonstrates compliance with the plan and make it available to UTPS.
- 4) Have a restart or activation plan and make it available to UTPS if PEMC or another operator intends to restart this Pipeline.

If the operator chooses to deactivate this Pipeline it must have:

- 1) A plan for this deactivation in accordance with 49 C.F.R. § 192.727 and any other applicable regulations and make it available to UTPS; and
- 2) Execute the deactivation in accordance to its plan with adequate documentation that demonstrates compliance with the plan and make it available to UTPS.

Also, PEMC or another operator must cure the 11 outstanding violations if the Pipeline is to remain active. The Division emphasizes that one outstanding violation concerns PEMC's failure to perform a leak survey.<sup>19</sup> This is particularly important because on June 11, 2019, UTPS's first inspection following shut-in, the Pipeline pressure was 680 psig and on June 26, 2019, the pressure had decreased to 610 psig. At this point, the cause for the decrease in pressure is unknown but it could have been caused by a number of things such as changes in temperature,

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<sup>19</sup> PEMC failed to comply with 49 C.F.R § 192.706 Transmission lines: Leakage surveys, As stated in other documents prepared by the Division and filed with the Commission, the "leakage surveys" PEMC claims satisfied the requirement of this regulation did not.



bleed back through valves, any venting due to operator's activities, or also due to a leak. This pressure change also underlines the importance of compliance with *192.706 Transmission lines: Leakage survey*, which PEMC is in violation of. Also, four other violations concerned operations and maintenance and emergency procedures, and others concerned public awareness—remedying these is necessary for public safety.

The Division has no evidence that PEMC or another operator has complied with the above regulations and requests that the Commission compel PEMC or another operator to report, comply, and take the steps outlined above.

### **III. Conclusion**

Closing and locking the valves, as PEMC implied in its June 17, 2019 status report that Dead Horse has done, does not “ensure the Pipeline is not hazardous to life or property” and arguably does not comply with the HFO. In any event, the Pipeline remains out of compliance with pipeline safety law. The HFO intended to remove hazards and risks associated with the Pipeline. Nothing that PEMC, Dead Horse, or another operator has provided the Division indicates that this has been achieved. Indeed, the fact that the Pipeline was packed with gas at 610 psig on June 26, 2019, and no deactivation and abandonment has occurred indicates that it is an active pipeline and that the hazards and risks that gave rise to the HFO still exist. The Division requests that the Commission compel PEMC or another operator to report, comply, and to take the steps discussed above. Absent a plan for continued operation and evidence of compliance with relevant laws for operating the Pipeline, the Commission should order PEMC or another operator to properly deactivate or abandon the Pipeline.

## INDEX TO EXHIBITS

Exhibit 1 – May 9, 2019 Operator Registry Notification filing from Tariq Ahmad of PEMC with the Pipeline and Hazardous Materials Safety Administration (PHMSA).

Exhibit 2 – May 30, 2019 email from Division counsel Patricia Schmid to PEMC Counsel Terry Spencer, Ph.D.

Exhibit 3 – June 7, 2019 email from Ms. Schmid to Mr. Spencer.

Exhibit 4a – June 6, 2019 email from Ms. Schmid to Mr. Spencer.

Exhibit 4b – June 7, 2019 email from Mr. Spencer to Ms. Schmid.

Exhibit 5 – June 14 correspondence from Dan Green, consultant for PEMC, to the Commission.

Exhibit 6a – June 10, 2019 faxed correspondence from Dead Horse to the Division.

Exhibit 6 b – June 10, 2019 correspondence from Dead Horse to the Division (received by mail).

Exhibit 7a – June 12, 2019 correspondence from Dead Horse to the Division.

Exhibit 7b – June 13, 2019 correspondence from Dead Horse to the Division.

Exhibit 8a – June 13, 2019 correspondence from PEMC to the Commission.

Exhibit 8b – June 13, 2019 2<sup>nd</sup> correspondence from PEMC to the Commission.

Exhibit 9 – June 7, 2019 letter from the Division to Dead Horse.

Exhibit 10 – June 12, 2019 letter from the Division to Dead Horse.

Exhibit 11 – Inspection photos from UTPS' June 11, 2019 Inspection of the Pipeline.

Exhibit 12 – Inspection photos from UTPS' June 26, 2019 Inspection of the Pipeline.


Exhibit 13 – PEMC procedures.

Exhibit 14 – PHMSA Advisory Bulletin ADB-2016-05.

# EXHIBIT 1

Notice: This report is required by 49 CFR Parts 191 and 195. Failure to report may result in a civil penalty not to exceed \$100,000 for each violation for each day the violation continues up to a maximum of \$1,000,000 as provided in 49 USC 60122.

Form Approved 5-2015  
OMB No. 2137-0627  
Expiration Date: 7/31/2020

|   |  |                                       |  |
|---|--|---------------------------------------|--|
|    | U.S. Department of Transportation<br>Pipeline and Hazardous Materials<br>Safety Administration | <b>OPERATOR REGISTRY NOTIFICATION</b> | <b>DOT USE ONLY</b><br><b>B-20190509-22069</b> |
| <p>A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a current valid OMB Control Number. The OMB Control Number for this information collection is 2137-0627. Public reporting for this collection of information is estimated to be approximately 15 minutes per response, including the time for reviewing instructions, gathering the data needed, and completing and reviewing the collection of information. All responses to this collection of information are mandatory. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Information Collection Clearance Officer, PHMSA, Office of Pipeline Safety (PHP-30) 1200 New Jersey Avenue, SE, Washington, D.C. 20590.</p>  |  |                                       |  |
| <b>STEP 1 – ENTER BASIC NOTIFICATION INFORMATION</b>  |  |                                       |  |
| <ol style="list-style-type: none"> <li>1. Operator's PHMSA-issued Operator Identification Number (OPID): <u>39049</u></li> <li>2. Current name of Operator assigned to this OPID for this Operator Registry Notification: <u>PACIFIC ENERGY &amp; MINING CO</u></li> <li>3. Operator Headquarters address: <u>3550 BARRON WAY SUITE 13A</u><br/>City: <u>RENO</u> State: <u>NV</u> Zip Code: <u>89511</u></li> <li>4. Date of this Operator Registry Notification: <u>05</u> / <u>09</u> / <u>19</u><br/>Month Day Year</li> <li>5. Name of Operator contact for this Operator Registry Notification:<br/>Last: <u>Ahmad</u> First: <u>Tariq</u> MI:</li> <li>6. Phone number and Email address of Operator contact for this Operator Registry Notification: <u>(775)240-0769</u> <u>taroil@yahoo.com</u></li> <li>7. Select the type of pipelines and/or facilities involved in this Operator Registry Notification: <i>(select all that apply)</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> LNG Plant or Facility</li> <li><input type="checkbox"/> Gas Distribution</li> <li><input checked="" type="checkbox"/> Gas Transmission</li> <li><input type="checkbox"/> Gas Gathering</li> <li><input type="checkbox"/> Hazardous Liquid</li> </ul> </li> <li>8. Select Interstate and/or Intrastate, and then the states where the pipelines and/or facilities involved in this Operator Registry Notification are located:           <ul style="list-style-type: none"> <li><input type="checkbox"/> Interstate : -</li> <li><input type="checkbox"/> Intrastate :</li> </ul> </li> </ol> |  |                                       |  |
| <b>STEP 2 – SELECT TYPE OF NOTIFICATION</b>   |  |                                       |  |

Notice: This report is required by 49 CFR Parts 191 and 195. Failure to report may result in a civil penalty not to exceed \$100,000 for each violation for each day the violation continues up to a maximum of \$1,000,000 as provided in 49 USC 60122.

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Expiration Date: 7/31/2020

|   |   |
|---|---|
| <input checked="" type="checkbox"/> <b>TYPE B – CHANGE IDENTITY OPERATING</b>                     |   |
| 1. Is This Notification for:  | <input type="checkbox"/> Assuming Operatorship <input checked="" type="checkbox"/> Ceasing Operatorship |
| 1a. If an assuming operatorship, list OPID Number of previous Operator, if one has been assigned: | <input type="checkbox"/> Not assigned   |
| Previous Operator name:   |   |
| 1b. If a ceasing operatorship, list OPID Number of new Operator, if one has been assigned:        | <input checked="" type="checkbox"/> Not assigned  |
| New Operator name:  |   |
| <input checked="" type="checkbox"/> I would like to deactivate my OPID Number                     |   |
| 2. Reason for this change :   | <u>Owners selected a new operator</u>   |
| 3. Indicate the effective date for this change:   | <u>05</u> <u>14</u> <u>19</u><br>Month Day Year   |
| <b>STEP 3 – ENTER SUPPLEMENTAL INFORMATION FOR PIPELINES AND PIPELINE FACILITIES</b>              | <i>If TYPE B, D or F, complete STEP 3.</i>  |

1. The pipelines and/or facilities included in this Operator Registry Notification are associated with the following types of facilities and transport the following types of commodities: *(select all that apply)*

- Gas Distribution
  - Line Pipe
    - Natural Gas
    - Propane Gas
    - Landfill Gas
    - Synthetic Gas
    - Hydrogen Gas
    - Other Gas --> Name:
  - Facilities
  
- Gas Transmission
  - Line Pipe
    - Natural Gas
    - Propane Gas
    - Synthetic Gas
    - Hydrogen Gas
    - Landfill Gas
    - Other Gas --> Name:
  - Facilities
  
- Gas Gathering
  - Line Pipe
  - Facilities
  
- Hazardous Liquid
  - Transmission Line Pipe
    - Crude Oil
    - Refined and/or Petroleum Product (non-HVL)
    - HVL or Anhydrous Ammonia
      - Anhydrous Ammonia
      - LPG (Liquefied Petroleum Gas) / NGL (Natural Gas Liquid)
      - Other HVL --> Name:
    - CO2 (Carbon Dioxide)
    - Biofuel / Alternative Fuel (including ethanol blends, but excluding Fuel Grade Ethanol)
    - Fuel Grade Ethanol (also referred to as Neat Ethanol)
  - Regulated Hazardous Liquid Gathering
  - Facilities

*[STEP 3 continued]*

2. Will any single pipeline or pipeline facility included in this Operator Registry Notification be subject to BOTH 49 CFR Part 192 AND 49 CFR Part 195 due to the planned transportation of commodities which are subject to both Parts?

- No       Yes

*The series of questions under this STEP 3, Question 3 should be completed for each of the following facility types as selected in STEP 3, Question 1: Gas Distribution, Gas Gathering, Gas Transmission and Hazardous Liquid.*

3. For Gas Transmission, the pipelines and/or facilities covered by this Operator Registry Notification are: *(Select Interstate and/or Intrastate, and complete the remaining Questions for each set of Interstate assets and/or Intrastate assets and for each selection of Gas Transmission and/or Hazardous Liquid facilities, depending on which facility type was selected in STEP 3, Question 1.*

*NOTE: This series of questions should be completed separately for each of the following facility types selected: Gas Transmission and Hazardous Liquid. In other words, if the Notification covers Gas Transmission as well as Hazardous Liquid facilities, then this series of questions will need to be completed two separate times – once for each of these two facility types.*

- Intrastate  
 Onshore

3a. Approximate number of regulated pipeline miles : 21 miles

3c. List all of the States and Counties in which the Onshore pipelines and/or facilities which were acquired or constructed are physically located :

Pipelines:

|                                     |
|-------------------------------------|
| State 1: <u>UT</u> Miles: <u>21</u> |
| Counties : <u>GRAND</u>             |

Facility:

4. Provide a brief and general description of the pipelines and/or facilities covered by this Operator Registry Notification:

*In addition to the information provided below, Operators are encouraged to provide a general overview map (or maps) depicting the approximate geographic location of the pipelines and/or facilities covered by this Operator Registry Notification.*

Gas Transmission Comment: 16 inch 21 mile pipeline

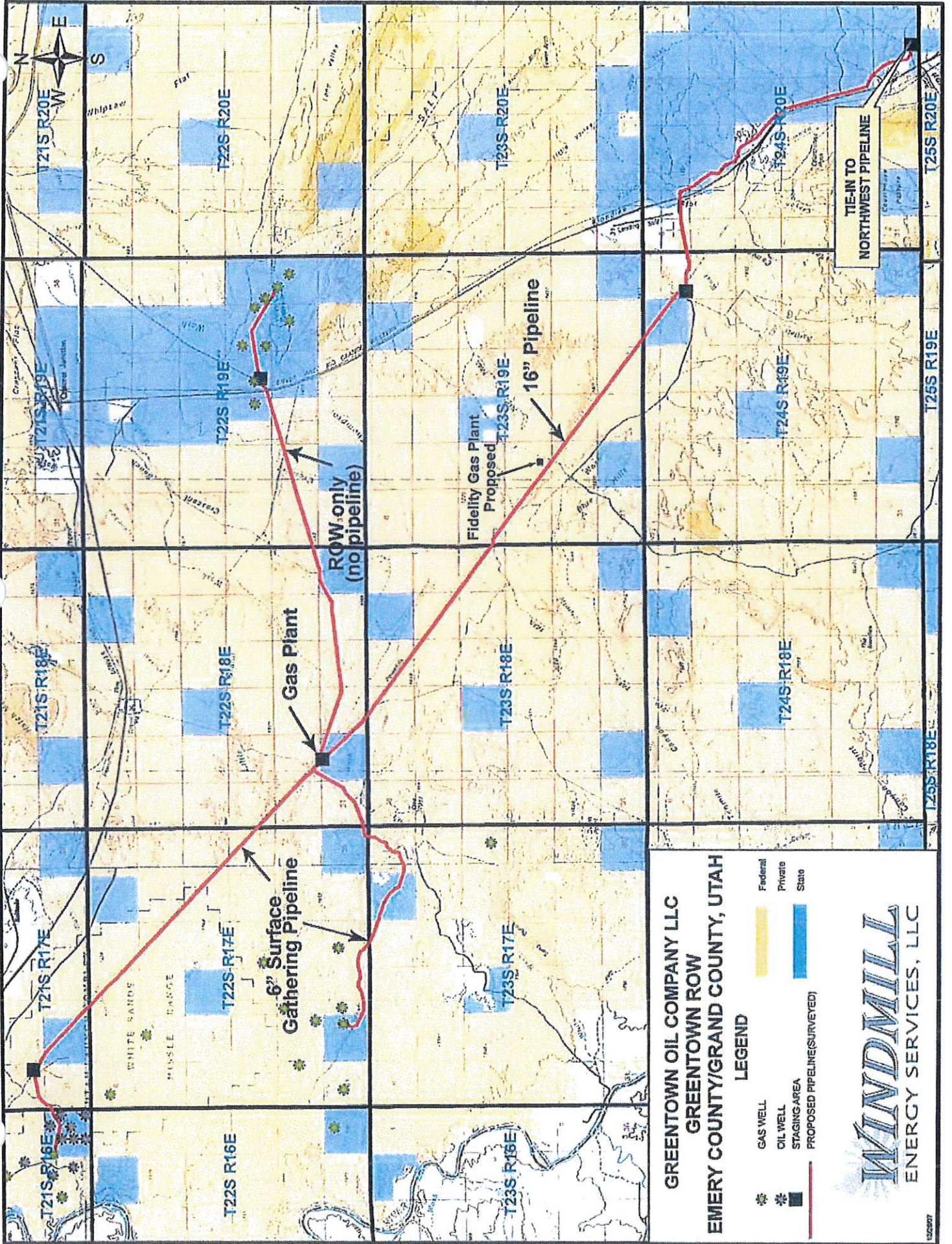
Notice: This report is required by 49 CFR Parts 191 and 195. Failure to report may result in a civil penalty not to exceed \$100,000 for each violation for each day the violation continues up to a maximum of \$1,000,000 as provided in 49 USC 60122.

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Expiration Date: 7/31/2020

**ATTACHMENTS**

[GTOC Pipeline Map with notes sm.pdf](#)





**GREENTOWN OIL COMPANY LLC  
 GREENTOWN ROW  
 EMERY COUNTY/GRAVITY COUNTY, UTAH**

- LEGEND**
- GAS WELL
  - OIL WELL
  - STAGING AREA
  - PROPOSED PIPELINE (SURVEYED)
  - Federal
  - Private
  - State







## EXHIBIT 3

### FW: PEMC - Dead Horse Oil LLC

1 message

Patricia Schmid <pschmid@agutah.gov> Fri, Jun 7, 2019 at 11:02 AM  
To: "Parker, Chris" <chrisparker@utah.gov>, "Zadeh, Al" <azadeh@utah.gov>, Jimmy Betham <jbetham@utah.gov>, Connie Hendricks <cshendricks@utah.gov>

**From:** Patricia Schmid  
**Sent:** Friday, June 7, 2019 11:01 AM  
**To:** 'Terry Spencer' <terry@spencerandcollier.com>  
**Subject:** PEMC - Dead Horse Oil LLC

Mr. Spencer,

You were copied on this letter and have already been sent an emailed copy this morning. However, I wanted to send this to you with PEMC in the subject line.

In a recent telephone conversation,, you stated that PEMC was no longer the operator. I have not received an answer from you in response to my verbal and emailed requests for information about the new operator. I also have not received a response from you regarding my email responding to your request for available dates and times to meet with you.

Sincerely,

Trisha Schmid

Trisha Schmid

Assistant Attorney General

160 East 300 South

P.O. Box 140857

Salt Lake City, UT 84114-0857

(801) 366-0380

pschmid@agutah.gov

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6/27/2019

State of Utah Mail - FW: PEMC - Dead Horse Oil LLC

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**Dead Horse Letter.Signed 6\_7\_19.pdf**

5401K

# EXHIBIT 4a

**Patricia Schmid**

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**From:** Patricia Schmid  
**Sent:** Thursday, June 6, 2019 9:36 AM  
**To:** Terry Spencer  
**Subject:** RE: Pacific Energy and Mining

Hello,

Due to the timing of your request, it may not be possible for all the parties your requested to attend the meeting. I am available to meet today. I and representatives from Pipeline Safety are available to meet tomorrow morning.

Relatedly, we need to know who the current operator of the pipeline and if there has been a change in ownership.

Thank you,  
Trisha Schmid

**From:** Terry Spencer <terry@spencerandcollier.com>  
**Sent:** Wednesday, June 5, 2019 3:07 PM  
**To:** Patricia Schmid <pschmid@agutah.gov>; alzadeh@utah.gov  
**Subject:** Pacific Energy and Mining

Ms. Schmid,

Pacific Energy and Mr. Spencer would like to set up an appointment for the next few days to meet with you, Mr. Zadeh and Mr. Betham to go over the changes made to the manual pursuant to the Public Service Commissions Letters. Can you please let me know some times everyone on your end is available so I can set it up?

Thank you

Melisa  
Assistant

--  
Terry R. Spencer, Ph.D.  
Spencer & Collier, PLLC  
140 west 9000 South, Suite 9  
Sandy, Utah 84070  
Office: (801) 566-1884  
Cell: (801) 244-7778  
E-mail: [terry@spencerandcollier.com](mailto:terry@spencerandcollier.com)

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# EXHIBIT 4b

Patricia Schmid

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**From:** Terry Spencer <terry@spencerandcollier.com>  
**Sent:** Friday, June 7, 2019 11:56 AM  
**To:** Patricia Schmid  
**Subject:** Re: PEMC - Dead Horse Oil LLC

Ms. Schmid,

I apologize for not getting back to you yesterday. I did not have Mr. Spencer's calendar to do so. He is available at any time on Monday June 10, 2019 to meet with you and the PSC representatives to go over the PEMC Manual updates/corrections. Please let me know the best time for you and I will get it in Mr. Spencer's calendar.

Melisa  
Assistant

On Fri, Jun 7, 2019 at 11:01 AM Patricia Schmid <[pschmid@agutah.gov](mailto:pschmid@agutah.gov)> wrote:

Mr. Spencer,

You were copied on this letter and have already been sent an emailed copy this morning. However, I wanted to send this to you with PEMC in the subject line.

In a recent telephone conversation,, you stated that PEMC was no longer the operator. I have not received an answer from you in response to my verbal and emailed requests for information about the new operator. I also have not received a response from you regarding my email responding to your request for available dates and times to meet with you.

Sincerely,

Trisha Schmid

Trisha Schmid

Assistant Attorney General

160 East 300 South

P.O. Box 140857

Salt Lake City, UT 84114-0857

(801) 366-0380

[pschmid@agutah.gov](mailto:pschmid@agutah.gov)

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---  
Terry R. Spencer, Ph.D.  
Spencer & Collier, PLLC  
140 west 9000 South, Suite 9  
Sandy, Utah 84070  
Office: (801) 566-1884  
Cell: (801) 244-7778  
E-mail: [terry@spencerandcollier.com](mailto:terry@spencerandcollier.com)

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# EXHIBIT 5



PACIFIC ENERGY & MINING CO

---

June 14, 2019

The Public Service Commission Of Utah

**Docket No. 18-2602-01 Notice Of Hazardous Facility Order, Order To Provide Confirmation Of Compliance, And Action Request To The Division Of Public Utilities**

To Whom It May Concern:

Pacific Energy and Mining Company has confirmation from Dead Horse Oil Company the Pipeline valves at Northwest Pipeline's Interconnect are closed and locked. The valve between the Pacific Energy and Mining's Gas Plant and the pipeline is closed and locked. Pacific suspended operations of the Gas Plant on Sunday June 9<sup>th</sup>, 2019.

**For Pacific Energy and Mining Company**

Dan Green  
Consultant



## EXHIBIT 6a

### Dead Horse Oil Company

17 West Main Street  
Greenriver, Utah

(801) 554 2021 PHONE

June 10, 2019

Al Hadi Zadeh  
Pipeline Safety Lead Engineer  
Program Director  
State of Utah  
Department of Corporations  
Division of Public Utilities  
160 E 300 South  
PO Box 146751  
Salt Lake City, UT 84111

Subject: Letter Dated June 7, 2019

To Whom it may concern:

We are in receipt of a letter dated June 7, 2019 from Mr. Al Hadi Zadeh, the State Program Director and Lead Engineer in reference to the Paradox Pipeline located in Grand County, Utah.

The letter referenced Public Service Commission order and intimated the application of the order to Dead Horse Oil Company. Our legal counsel has read the order and it is our opinion that the order is not applicable to our company. The order states:

**"Within sixty (60) days of this order, PEMC shall cease operation of its pipeline and it may not recommence operation until it successfully petitions"**

Plain English reading of the order is that it is only applicable to PEMC, no where does the order state that is applicable to any successor operator. Your interpretation of the order is clearly incorrect.

If the Division wants to enforce an order that is not applicable to our company and our operations, it may do so using its own employees and agents. However any damage to our operation and the resulting loss of revenue is solely the responsibility of the Division and its employees.

---

## Dead Horse Oil Company


17 West Main Street  
Greenville, Utah

(801) 554 2021 PHONE

---

It is our position that the pipeline is not regulated as it is a gathering system, if the Division wants to move forward it can proceed with its actions with the Public Service Commission.

Sincerely,

  
Dean H. Christensen  
Manager

**Dead Horse Oil Company**

17 West Main Street  
Greenriver, Utah

(801) 554 2021 PHONE

June 10, 2019

Al Hadi Zadeh  
Pipeline Safety Lead Engineer  
Program Director  
State of Utah  
Department of Corporations  
Division of Public Utilities  
160 E 300 South  
PO Box 146751  
Salt Lake City, UT 84111

RECEIVED

JUN 14 2019

UTAH DIVISION OF PUBLIC UTILITIES

Subject: Letter Dated June 7, 2019

To Whom it may concern:

We are in receipt of a letter dated June 7, 2019 from Mr. Al Hadi Zadeh, the State Program Director and Lead Engineer in reference to the Paradox Pipeline located in Grand County, Utah.

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**“Within sixty (60) days of this order, PEMC shall cease operation of its pipeline and it may not recommence operation until it successfully petitions”**

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If the Division wants to enforce an order that is not applicable to our company and our operations, it may do so using its own employees and agents. However any damage to our operation and the resulting loss of revenue is solely the responsibility of the Division and its employees.

# Dead Horse Oil Company


17 West Main Street  
Greenriver, Utah

(801) 554 2021 PHONE

---

It is our position that the pipeline is not regulated as it is a gathering system, if the Division wants to move forward it can proceed with its actions with the Public Service Commission.

Sincerely,

  
Dean H. Christensen  
Manager

**Dead Horse Oil Company**

17 West Main Street  
Greenriver, Utah

(801) 554 2021 PHONE

June 12, 2019

Al Hadi Zadeh PE  
Pipeline Safety Lead Engineer  
Pipeline Safety Program Manager  
Department of Corporations  
Division of Public Utilities  
160 E 300 South  
PO Box 146751  
Salt Lake City, UT 84111

Subject: Letter Dated June 12, 2019

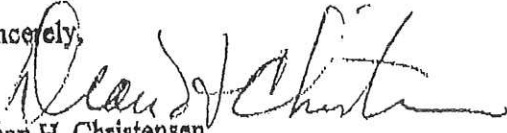
Mr. Zadeh:

I am in receipt of your letter dated June 12, 2019. Apparently you are not well conversant with the English language. As I stated in my letter, the order was specific to Pacific Energy and does not apply to Dead Horse. It is our position that you have no legal right to shut down the pipeline based upon the PSC order you quoted which only applies to Pacific Energy. It is my understanding that you have physically shut down the pipeline by closing all the valves.

As stated in my earlier letter, it is our position that the pipeline is not regulated as it is a gathering system. Your personal opinion based upon your engineering assessment making this gathering system into a regulated pipeline is misinformed and contrary to the facts.

I am sure that since you a Petroleum Engineering graduate of Oklahoma State University and hold a graduate degree in Applied Mathematics from Long Island University and as a registered Professional Engineer registered with the Department of Corporations, Division of Occupational and Professional Licensing, State of Utah, you know how to read an order. I suggest that you should go to the Commission and obtain a hearing to get an order. Failing that you are clearly violating the law.

Sincerely,

  
Dean H. Christensen  
Manager

# EXHIBIT 7b

## Dead Horse Oil Company

17 West Main Street  
Greenville, Utah

(801) 554 2021 PHONE

VIA FAX

*Docket # 18-2602-01*

June 13, 2019

Al Hadi Zadeh  
Pipeline Safety Lead Engineer  
Program Director  
State of Utah  
Department of Corporations  
Division of Public Utilities  
160 E 300 South  
PO Box 146751  
Salt Lake City, UT 84111

Subject: Letter Dated June 12, 2019  
Memorandum to Public Service Commission (Docket No. 18-2602-01)

Mr. Zadeh:

I have read your letter and the memorandum you submitted to the Public Service Commission. Both contain misrepresentations and outright lies.

### MEMORANDUM TO PUBLIC SERVICE COMMISSION

1. Your assertion that Dead Horse did not respond to or contact your office is an outright lie. I received a phone message from an employee of your office who left a phone number to call back. I did call back and no one returned my call. Apparently you leave work at around 3:30 pm as you did yesterday when I placed a call to your office.
2. You stated that the Pipeline was still transporting natural gas. Again this is an outright lie. In fact if you had examined the input to the pipeline, you would have confirmed that Pacific Energy had stopped shipping gas to our Pipeline on Sunday June 9 at 8 AM or earlier as the compressor station at the Plant was shut down. The same is true with Blue Hills plant.
3. Pacific is allowed to vent its natural gas during production. Blue hills is now flaring the natural gas. (A loss to both the tax payers and general public.)

## Dead Horse Oil Company

17 West Main Street  
Greenriver, Utah

(801) 354 2021 PHONE

LETTER DATED JUNE 12, 2019

Your assertion that the Federal Government has agreed with your opinion that the Pipeline is regulated is an outright lie. Pacific Energy has asked the Federal Government to make its determination via a letter during July 2018. Federal Government via an email during the month of May stated that they have not yet made the determination.


As an engineer that you claim to be, you should know that gas flows from high pressure to a lower pressure. Since there is no compression at the gas plant, obviously no gas can flow into the pipeline. Maybe at the school you attended they did not teach you this basic principle.

During our call today, you and your superior asserted that the pipeline has pressure, obviously the pipeline has pressure, it has 30 million cubic feet of natural gas. There is no pressure drop in the Pipeline since Sunday, therefore are no leaks. If you insist that the Methane (Natural Gas) be vented to the atmosphere, you should first get approval from the Environmental Protection Agency, the State of Utah Department of Environmental Quality and get an order of the Commission. Furthermore, the Division will have to reimburse the owners of the natural gas including the United States government, Grand County, State of Utah and the operators of the wells.

As a retired United States Army Officer and a Veteran of the Viet Nam War as a combat helicopter pilot I don't take it lightly that you or your department question my integrity and openly lie about the facts.

In fact your lies in the letter and to the Commission are both defamatory and libelous

Sincerely,

  
Dean H. Christensen  
Manager

cc: Pacific Energy & Mining Co.  
Terry R. Spencer  
Public Services Commission



PublicService Commission &lt;psc@utah.gov&gt;

**EXHIBIT 8a****Docket No. 18-2602-01**

1 message

Tariq Ahmad &lt;taroil@yahoo.com&gt;

Thu, Jun 13, 2019 at 12:17 PM

Reply-To: Tariq Ahmad &lt;taroil@yahoo.com&gt;

To: Public Service Commission &lt;psc@utah.gov&gt;, DataRequest DPU &lt;dputatarequest@utah.gov&gt;


Cc: Thad Levar &lt;tleva@utah.gov&gt;, Gary Widerburg &lt;gwiderburg@utah.gov&gt;, "Parker, Chris" &lt;chrisparker@utah.gov&gt;, Al Zadeh &lt;azadeh@utah.gov&gt;, Connie Hendricks &lt;cshendricks@utah.gov&gt;, Patricia Schmid &lt;pschmid@agutah.gov&gt;, "Jetter, Justin" &lt;jjetter@agutah.gov&gt;, Jimmy Betham &lt;JBetham@utah.gov&gt;, terry@spencerandcollier.com, Rodney Nugent &lt;Rnuge1@yahoo.com&gt;, Dan Green &lt;Dfgreen1@dslextreme.com&gt;, Dirtbag129@gmail.com, Robert Moore &lt;rmoore@agutah.gov&gt;, Steven Snarr &lt;stevensnarr@agutah.gov&gt;

See attached Memorandum to PSC by Pacific Energy

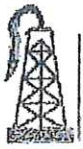
**Tariq I. Ahmad SPEC****PH 775 333 6626****FAX 775 333 0225**

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On Wednesday, June 12, 2019, 02:47:54 PM PDT, DataRequest DPU &lt;dputatarequest@utah.gov&gt; wrote:

 **Pacific Memorandum June 13, 2019.pdf**  
85K





PACIFIC ENERGY & MINING CO

June 13, 2019

Public Service Commission  
State of Utah

Subject: Memorandum of the Division dated June 12, 2019

On June 12, 2019, the Division through its Senior Pipeline Engineer and Program Manager Mr. Al Hadi Zadeh, filed a memorandum with the Commission. The memorandum is contrary to the facts.

Pacific shut down its compressor on Sunday June 9 at 8 AM thus it stopped shipping gas to Dead Horse Oil Company the current operator of the Pipeline. Pacific will vent methane into the air as it not shipping any gas. Blue Hills is now flaring its natural gas. Both venting and flaring have been approved by the Utah Division of Oil Gas and Mining. Currently total amount of Methane vented and flared is about 500,000 cubic feet per day.

Pacific on behalf of its owners has gas stored in the pipeline similarly other operators have gas stored in the pipeline. Total amount of natural gas stored in the pipeline exceeds 30,000,000 cubic of Methane. This gas is currently stranded. Apparently the Division wants the Pipeline Operator to vent the Methane into the Atmosphere. This is not only not in the Commission's order, it is against public interest a waste of resources. Methane is far greater contributor to global warming compared to Carbon Dioxide. Unpermitted venting of 30,000,000 cubic feet of natural gas is against the law.

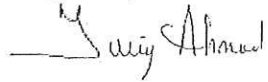
On Tuesday June 4, 2019 Pacific through its counsel Terry Spencer asked the Division to set a meeting between Pacific Energy and the Division's Engineer to review Pacific's responses to the alleged violations as stated in Commission's order.

Division did not respond to Pacific's request. Without an in person meeting with the Division's Engineers. Pacific cannot move forward on the Violations.

As noted in Pacific's filings with the Commission, the Division has consistently failed to respond to any of Pacific's requests.

As stated above Pacific is in compliance with the Commission's order. The Division on the other hand is not in compliance with Commissions order as it has failed to address Pacific's request to a meeting where Pacific has addressed the items in Commissions order.

Regards,

A handwritten signature in black ink that reads "Tariq Ahmad". The signature is written in a cursive style with a horizontal line underneath the first part of the name.

Tariq Ahmad  
President



PublicService Commission &lt;psc@utah.gov&gt;

**Re: Docket No. 18-2602-01 Pacific Energy Response to Divisions Memorandum**

1 message

Tariq Ahmad &lt;taroil@yahoo.com&gt;

Thu, Jun 13, 2019 at 12:23 PM

Reply-To: Tariq Ahmad &lt;taroil@yahoo.com&gt;

To: Public Service Commission &lt;psc@utah.gov&gt;, DataRequest DPU &lt;dpudatarequest@utah.gov&gt;


Cc: Thad Levar &lt;tleva@utah.gov&gt;, Gary Widerburg &lt;gwiderburg@utah.gov&gt;, "Parker, Chris" &lt;chrisparker@utah.gov&gt;, Al Zadeh &lt;azadeh@utah.gov&gt;, Connie Hendricks &lt;chhendricks@utah.gov&gt;, Patricia Schmid &lt;pschmid@agutah.gov&gt;, "Jetter, Justin" &lt;jjetter@agutah.gov&gt;, Jimmy Betham &lt;JBetham@utah.gov&gt;, terry@spencerandcollier.com, Rodney Nugent &lt;Rnuge1@yahoo.com&gt;, Dan Green &lt;Dfgreen1@dslextreme.com&gt;, Dirtbag129@gmail.com, Robert Moore &lt;rmoore@agutah.gov&gt;, Steven Snarr &lt;stevensnarr@agutah.gov&gt;

Attached please find Pacific's response to Divisions Status report. I will appreciate if this is placed in the public record

**Tariq I. Ahmad SPEC****PH 775 333 6626****FAX 775 333 0225**

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On Wednesday, June 12, 2019, 02:47:54 PM PDT, DataRequest DPU <dpudatarequest@utah.gov> wrote:

 Pacific Memorandum June 13, 2019 (2).pdf  
86K



June 13, 2019

Public Service Commission  
State of Utah

Subject: Memorandum of the Division dated June 12, 2019

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Pacific shut down its compressor on Sunday June 9 at 8 AM thus it stopped shipping gas to Dead Horse Oil Company the current operator of the Pipeline. Pacific will vent methane into the air as it is not shipping any gas. Blue Hills is now flaring its natural gas. Both venting and flaring have been approved by the Utah Division of Oil Gas and Mining. Currently total amount of Methane vented and flared is about 500,000 cubic feet per day. This being equivalent to 487,500 pounds of Carbon Dioxide emissions every day or in plain language same as produced by 19,200 automobiles every single day.

Pacific on behalf of the owners has gas stored in the pipeline similarly to other operators which have gas stored in the pipeline. Total amount of natural gas stored in the pipeline exceeds 30,000,000 cubic of Methane. This gas is currently stranded. Apparently the Division wants the Pipeline Operator to vent the Methane into the Atmosphere. This is not only not in the Commission's order, it is against public interest a waste of resources. Methane is far greater contributor to global warming compared to Carbon Dioxide. Unpermitted venting of 30,000,000 cubic feet of natural gas is against the law. Venting this amount of Methane is equivalent to what is produced by 1.7 million automobiles.

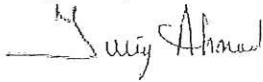
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to review Pacific's responses to the alleged violations as stated in Commission's order.

Division did not respond to Pacific's request. Without an in person meeting with the Division's Engineers, Pacific cannot move forward on the Violations. As noted in Pacific's filings with the Commission, the Division has consistently failed to respond to any of Pacific's requests.

As stated above Pacific is in compliance with the Commission's order. The Division on the other hand is not in compliance with Commissions order as it has failed to address Pacific's request to a meeting where Pacific has addressed the items in Commissions order.

Regards,

A handwritten signature in cursive script, appearing to read "Tariq Ahmad".

Tariq Ahmad  
President



GARY HERBERT  
*Governor*  
SPENCER J. COX  
*Lieutenant Governor*

State of Utah  
Department of Commerce  
Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

CHRIS PARKER  
*Director, Division of Public Utilities*

June 7, 2019

Dead Horse Oil Company LLC  
17 West Main Street Ste 13A  
Green River, Utah 84525

Rodney Nugent, Registered Agent  
Dead Horse Oil Company LLC  
17 West Main Street  
PO Box 149  
Green River, Utah 84525  
[rnugel@yahoo.com](mailto:rnugel@yahoo.com)

Mr. Dana F. Green, Manager  
Dead Horse Oil Company LLC  
[dfgreen1@dslextreme.com](mailto:dfgreen1@dslextreme.com)

Mr. Dean Christensen, Manager  
Dead Horse Oil Company LLC  
[Dirtbag129@gmail.com](mailto:Dirtbag129@gmail.com)

To whom it may concern:


The Utah Division of Public Utilities (Division) has reason to believe that Dead Horse Oil Company LLC (Dead Horse) is the new operator of the intrastate natural gas pipeline near Moab (Pipeline) previously operated by Pacific Energy & Mining (PEMC). As the new operator of the Pipeline, Dead Horse is subject to the Public Service Commission of Utah's (PSC) April 10, 2019 order (Order) mandating suspension of Pipeline operations on June 10, 2019 unless PEMC successfully "demonstrates to the PSC that it has materially remedied the violations in its control." No such demonstration has been made as of the date of this letter. Accordingly, Dead Horse must suspend Pipeline operations June 10, 2019 with the suspension lasting until the PSC issues an order discontinuing the suspension. A copy of the Order is enclosed, and the Order and other orders and filings in the docket can be viewed at <https://psc.utah.gov/2018/04/12/docket-no-18-2602-01-2/>. PEMC has filed an appeal of the Order but that appeal does not stay the effect of the Order.

The Division and its Utah Pipeline Safety Section (UTPS) seeks an appointment with a representative of Dead Horse at the Pipeline on June 11, 2019 to verify that the Pipeline operations have been suspended. Please contact Connie Hendricks at (801) 530-6286 or [cshendricks@utah.gov](mailto:cshendricks@utah.gov) to make arrangements for Division and UTPS personnel to meet a representative of Dead Horse at the Pipeline to verify that correct procedures for suspending operations were followed and that Pipeline operations were suspended as of June 10, 2019.

We require a prompt response so arrangements can be made for travel, etc. Please also provide a contact name and phone number along with specific location for the meeting on June 11, 2019.

If you have any questions and are not represented by an attorney, please call Patricia E. Schmid, Assistant Attorney General representing the Division at (801) 366-0380. If you are represented by an attorney and have questions, please have that attorney call Ms. Schmid. Note that such inquiries do not change the effectiveness of the Order and the date that Pipeline operations must be suspended.

Sincerely,



Al Zadeh  
Pipeline Safety Lead Engineer

Encl.

cc: Chris Parker  
Terry Spencer, Attorney for PEMC, at [terry@spencerandcollier.com](mailto:terry@spencerandcollier.com)  
Patricia E. Schmid



GARY HERBERT  
*Governor*  
SPENCER J. COX  
*Lieutenant Governor*

## State of Utah Department of Commerce Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

CHRIS PARKER  
*Director, Division of Public Utilities*

June 12, 2019

Via USPS Mail, USPS Express Mail, and Facsimile

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

Mr. Christensen,

Thank you for your faxed response to my letter dated June 7, 2019 informing the Dead Horse Oil Company LLC (Dead Horse) of the existing Public Service Commission (PSC) shut down order for the 21 miles of pipeline operated previously by Pacific Energy & Mining Company (PEMC). The Division of Public Utilities' Utah Pipeline Safety (UTPS) is not aware that the pipeline has been shut down, as required by the order. If it has, please submit evidence of safe and adequate shutdown by the close of business on Friday, June 14, 2019. If it is not safely and adequately shut down, Dead Horse is operating an intrastate natural gas transmission pipeline in contravention of state and federal law, which subjects it to, among other things, civil penalties.

The 21 miles of pipeline from the outlet of the PEMC plant to the Williams' tap is a jurisdictional intrastate transmission pipeline. The Pipeline Hazardous Material Safety Administration (PHMSA) shares this view and the PSC has ruled that this specific pipeline is jurisdictional in response to the previous operator's argument otherwise. This jurisdictional status is not dependent on who operates the pipeline but is based on system specifics. For more information please see Code of Federal Regulations (CFR) Title 49 Transportation Part 192.8 "How are onshore gathering lines and regulated onshore gathering lines determined."

The PSC is authorized by Title 54, Chapter 13 of the Utah State Code to make and enforce rules required by the Federal 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, UTPS) monitors compliance with intrastate natural gas pipeline safety requirements.

As an operator of a jurisdictional intrastate transmission pipeline, Dead Horse is obligated to adhere to all the requirements of CFR Title 49 Transportation Parts 191 and 192, which apply to this intrastate transmission pipeline. Part 191 covers all the requirements for the annual reports, incident reports, and safety related condition reports and Part 192 covers the minimum federal safety standards. These minimum standards cover such things as materials, pipe and pipeline components design, welding, construction, corrosion, test requirements, uprating, operations, maintenance, qualification of pipeline personnel, and integrity management.

As the new operator of this pipeline, it is required that the violations in PSC Docket No. 18-2602-01 be cured before this pipeline is allowed to operate. Dead Horse must comply with all pipeline safety laws.

UTPS monitors compliance through review of the operator's operation, maintenance, emergency, and other relevant required plans and records.

Given that UTPS has no proof of adequate shutdown of the pipeline in accordance with the PSC Order, UTPS is treating the pipeline as operating until such time as proof of adequate shutdown is submitted. As an operator, Dead Horse must comply with the pipeline safety provisions required by law, some of which are mentioned above. UTPS requires Dead Horse to submit its operation and maintenance, and emergency plans for review no later than June 26, 2019.

Please be advised that failure to comply with the PSC order shutting down the pipeline or to provide the required plans and records may result in enforcement actions taken against Dead Horse. In accordance with Utah Code Title 54-13-8, all violations are subject to civil penalties 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 or call our office at 801-530-6286.

Sincerely,



Al Zadeh

Pipeline Safety Program Manager

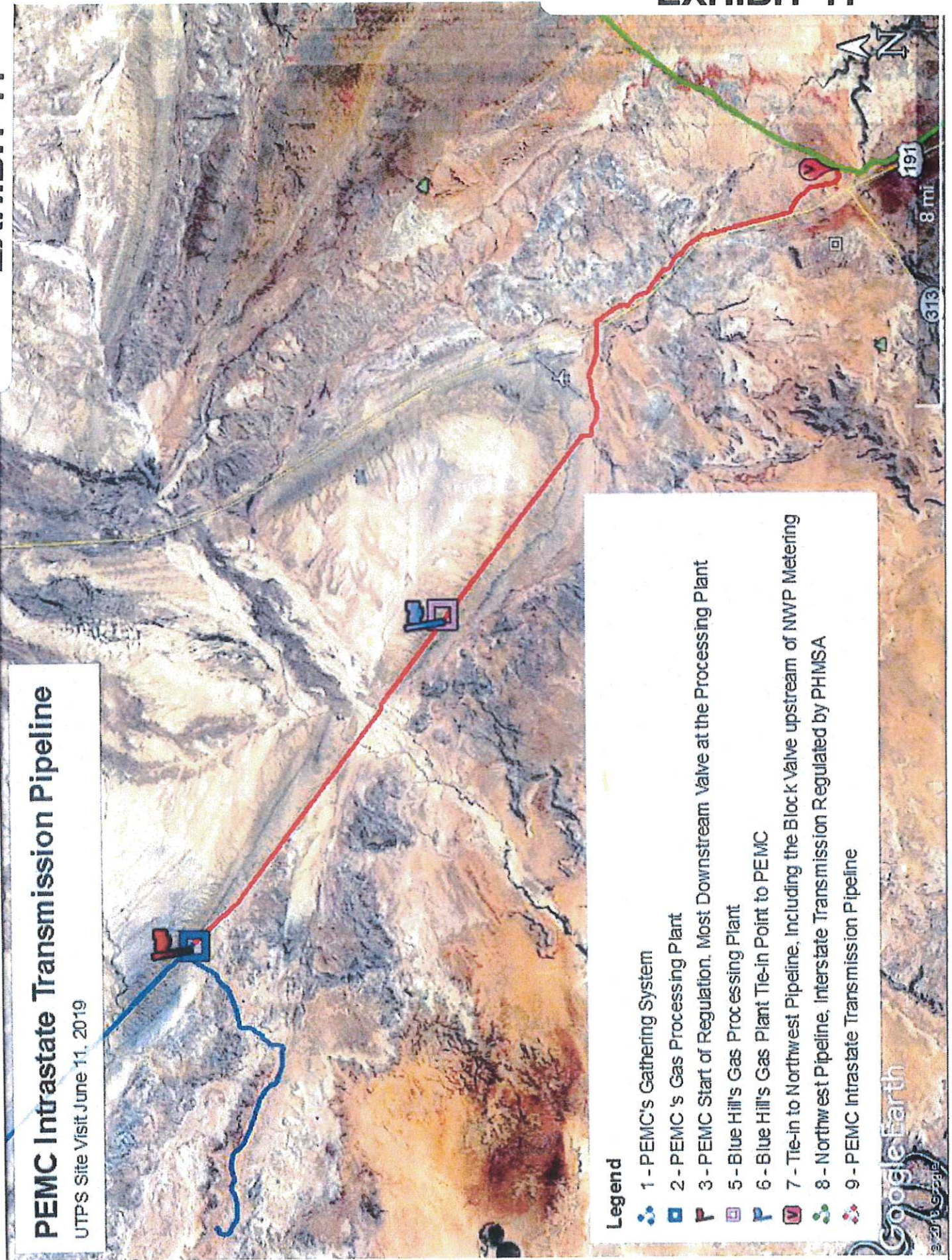
801-530-6673

azadeh@utah.gov

cc: (via email)  
Rodney Nugent  
Dan Green  
Chris Parker  
Patricia E. Schmid  
Jimmy Betham

# PEMC Intra-state Transmission Pipeline

UTPS Site Visit June 11, 2019

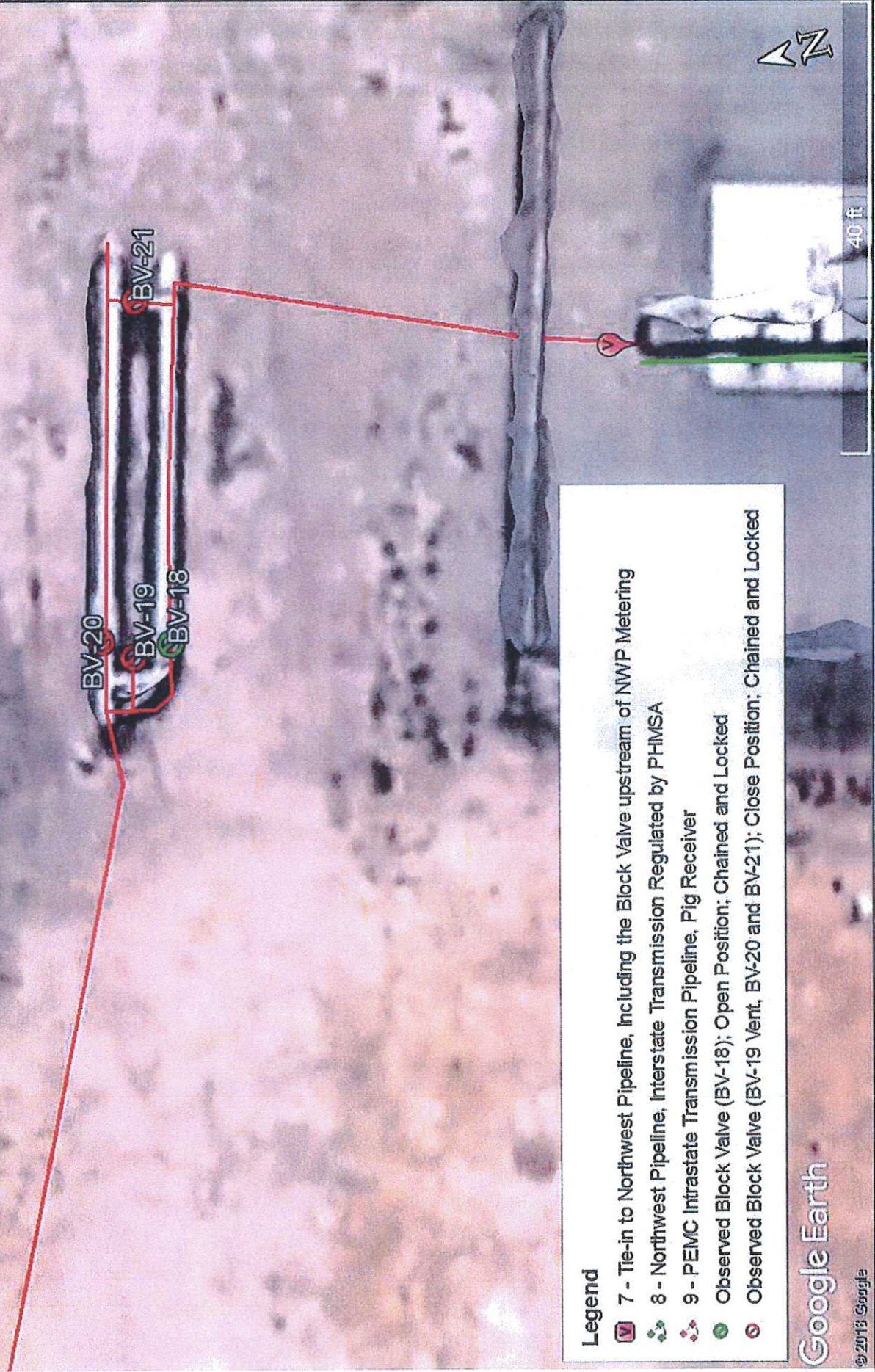


### Legend






- 1 - PEMC's Gathering System
- 2 - PEMC's Gas Processing Plant
- 3 - PEMC Start of Regulation, Most Downstream Valve at the Processing Plant
- 5 - Blue Hill's Gas Processing Plant
- 6 - Blue Hill's Gas Plant Tie-in Point to PEMC
- 7 - Tie-in to Northwest Pipeline, Including the Block Valve upstream of NWP Metering
- 8 - Northwest Pipeline, Interstate Transmission Regulated by PHMSA
- 9 - PEMC Intra-state Transmission Pipeline

# PEMC Intrastate Transmission Pipeline

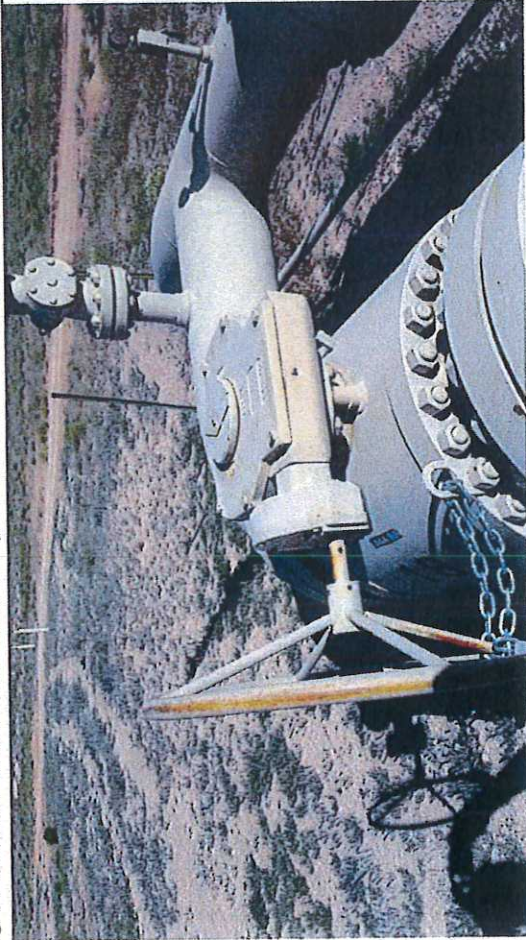
UTPS Site Visit June 11, 2019



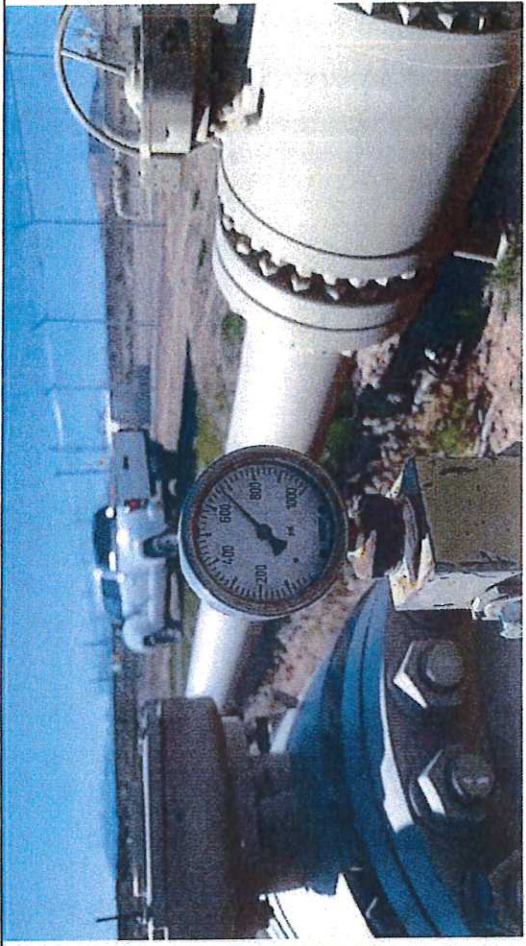
## Legend

-  7 - Tie-in to Northwest Pipeline, Including the Block Valve upstream of NWP Metering
-  8 - Northwest Pipeline, Interstate Transmission Regulated by PHMSA
-  9 - PEMC Intrastate Transmission Pipeline, Pig Receiver
-  Observed Block Valve (BV-18); Open Position; Chained and Locked
-  Observed Block Valve (BV-19 Vent, BV-20 and BV-21); Close Position; Chained and Locked

**UTPS Site Visit on June 11, 2019: Tie-In to Northwest Williams Pipeline**



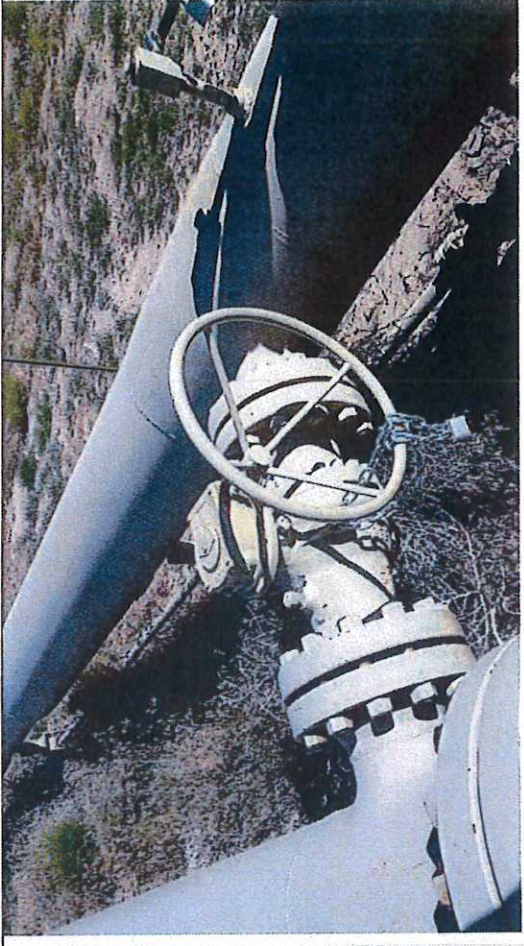
**Picture #1: Block Valve BV-18, observed in open position, with chain and lock.**



**Picture #2: Pressure gauge near BV-18, observed pressure in pipeline, approximately 680 psig.**



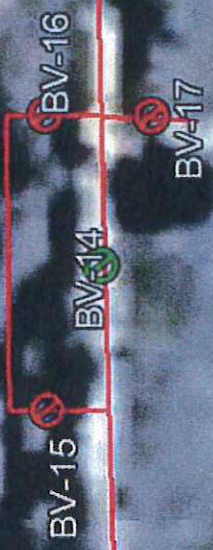
**Picture #3: Block Valve BV-20, observed in close position with chain and lock.**






**Picture #4: Block Valve BV-21, observed close position with chain and lock.**

# PEMC Intrastate Transmission Pipeline

UTPS Site Visit June 11, 2019



## Legend

-  4 - PEMC 16 Inch Steel Line, Intrastate Transmission Regulated by State of Utah
-  Observed Block Valve (BV-14); Open position; Chained and locked.
-  Observed Block Valve (BV-15, BV-16 and BV-17); Close position; Chained and locked.

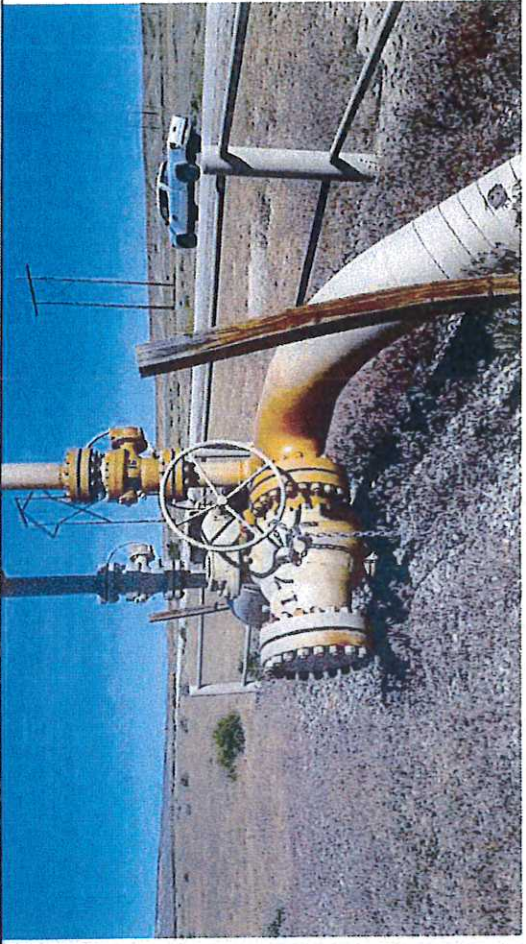


20 ft

**UTPS Site Visit on June 11, 2019: Block Valve Assembly southwest of Moab Airport.**



**Picture #5: Block Valve BV-14 south side, observed in open position with chain and lock.**



**Picture #6: Block Valve assembly BV-14, BV-15, BV-16, and BV-17.**



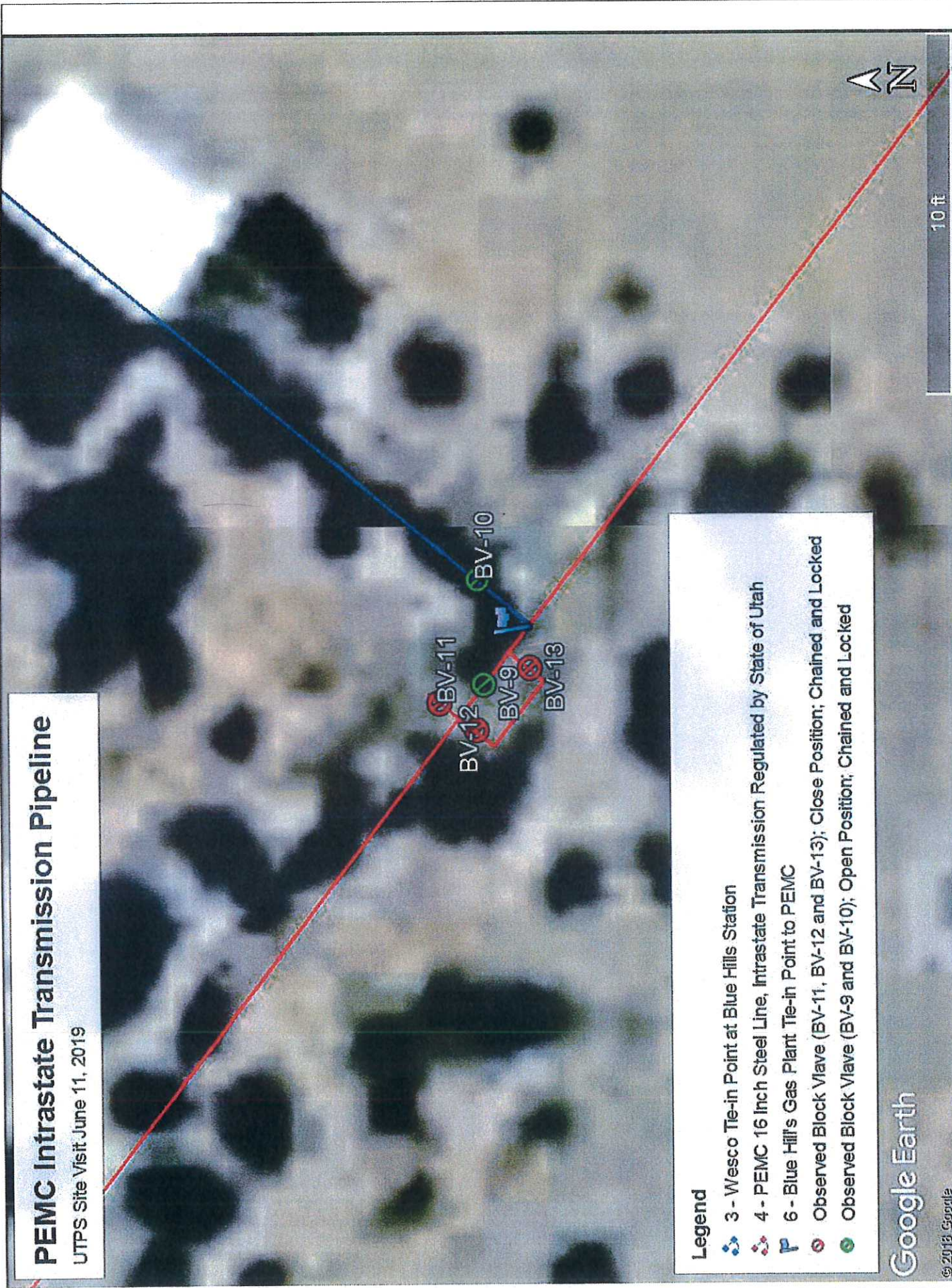
**Picture #7: Block Valve BV-14 north side, observed in close position with chain and lock.**



**Picture #8: Observed Corrosion Protection SSD (Solid State Decoupler) dismantled from the pole.**

# PEMC Intrastate Transmission Pipeline

UTPS Site Visit June 11, 2019

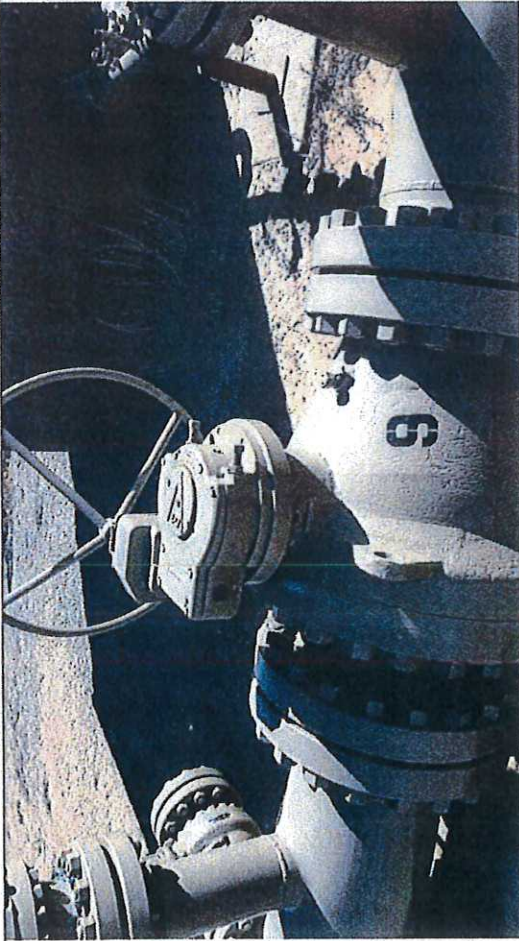


## Legend

- 3 - Wesco Tie-in Point at Blue Hills Station
- 4 - PEMC 16 inch Steel Line, Intrastate Transmission Regulated by State of Utah
- P - Blue Hills Gas Plant Tie-in Point to PEMC
- (red) - Observed Block Valve (BV-11, BV-12 and BV-13); Close Position; Chained and Locked
- (green) - Observed Block Valve (BV-9 and BV-10); Open Position; Chained and Locked



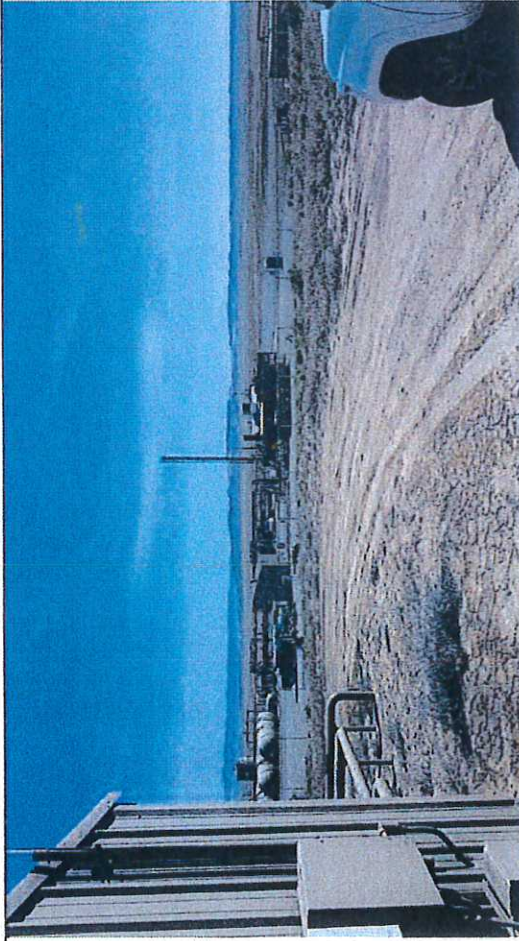
**UTPS Site Visit on June 11, 2019: Wesco Tie-In Point at Blue Hills Station.**



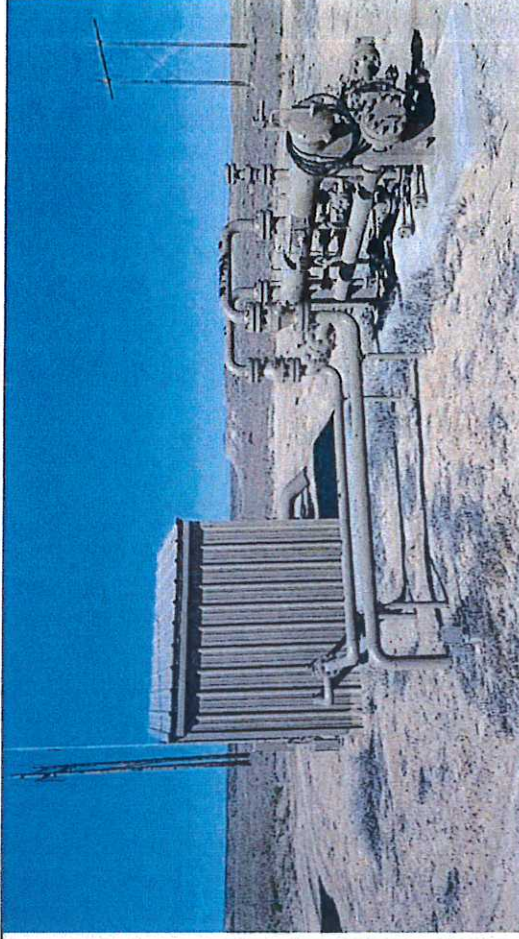
**Picture #9: Block Valve BV-9, observed in open position with chain and lock.**



**Picture #10: Block Valve BV-10, observed in open position with chain and lock.**



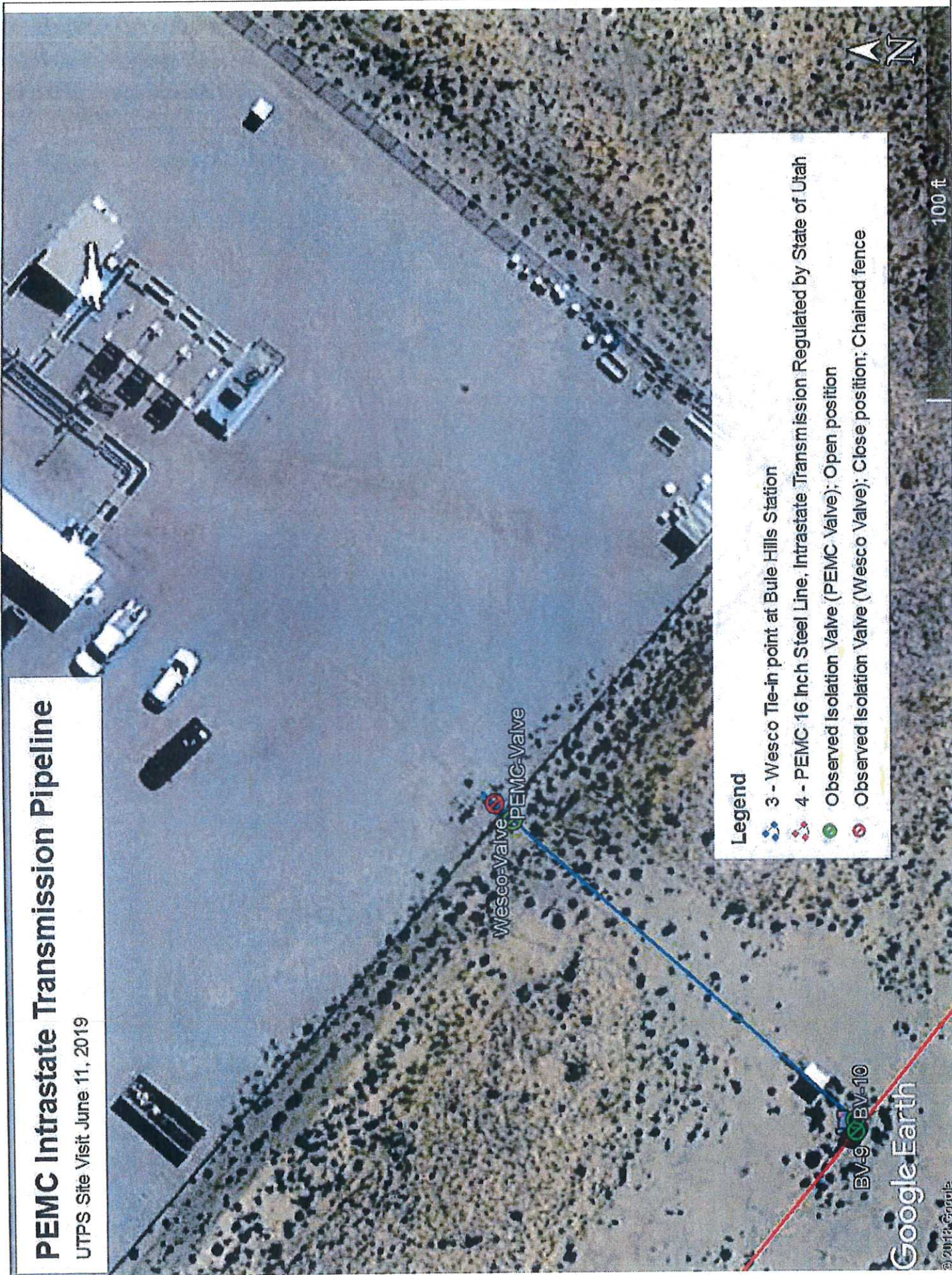
**Picture #11: Wesco Compressor Station at Blue Hills**



**Picture #12: Wesco Gathering Line to their compressor station.**

# PEMC Intrastate Transmission Pipeline

UTPS Site Visit June 11, 2019



## Legend

- 3 - Wesco Tie-in point at Bule Hills Station
- 4 - PEMC 16 Inch Steel Line, Intrastate Transmission Regulated by State of Utah
- Observed Isolation Valve (PEMC Valve); Open position
- Observed Isolation Valve (Wesco Valve); Close position; Chained fence

100 ft

Google Earth

© 2019 Google

**UTPS Site Visit on June 11, 2019: Wesco Compressor at Blue Hills Station.**



**Picture #13: Observe Wesco Compressor Station at Blue Hills PEMC Valve open position.**



**Picture #14: Observed Wesco Compressor Station at Blue Hills pressure gauge approximately 680 psig.**



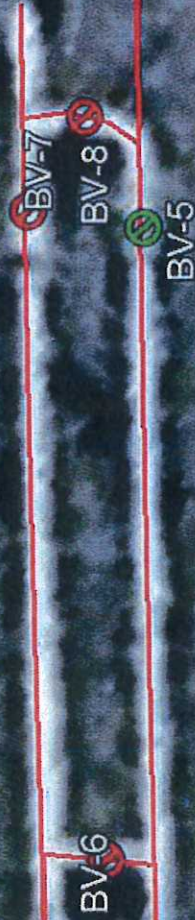
**Picture #15: Observed Wesco Compressor Station at Blue Hills Wesco valve close position.**



**Picture #16: Observed Wesco Compressor Station at Blue Hills.**

# PEMC Intrastate Transmission Pipeline

UTPS Site Visit June 11, 2019



## Legend

-  4 - PEMC 16 Inch Steel Line, Intrastate Transmission Regulated by State of Utah Pig Launcher
-  Observed Block Valve (BV-5); Open position; Chained and locked
-  Observed Block Valve (BV-6, BV-7, and BV-8); Close position; Chained fence

Google Earth

© 2018 Google

30 ft



**UTPS Site Visit on June 11, 2019: PEMC Pig Launcher**



**Picture #17: Observed pig launcher with BV-7 and BV-8 in the close position and BV-5 in the open position. All valves chained and locked.**



**Picture #18: Block Valve BV-6, observed in close position with chain and lock.**



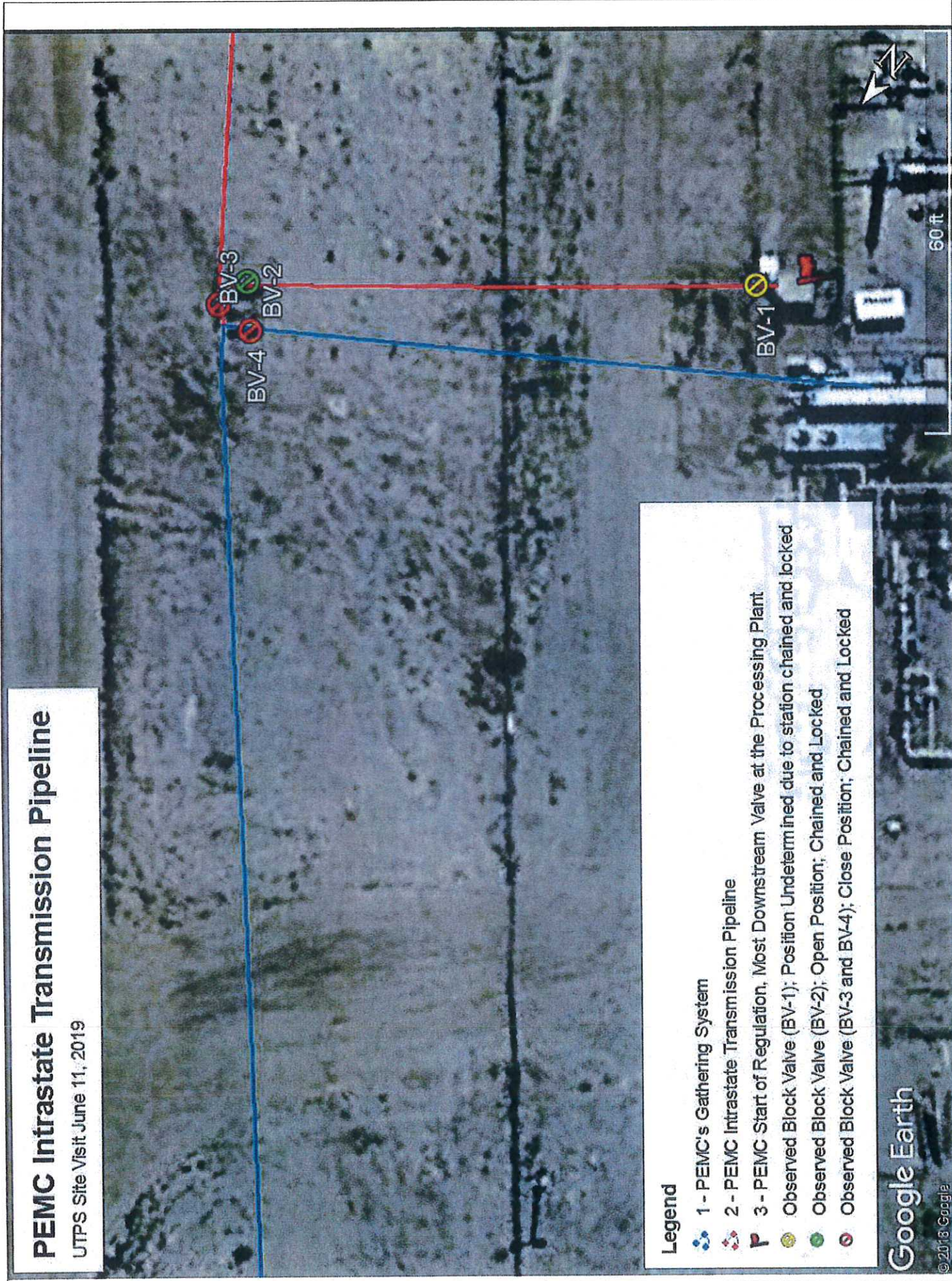
**Picture #19: PEMC Pig Launcher.**









**Picture #20: Pressure gauge near BV-7 approximately 680 psig.**

# PEMC Intrastate Transmission Pipeline

UTPS Site Visit June 11, 2019



## Legend

-  1 - PEMC's Gathering System
-  2 - PEMC Intrastate Transmission Pipeline
-  3 - PEMC Start of Regulation, Most Downstream Valve at the Processing Plant
-  Observed Block Valve (BV-1); Position Undetermined due to station chained and locked
-  Observed Block Valve (BV-2); Open Position; Chained and Locked
-  Observed Block Valve (BV-3 and BV-4); Close Position; Chained and Locked

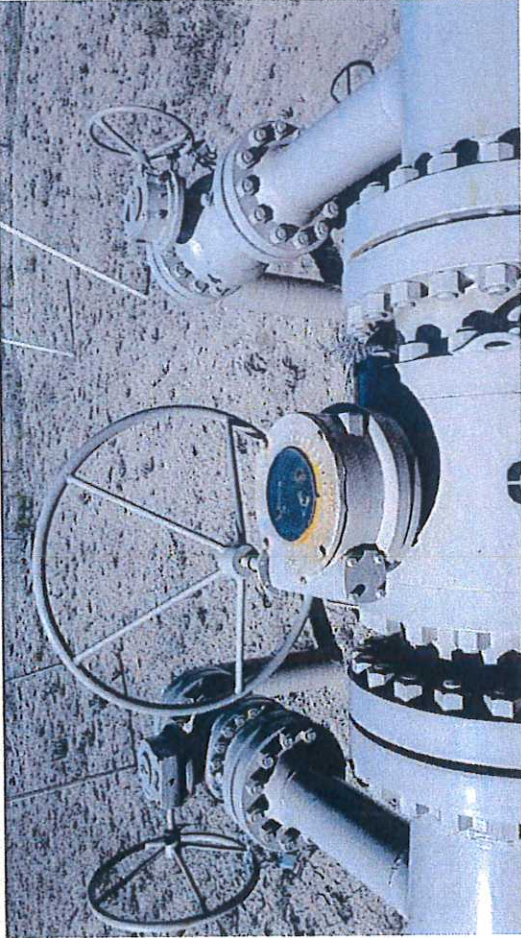
Google Earth

©2016 Google

60 ft



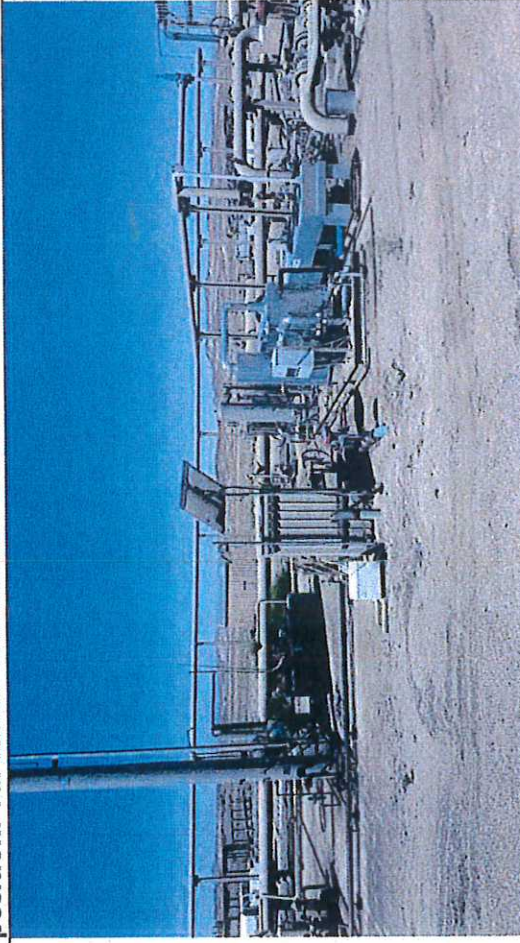
**UTPS Site Visit on June 11, 2019: PEMC Compressor Station**



**Picture #21: Observed valve assembly east of PEMC compressor station with BV-3 and BV-4 in the close position and BV-2 in the open position. All valves chained and locked.**



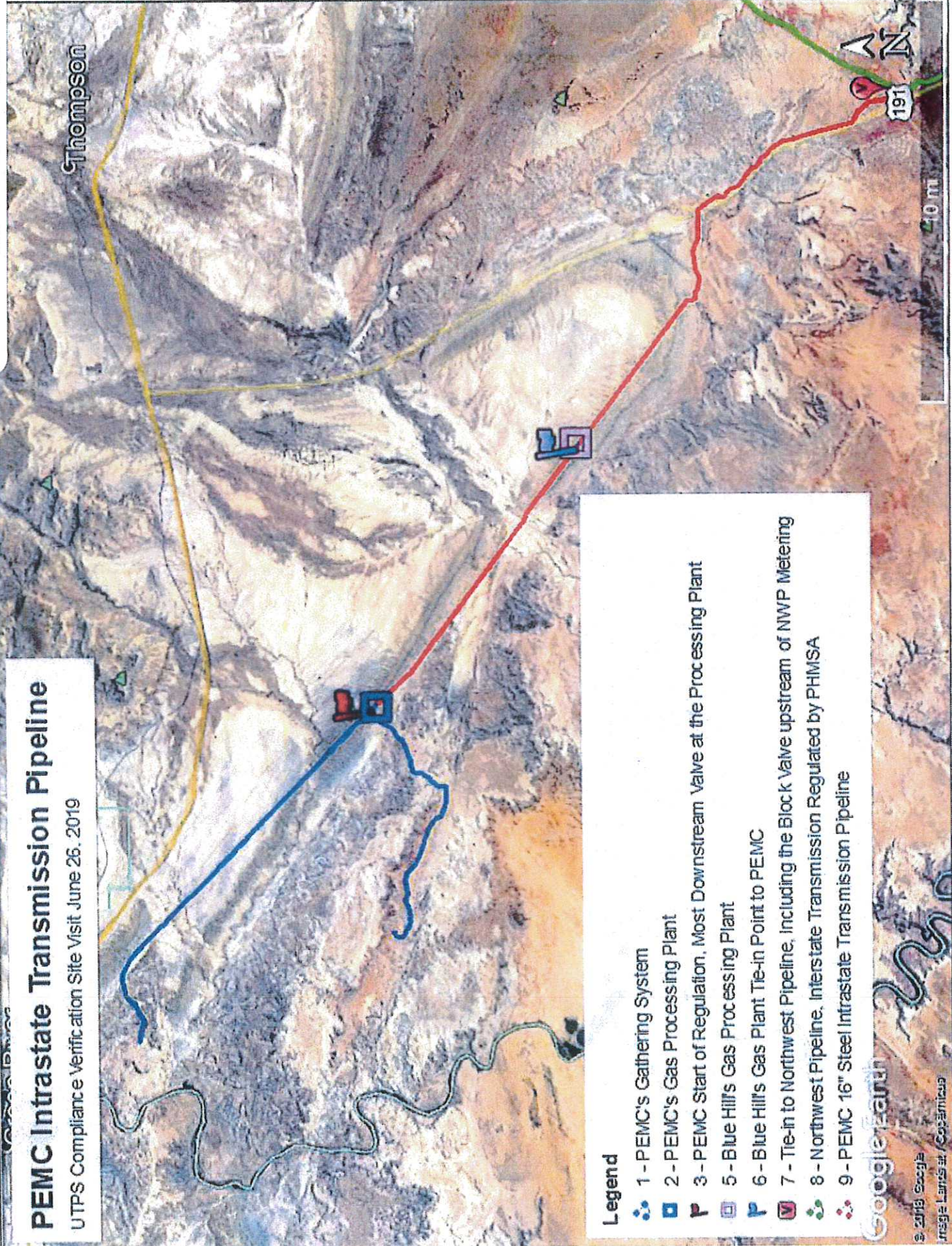
**Picture #22: Pressure gauge near BV-3 on the gathering side, approximately 250 psig.**



**Picture #23: Observed PEMC compressor station with BV-2 in the open position.**



**Picture #24: Observed PEMC compressor station exposed piping near the east fence.**



### PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit, June 26, 2019

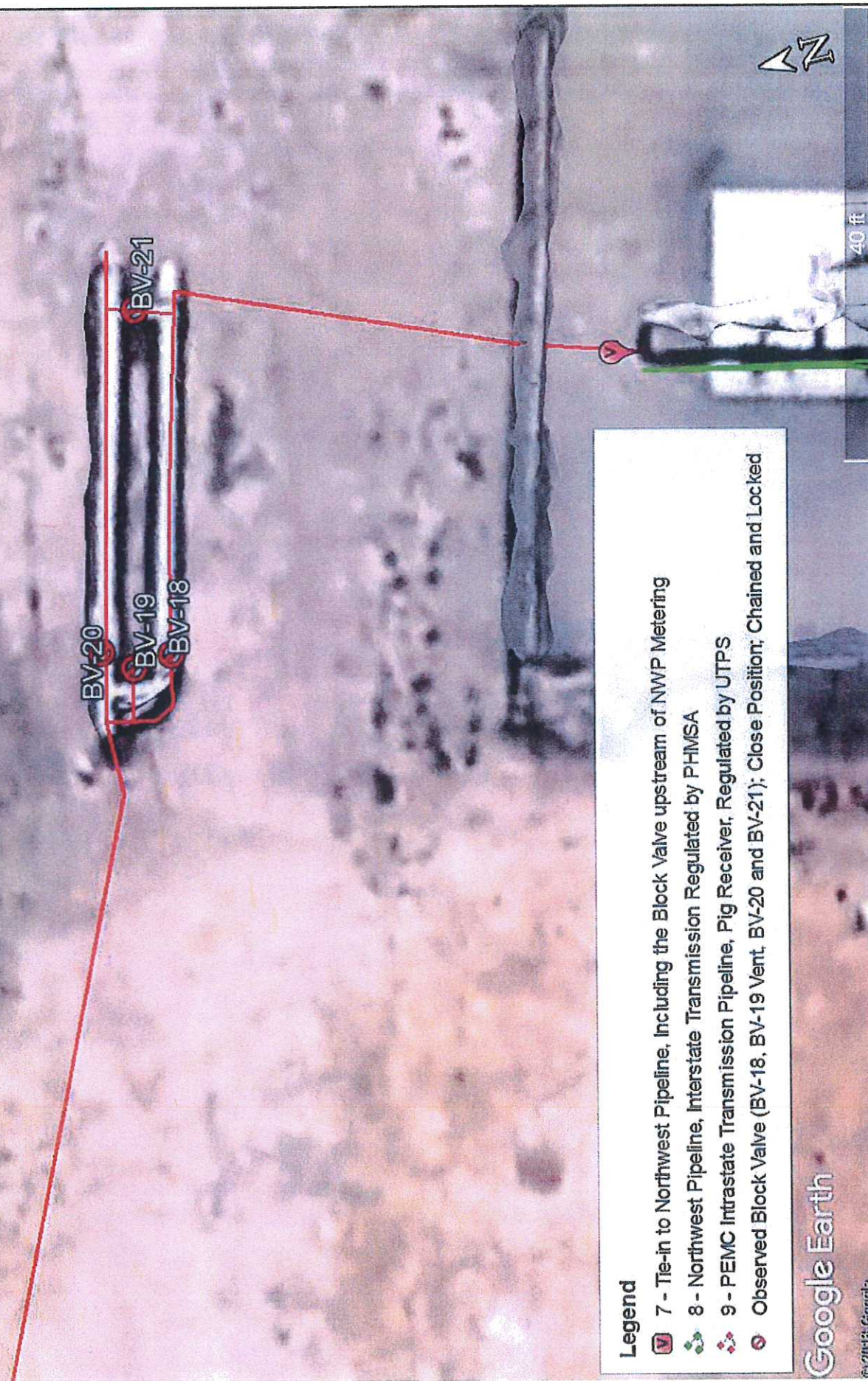
#### Legend

- 1 - PEMC's Gathering System
- 2 - PEMC's Gas Processing Plant
- 3 - PEMC Start of Regulation, Most Downstream Valve at the Processing Plant
- 5 - Blue Hill's Gas Processing Plant
- 6 - Blue Hill's Gas Plant Tie-in Point to PEMC
- 7 - Tie-in to Northwest Pipeline, including the Block Valve upstream of NWP Metering
- 8 - Northwest Pipeline, Interstate Transmission Regulated by PHMSA
- 9 - PEMC 16" Steel Intrastate Transmission Pipeline



# PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit, June 26, 2019



## Legend

- 7 - Tie-in to Northwest Pipeline, Including the Block Valve upstream of NWP Metering
- 8 - Northwest Pipeline, Interstate Transmission Regulated by PHMSA
- 9 - PEMC Intrastate Transmission Pipeline, Pig Receiver, Regulated by UTPS
- Observed Block Valve (BV-18, BV-19 Vent, BV-20 and BV-21); Close Position; Chained and Locked

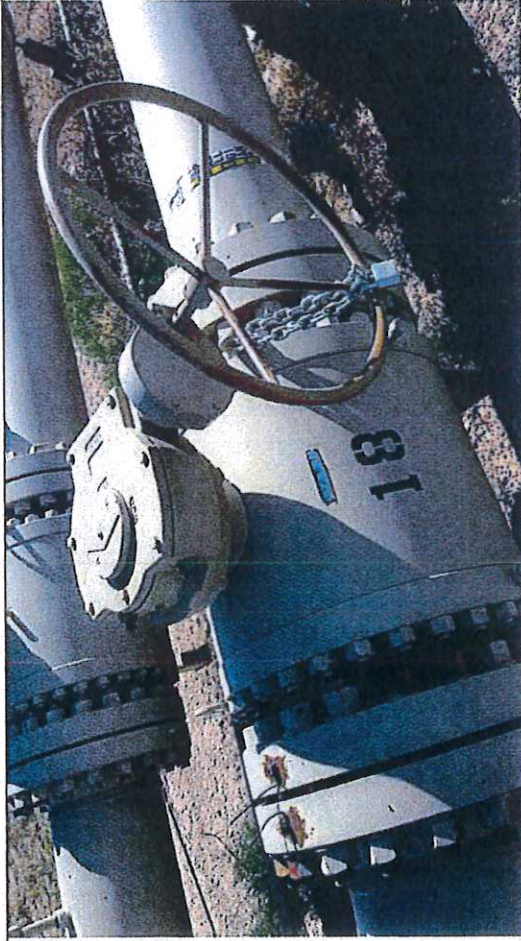
**UTPS Site Visit on June 26, 2019: Tie-In to Northwest Williams Pipeline**



**Picture #1: PEMC Pig Receiver near Williams Tap.**



**Picture #2: Block Valve BV-21, observed in close position with chain and lock.**



**Picture #3: Block Valve BV-18, observed in close position with chain and lock.**



**Picture #4: Block Valve BV-20 and BV-19 (vent), observed close position with chain and lock.**

# PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit June 26, 2019



20 ft

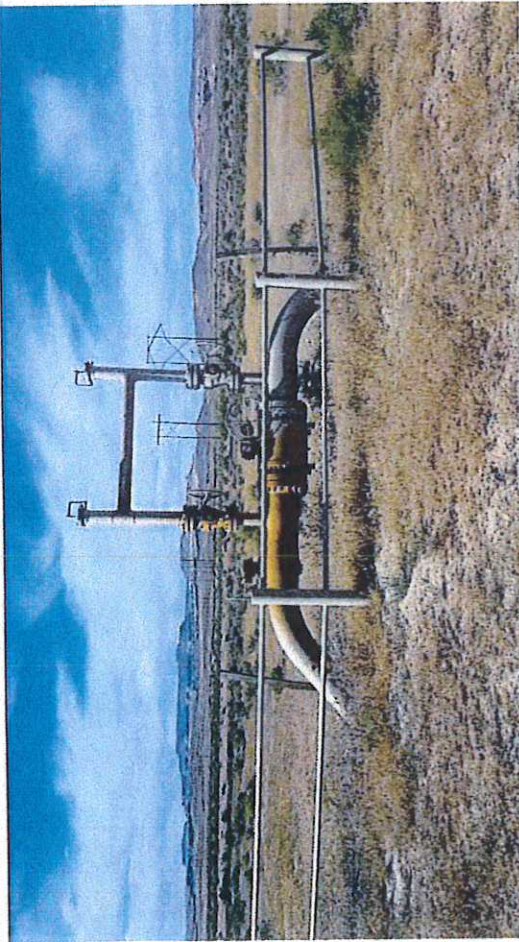
## Legend

- 4 - PEMC 16 Inch Steel Line, Intrastate Transmission Regulated by State of Utah
- Observed Block Valve (BV-14, BV-15, BV-16, and BV-17): Close Position: Chained and Locked

Google Earth

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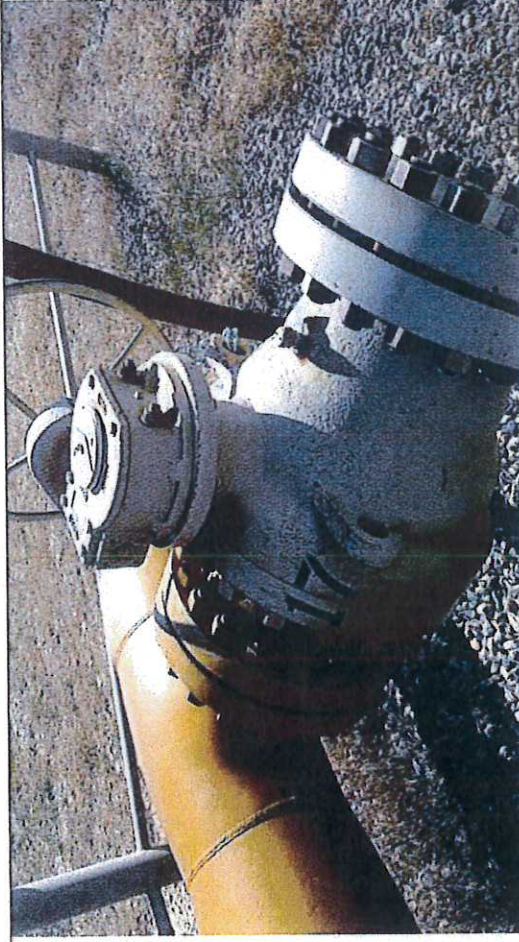
**UTPS Site Visit on June 26, 2019: Block Valve Assembly southwest of Moab Airport.**



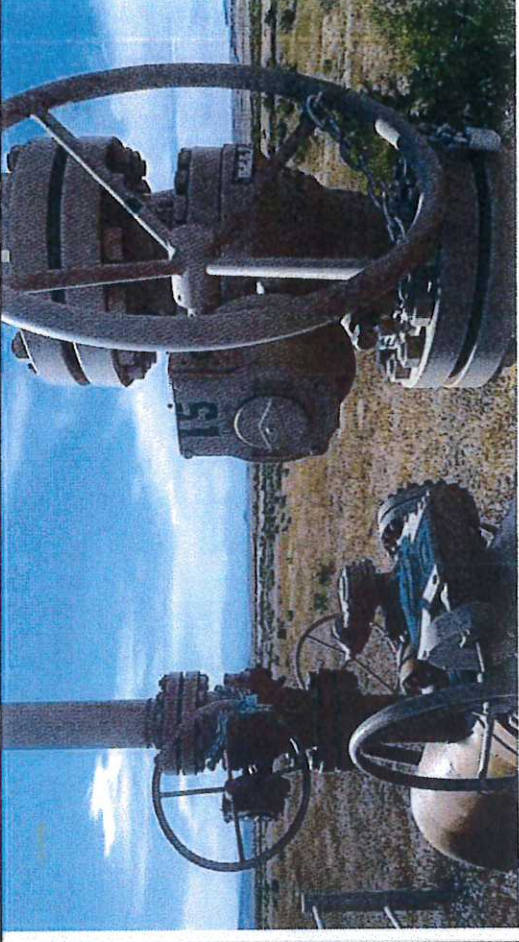
**Picture #5: Block Valve assembly BV-14, BV-15, BV-16, and BV-17.**



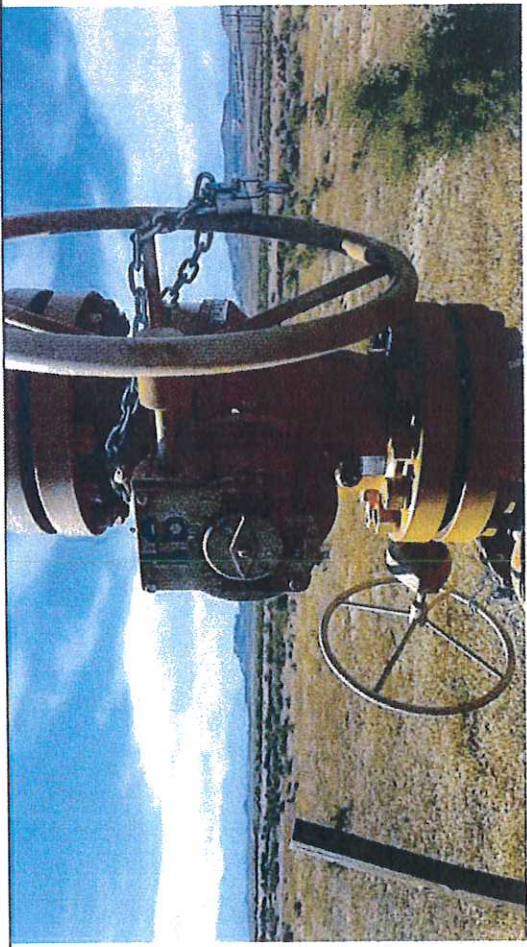
**Picture #6: Block Valve BV-14, observed in close position with chain and lock.**



**Picture #7: Block Valve BV-17, observed in close position with chain and lock.**



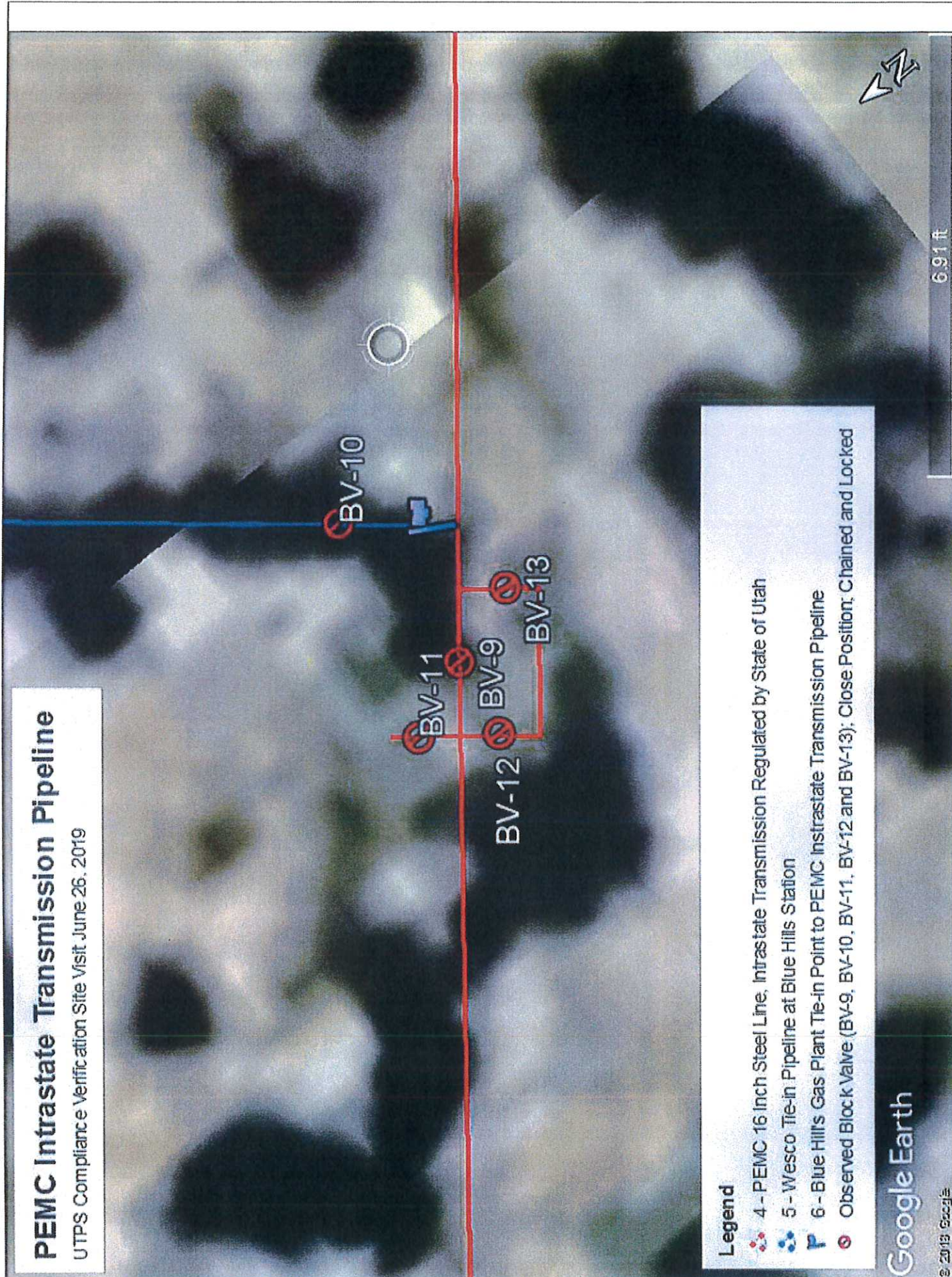
**Picture #8: Block Valve BV-15, observed in close position with chain and lock.**



**Picture #9: Block Valve BV-16, observed in close position with chain and lock.**

# PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit, June 26, 2019



## Legend

- 4 - PEMC 16 Inch Steel Line, Intrastate Transmission Regulated by State of Utah
- 5 - Wesco Tie-in Pipeline at Blue Hills Station
- 6 - Blue Hills Gas Plant Tie-in Point to PEMC Intrastate Transmission Pipeline
- Observed Block Valve (BV-9, BV-10, BV-11, BV-12 and BV-13); Close Position; Chained and Locked

Google Earth

© 2019 Google

**UTPS Site Visit on June 26, 2019: Wesco Tie-In Point at Blue Hills Station.**



**Picture #10: Wesco Tie-In Point at Blue Hills Station.**



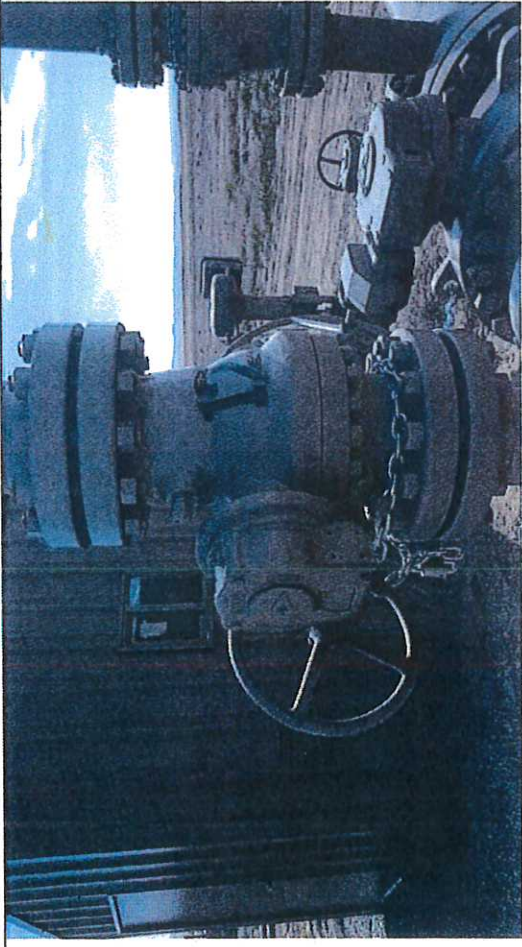
**Picture #11: Block Valve BV-9, observed in close position with chain and lock.**



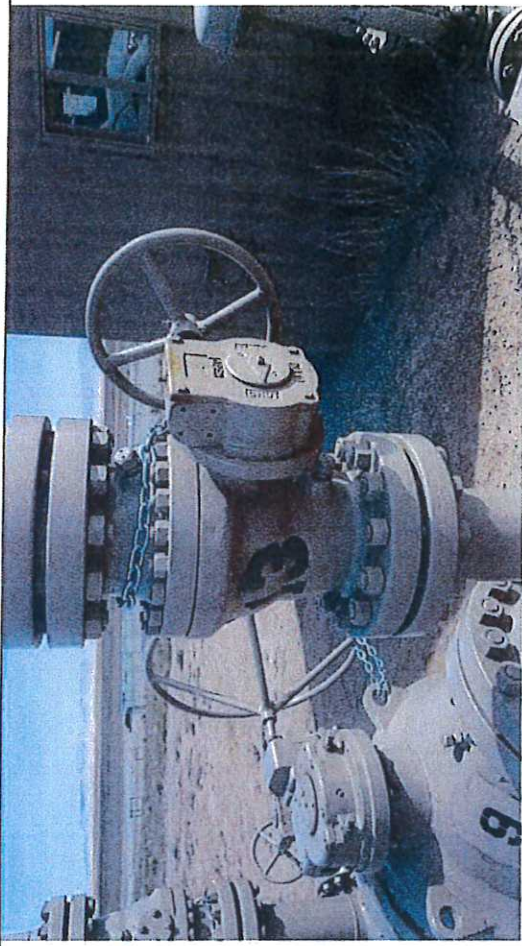
**Picture #12: Block Valve BV-10, observed in close position with chain and lock.**



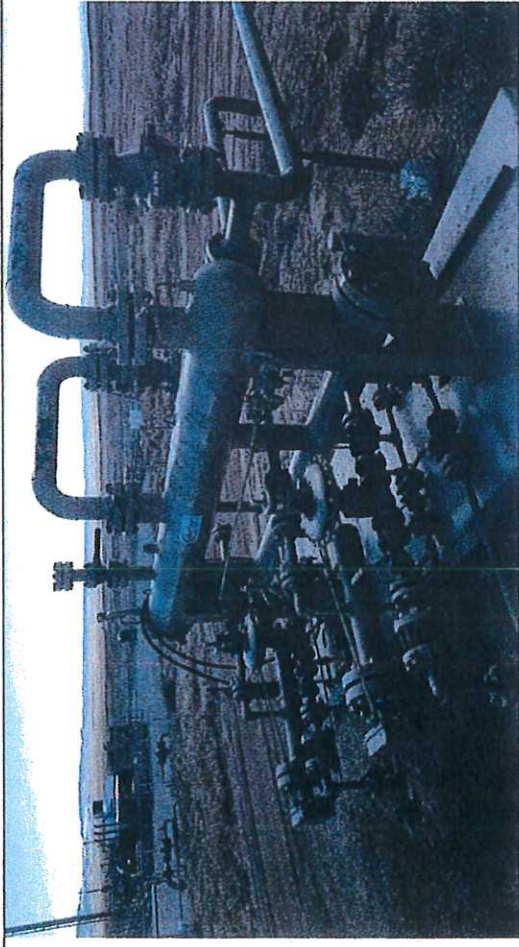
**Picture #13: Block Valve BV-11, observed in close position with chain and lock.**



Picture #14: Block Valve BV-12, observed in close position with chain and lock.



Picture #15: Block Valve BV-13, observed in close position with chain and lock.



Picture #16: Wesco Gathering Side Pipeline.



Picture #17: Wesco Gathering Side Pipeline.



# PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit June 26, 2019



## Legend

- 4 - PEMC 16 Inch Steel Line, Intrastate Transmission Regulated by State of Utah
- 5 - Wesco Tie-in Pipeline at Blue Hills Station
- 6 - Blue Hills Gas Plant Tie-in Point to PEMC Intrastate Transmission Pipeline
- Observed PEMC-Valve: Open Position
- Observed Wesco-Valve: Close Position

Google Earth

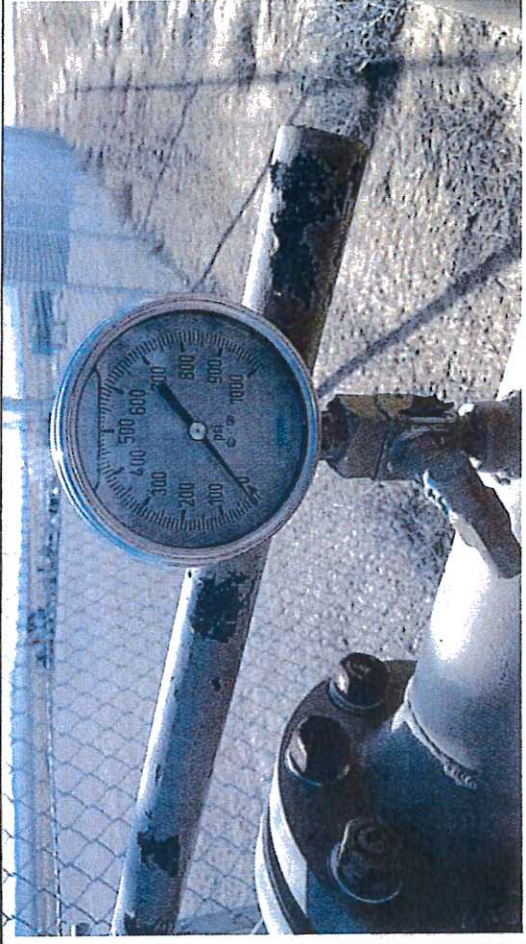
© 2018 Google

100 ft

**UTPS Site Visit on June 26, 2019: Wesco Compressor at Blue Hills Station.**



**Picture #18: Observe Wesco Compressor Station at Blue Hills, PEMC Valve open position.**



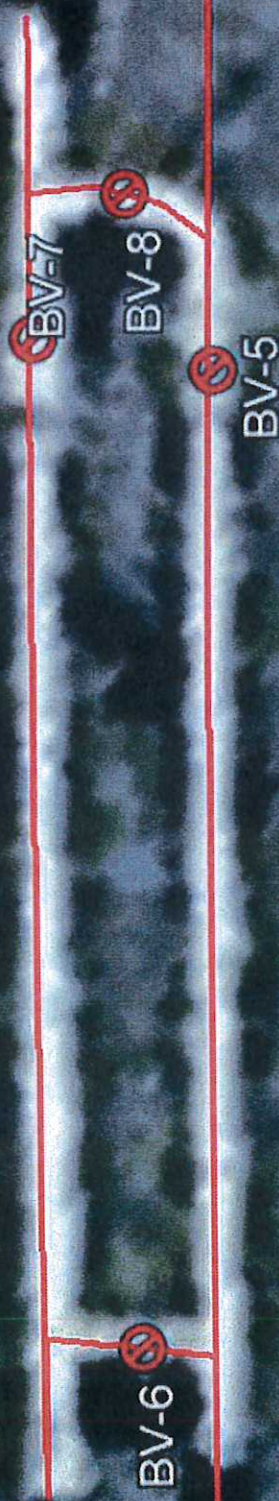
**Picture #19: Observed Wesco Compressor Station at Blue Hills pressure gauge approximately 0 psig.**



**Picture #20: Observed Wesco Compressor Station at Blue Hills, Wesco valve close position.**

# PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit June 26, 2019



## Legend

-  Observed Block Valve (BV-5, BV-6, BV-7 and BV-8); Close Position; Chained and Locked
-  PEMC Intrastate Transmission Pipeline

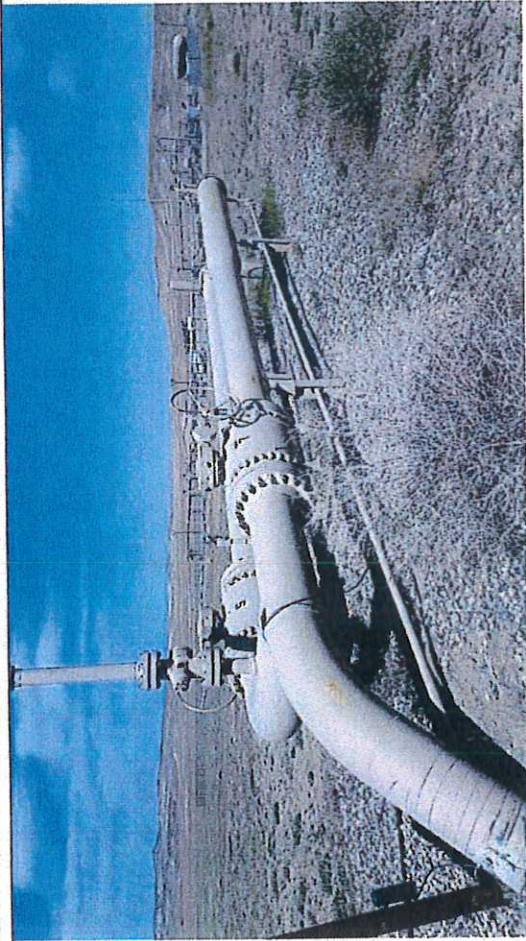
Google Earth

© 2018 Google

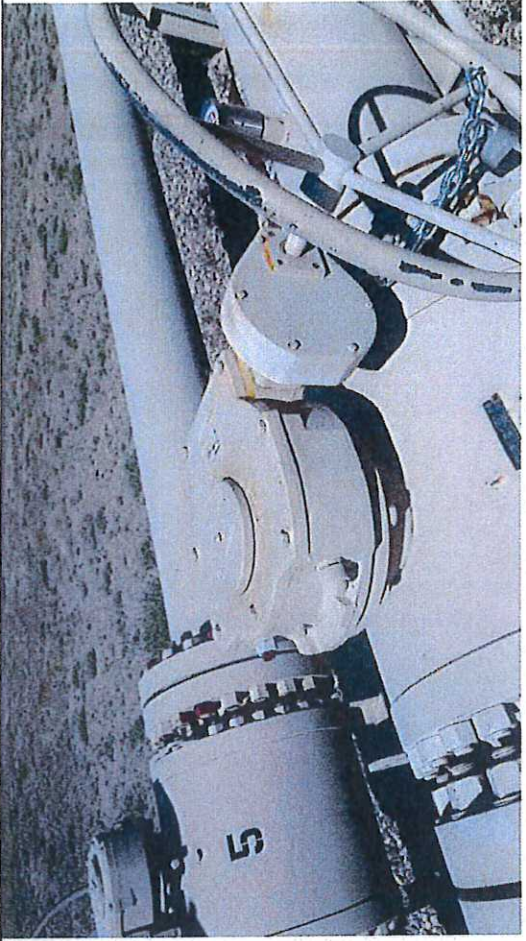
20 ft



UTPS Site Visit on June 26, 2019: PEMC Pig Launcher



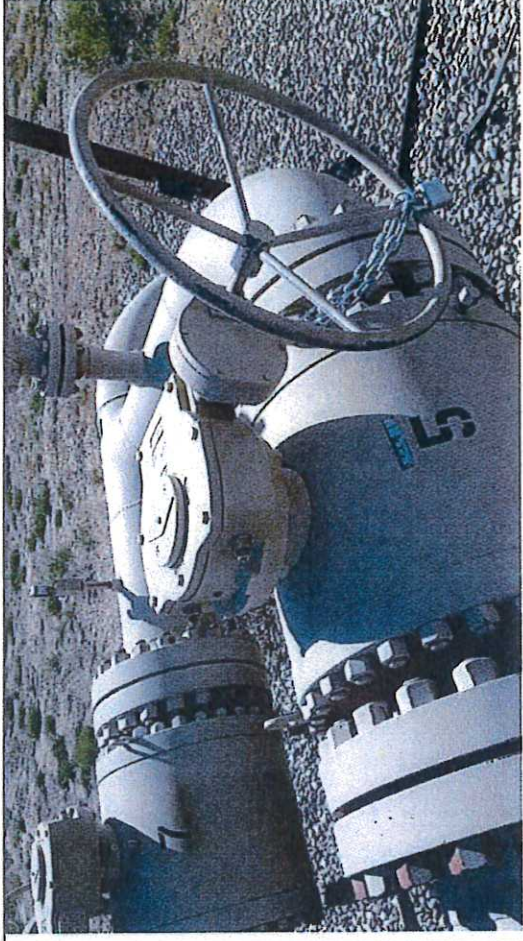
Picture #21: Observed PEMC pig launcher.



Picture #22: Block Valve BV-7, observed in close position with chain and lock.



Picture #23: Block Valve BV-6, observed in close position with chain and lock.



Picture #24: Block Valve BV-5, observed in close position with chain and lock.



Picture #25: Block Valve BV-8, observed in close position with chain and lock.



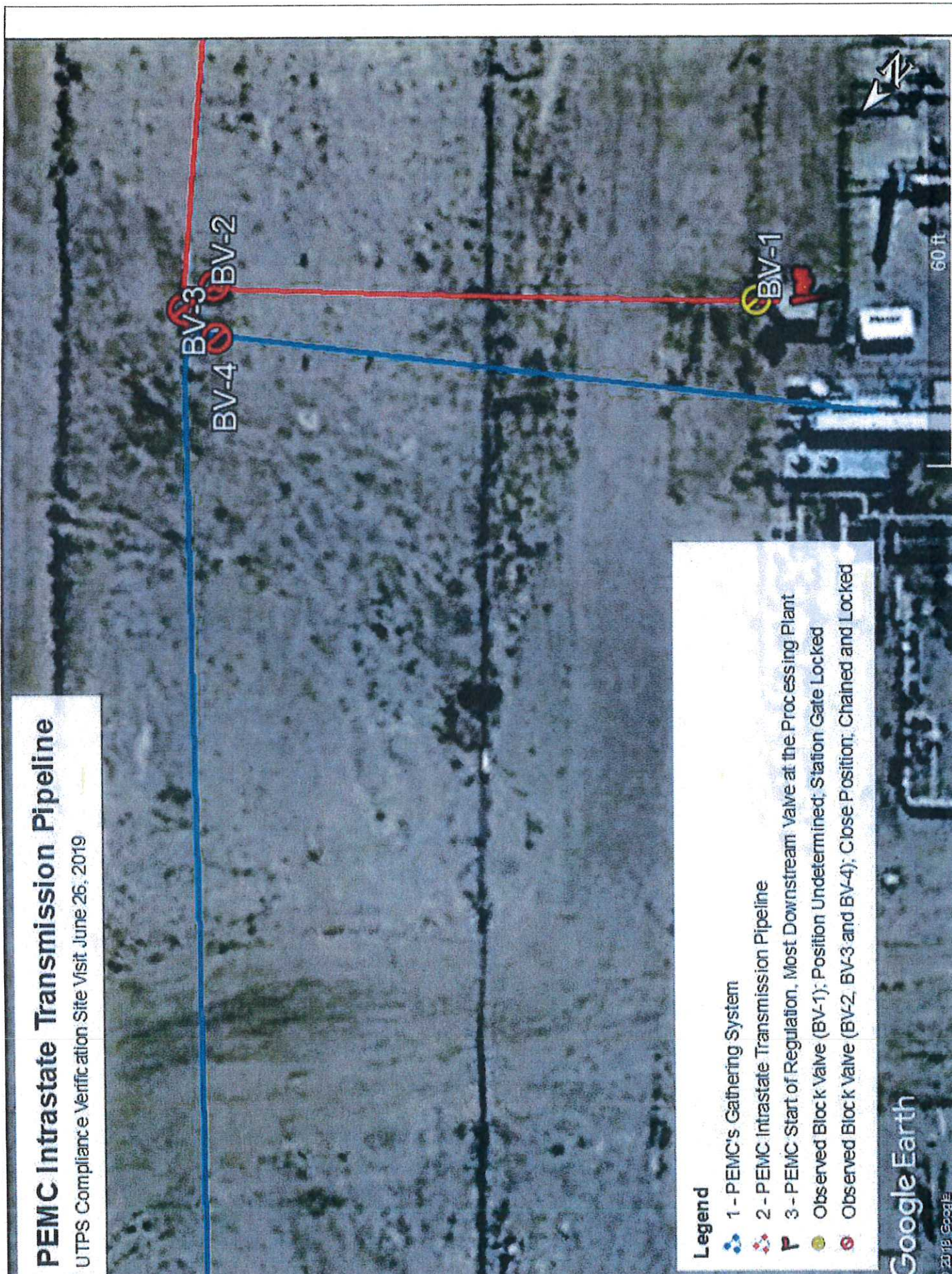
Picture #26: Pressure gauge near BV-7 approximately 610 psig.

# PEMC Intrastate Transmission Pipeline

UTPS Compliance Verification Site Visit June 26, 2019

## Legend

- 1 - PEMC's Gathering System
- 2 - PEMC Intrastate Transmission Pipeline
- 3 - PEMC Start of Regulation, Most Downstream Valve at the Processing Plant
- Observed Block Valve (BV-1); Position Undetermined; Station Gate Locked
- Observed Block Valve (BV-2, BV-3 and BV-4); Close Position; Chained and Locked



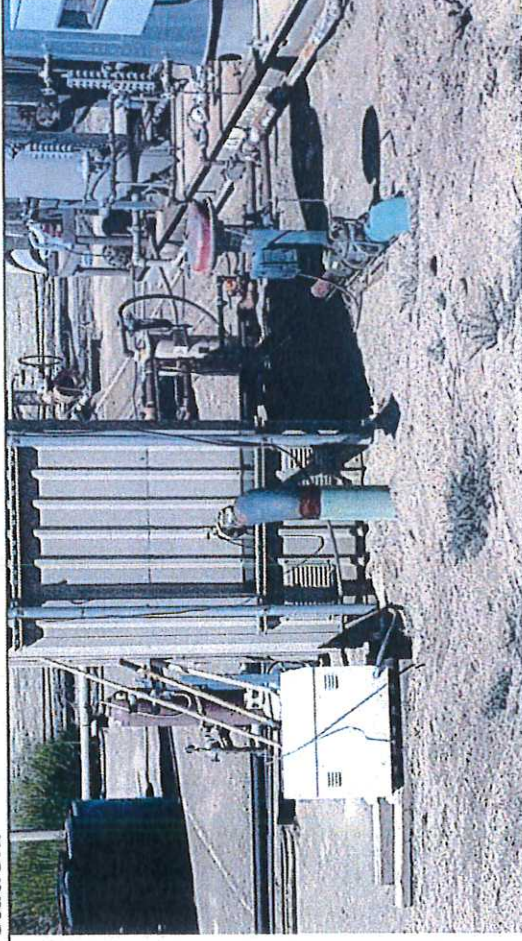
**UTPS Site Visit on June 26, 2019: PEMC Compressor Station**



**Picture #27: Observed valve assembly east of PEMC compressor station.**



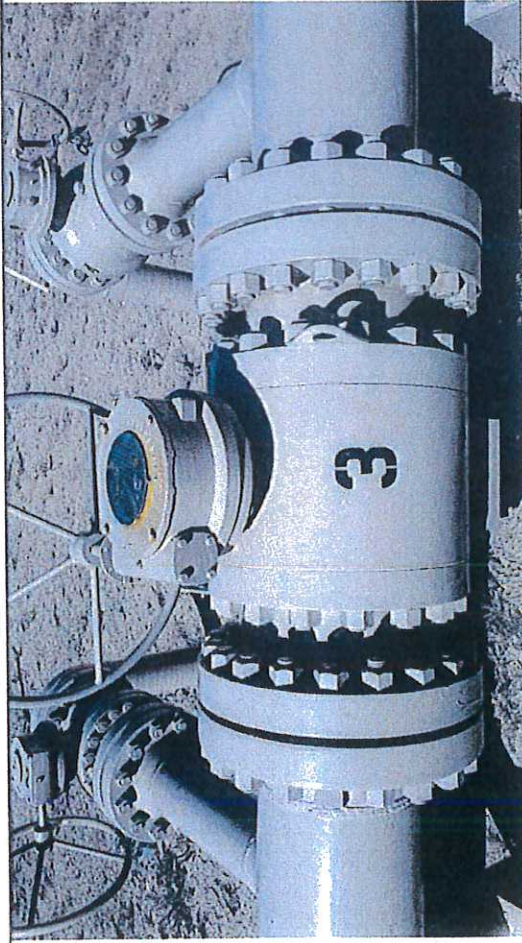
**Picture #28: Pressure gauge near BV-2 on the transmission side, approximately 610 psig.**



**Picture #29: Observed PEMC compressor station with BV-1, position undetermined. Did not access station because it was locked.**



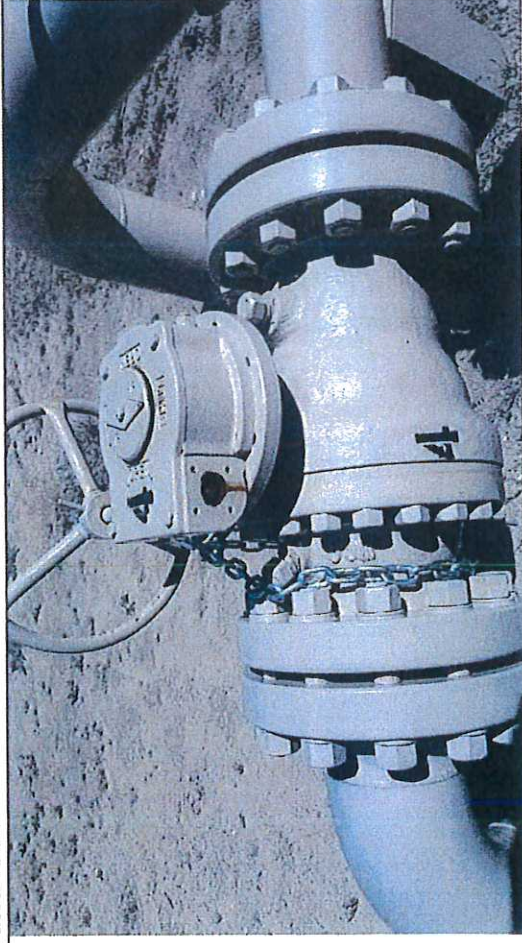
**Picture #30: Observed PEMC compressor station exposed piping near the east fence.**



Picture #31: Block Valve BV-3, observed in close position with chain and lock.



Picture #32: Block Valve BV-2, observed in close position with chain and lock.



Picture #33: Block Valve BV-4, observed in close position with chain and lock.



Picture #34: PEMC compressor station.



# EXHIBIT 13

Procedural Manual for Operations, Maintenance & Emergencies  
Operator: Pacific Energy & Mining Company (PEMC)  
PHMSA - Issued Operator Identification Number (OPID): 39049  
Paradox Natural Gas Pipeline, Grand County, Utah

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## POLICIES AND PROCEDURES MANUAL SECTION NO. 8 START-UP AND SHUT-DOWN PROCEDURES

### 34. **NORMAL OPERATIONS AND MAINTENANCE: START-UP AND SHUT DOWN PROCEDURES (§ 192.605(5))**

- a. Required Safety Equipment: The PEMC Field Supervisor shall have the following safety equipment in working condition in his vehicle at all times, be proficient in its usage, and ensure that all other PEMC personnel are trained and proficient in their usage:
- i. A tested and functional gas monitoring instrument that can detect LEL/Carbon Dioxide/Oxygen/Methane;
  - ii. An extra charged battery for the cell phone;
  - iii. A fully functional and fully charged, Self-Contained Breathing Apparatus (SCBA);
  - iv. A complete first aid kit;
  - v. Fully charged and functional 10-lb Fire Extinguisher of the ABC type; and
  - vi. At least two portable 2-way radios fully charged with charger.
- b. Shut-Down Procedures: (See Figure/Exhibit #1 Map of Paradox Pipeline-OPID 39049)
- i. Power off compressor at gas plant and record outlet pressure and time:  
Date/time: \_\_\_\_\_, psig: \_\_\_\_\_.
  - ii. Identify location on a map of emergency incident scene, if not already known;
  - iii. If the emergency incident scene is between the outlet of compressor at the gas plant and the north side of the block valve, then go to ¶ 5(h)(v) below;
  - iv. If the emergency incident scene is located between the block valve and the

Procedural Manual for Operations, Maintenance & Emergencies  
Operator: Pacific Energy & Mining Company (PEMC)  
PHMSA - Issued Operator Identification Number (OPID): 39049  
Paradox Natural Gas Pipeline, Grand County, Utah

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outlet of the 16" line at the tie-in to Northwest Pipeline, then go to ¶ 5(h)(ix) below;

- v. Close valve between the outlet of the compressor and the inlet of the 16" gas Pipeline and record pressure reading (and time taken), downstream of closed valve (towards block valve);

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

- vi. Close the block valve and record pressure gauge reading (and time taken), on the upstream side of the closed block valve (towards gas plant)

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

Record the pressure gauge reading (and time taken), on the downstream side of the closed block valve (towards tie-in to Northwest Pipeline)

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

- vii. Close valve between the outlet of the 16" Pipeline line and the meter located at the tie-in to Northwest Pipeline and record pressure gauge reading (and time taken) on upstream side of closed valve (towards block valve).

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

Record the pressure gauge reading (and time taken), on the downstream side of the closed valve (towards meter)

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

- viii. Call the PEMC Compliance Officer, Dan Green, at (775) 636-3132 and relay information on location, time and pressures.

- ix. Close valve between the outlet of the 16" Pipeline and the meter located at the tie-in to Northwest Pipeline and record pressure gauge reading (and time taken) on upstream side of closed valve (towards block valve).

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

Procedural Manual for Operations, Maintenance & Emergencies  
Operator: Pacific Energy & Mining Company (PEMC)  
PHMSA - Issued Operator Identification Number (OPID): 39049  
Paradox Natural Gas Pipeline, Grand County, Utah

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Record the pressure gauge reading (and time taken), on the downstream side of the closed valve (towards meter)

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

- x. Close the block valve and record pressure gauge reading (and time taken), on the upstream side of the closed block valve (towards gas plant)

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

Record the pressure gauge reading (and time taken), on the downstream side of the closed block valve (towards tie-in to northwest pipeline)

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

- xi. Close the valve between the outlet of the compressor and the inlet of the 16" the Pipeline and record pressure reading (and time taken), downstream of closed valve (towards block valve).

Date/time: \_\_\_\_\_, psig\_\_\_\_\_.

- xii. Call the PEMC Compliance Officer Dan Green at (775) 636-3132, and relay any new information on the time, pressures. Get further instructions.

- c. Start-Up Procedures: To restart the Pipeline, ensure that either Tariq Ahamd or Dan Green is present and then follow the steps in the paragraph immediately above in the reverse order.

35. **PERIODIC REVIEW TO DETERMINE EFFECTIVENESS AND ADEQUACY OF PROCEDURES (§192.605(b)(8)):**

See generally the requirements in ¶ 13 ¶ 14 above.

36. **ROUTINE TESTING AND INSPECTION (§ 192.605(b)(10))**

See generally the requirements in ¶ 13 and ¶ 14 above.

37. **CONTROL ROOM MANAGEMENT (§ 102.605(b)(12))**

## EXHIBIT 14

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# Pipeline Safety: Clarification of Terms Relating to Pipeline Operational Status

A Rule by the Pipeline and Hazardous Materials Safety Administration on 08/16/2016

### DOCUMENT DETAILS

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08/16/2016 (/documents/2016/08/16)

**Agencies:**

Pipeline and Hazardous Materials Safety Administration (<https://www.federalregister.gov/agencies/pipeline-and-hazardous-materials-safety-administration>)

**Dates:**

August 16, 2016.

**Effective Date:**

08/16/2016

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49 CFR 195

**Agency/Docket Number:**

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2016-19494

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**DOCUMENT DETAILS**

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**DOCUMENT STATISTICS****Page views:**

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as of 07/09/2019 at 4:15 pm EDT

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**DOCUMENT STATISTICS**

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**ENHANCED CONTENT**The logo for regulations.gov, featuring the text "regulations.gov" in a lowercase, sans-serif font with a stylized wave-like graphic above the "o"s.**Docket Number:**PHMSA-2016-0075 (<https://www.regulations.gov/docket?D=PHMSA-2016-0075>)

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**ENHANCED CONTENT**

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**PUBLISHED DOCUMENT****AGENCY:**

Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

**ACTION:**

Issuance of Advisory Bulletin.

**SUMMARY:**

PHMSA is issuing this advisory bulletin to all owners and operators (operators) of hazardous liquid, carbon dioxide, and gas pipelines, as defined in 49 Code of Federal Regulations Parts 192 and 195, to clarify the regulatory requirements that may vary depending on the operational status of a pipeline. Further, this advisory bulletin identifies regulatory requirements operators must follow for the abandonment of pipelines. Pipeline owners and operators should verify their operations and procedures align with the regulatory intent of defined terms as described under this bulletin. Congress recognized the need for this clarification in its Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016.

**DATES:**

August 16, 2016.

**FOR FURTHER INFORMATION CONTACT:**

Ms. Linda Daugherty at 816-329-3800 or by email to [Linda.Daugherty@dot.gov](mailto:Linda.Daugherty@dot.gov)  
(<mailto:Linda.Daugherty@dot.gov>).

## SUPPLEMENTARY INFORMATION:

### I. Background

On March 17, 2014, a hazardous liquid pipeline company was notified by emergency responders of crude oil leaking up from below the pavement in a residential area in Wilmington, California. The leak was close to a refinery. The company initially informed the regulator that it had no active lines in the area but responded anyway.

On March 18, 2014, the company excavated the area surrounding the leaking oil and learned that the leak originated from a pipeline that it owned. The pipeline had been purchased 16 years ago and the company understood that the previous operator had properly abandoned and purged the pipeline prior to purchase. Regulators determined the pipeline leaked due to an internal "pinhole" corrosion leak on a weld.

Subsequent investigations determined that while the pipeline was not in operation, its valves were positioned to prevent flow but the pipeline had never been purged and cleaned. Some regulators and industry representatives informally referred to such pipelines as "idled."

On May 31, 2015, a 24-inch natural gas "auxiliary" pipeline crossing the Arkansas River in North Little Rock, Arkansas, failed due to vortex-induced vibration after high water levels eroded the ground cover and exposed the pipeline to the river's flow. The failure released 3,858 cubic feet of natural gas into the atmosphere and resulted in the temporary closure of the Arkansas River to vessel traffic for five days. The pipeline at the time of the failure was isolated by two mainline valves, at an approximate pressure of 700 pounds per square inch (psig). The pipeline, considered an emergency back-up pipeline crossing the river, has not been fully operated since 1972. However, the company did maintain the pipeline as an active pipeline, subject to in-line inspection, cathodic protection, and other maintenance requirements.

On October 28, 2015, Cypress, California, city public works employees identified an oil-water mixture on a local road. Approximately 28 barrels of oil-water mixture was determined to have leaked from an oil pipeline that was believed to have been purged of oil prior to deactivation in 1997. The owner of the pipeline had purchased it from another company just prior to the failure.

Congress recognized the need for PHMSA to provide clarification of operational terms and ensure all operators are aware of and abide by the regulatory requirements for properly abandoning pipelines. In its "Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016," Congress required PHMSA to issue an advisory bulletin to owners and operators of gas or hazardous liquid pipeline facilities and Federal and State pipeline safety personnel regarding procedures required to change the status of a pipeline facility from active to abandoned, including specific guidance on the terms recognized by the Secretary for each pipeline status referred to in such advisory bulletin.

PHMSA regulations do not recognize an "idle" status for hazardous liquid or gas pipelines. The regulations consider pipelines to be either active and fully subject to all relevant parts of the safety regulations or abandoned. The process and requirements for pipeline abandonment are captured in §§ 192.727 and 195.402(c)(10) for gas and hazardous liquid pipelines, respectively. These requirements include purging all combustibles and sealing any facilities left in place. The last owner or operator of abandoned offshore

facilities and abandoned onshore facilities that cross over, under, or through commercially navigable waterways must file a report with PHMSA. PHMSA regulations define the term “abandoned” to mean permanently removed from service (§ 192.3).

A 1998 report by the Research and Special Programs Administration (RSPA), a predecessor agency to PHMSA, titled: “Analysis of Pipeline Burial Surveys in the Gulf of Mexico,” stated: “Abandonment involves the permanent and, for all practical purposes, irreversible process of discontinuing the use of a pipeline. The physical asset is abandoned in the truest sense of the word; no future use or value is attributed to it, and no attempts are made to maintain serviceability. Pipeline systems or segments that are not abandoned, but only idled, decommissioned, or mothballed, are considered to have the potential for reuse at some point in the future. The maintenance and inspection to be performed in these cases is a function of the probability of reuse, the cost and difficulty of remediation which may be required, and the potential impact of the in-place and idled facility on human safety and the environment.”

PHMSA is aware that some pipelines may have been abandoned prior to the effective date of the abandonment regulations. Companies may not have access to records relating to where these pipelines are located or whether they were properly purged of combustibles and sealed. Owners and operators have a responsibility to assure facilities for which they are responsible or last owned do not present a hazard to people, property or the environment.

In the case study from Wilmington, California, provided above, the pipeline company was aware of the pipeline and believed it to have been properly abandoned by the previous owner/operator. The pipeline company was cited and fined by a State regulator because it did not properly maintain the active line or, alternatively, properly abandon the pipeline facility.

Pipelines not currently in operation but that may be used in the future are sometimes informally referred to as “idled,” “inactive,” or “decommissioned.” These pipelines may be shut down and still contain hazardous liquids or gas. Usually, the mainline valves on these pipelines are closed, isolating them from other pipeline segments. Frequently, blind flanges or welded end caps are used for further isolation. Some pipelines do not operate for short periods of time such as weeks or months. Other pipelines do not operate for years. If a pipeline is not properly abandoned and may be used for the future for transportation of hazardous liquid or gas, PHMSA regulations consider it an active pipeline. Owners and operators of pipelines that are not operating but contain hazardous liquids and gas must comply with all relevant safety requirements, including periodic maintenance, integrity management assessments, damage prevention programs, and public awareness programs.

PHMSA is aware that some owners and operators may properly purge a pipeline of combustibles without abandonment because of an expectation to later continue using the pipeline in hazardous materials transportation. A purged pipeline presents different risks, and different regulatory treatment may be appropriate. Degradation of such a pipeline can occur, but it is not likely to result in significant safety impacts to people, property, or the environment. PHMSA will accept deferral of certain activities for purged but active pipelines. These deferred activities might include actions impractical on most purged pipelines such as in-line inspection. PHMSA is considering proposing procedures in a future rulemaking that would address methods owners or operators could use to notify regulators of purged but active pipelines. In the interim, owners or operators planning to defer certain activities for purged pipelines should coordinate the

deferral in advance with regulators. All deferred activities must be completed prior to, or as part of, any later return-to-service. Pipeline owners and operators are fully responsible for the safety of their pipeline facilities at all times and during all operational statuses.

## II. Advisory Bulletin (ADB-2016-05)

*To:* Owners and Operators of Hazardous Liquid, Carbon Dioxide and Gas Pipelines.

*Subject:* Clarification of Terms Relating to Pipeline Operational Status.

*Advisory:* PHMSA regulations do not recognize an “idle” status for a hazardous liquid or gas pipelines. The regulations consider pipelines to be either active and fully subject to all parts of the safety regulations or abandoned. The process and requirements for pipeline abandonment are captured in §§ 192.727 and 195.402(c)(10) for gas and hazardous liquid pipelines, respectively. Pipelines abandoned after the effective date of the regulations must comply with requirements to purge all combustibles and seal any facilities left in place. The last owner or operator of abandoned offshore facilities and abandoned onshore facilities that cross over, under, or through commercially navigable waterways must file a report with PHMSA. PHMSA regulations define the term “abandoned” to mean permanently removed from service.

Companies that own pipelines abandoned prior to the effective date of the abandonment regulations may not have access to records relating to where these pipelines are located or whether they were properly purged of combustibles and sealed. To the extent feasible, owners and operators have a responsibility to assure facilities for which they are responsible or last owned do not present a hazard to people, property or the environment.

Pipelines not currently in operation are sometimes informally referred to as “idled,” “inactive,” or “decommissioned.” These pipelines may be shut down and still contain hazardous liquids or gas. Usually, the mainline valves on these pipelines are closed, isolating them from other pipeline segments. If a pipeline is not properly abandoned and may be used in the future for transportation of hazardous liquid or gas, PHMSA regulations consider it as an active pipeline. Owners and operators of pipelines that are not operating but contain hazardous liquids and gas must comply with all applicable safety requirements, including periodic maintenance, integrity management assessments, damage prevention programs, response planning, and public awareness programs.

PHMSA is aware that some owners and operators may properly purge a pipeline of combustibles with the expectation to later use that pipeline in hazardous materials transportation. A purged pipeline presents different risks, and therefore different regulatory treatment may be appropriate. Degradation of such a pipeline can occur, but is not likely to result in significant safety impacts to people, property, or the environment. PHMSA will accept deferral of certain activities for purged but active pipelines. These deferred activities might include actions impractical on most purged pipelines, such as in-line inspection. PHMSA is considering proposing procedures in a future rulemaking that would address methods owners or operators could use to notify regulators of purged but active pipelines. In the interim, owners or operators planning to defer certain activities for purged pipelines should coordinate the deferral in advance with  regulators. All deferred activities must be completed prior to, or as part of, any later return-to-service. Pipeline owners and operators are fully responsible for the safety of their pipeline facilities at all times and during all operational statuses.

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7/9/2019

Federal Register :: Pipeline Safety: Clarification of Terms Relating to Pipeline Operational Status

Issued in Washington, DC, on August 11, 2016, under authority delegated in 49 CFR 1.97 (/select-citation/2016/08/16/49-CFR-1.97).

Alan K. Mayberry,

Acting Associate Administrator for Pipeline Safety.

[FR Doc. 2016-19494 (/a/2016-19494) Filed 8-15-16; 8:45 am]

BILLING CODE 4910-60-P

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PUBLISHED DOCUMENT

CERTIFICATE OF SERVICE

I certify that on July 9, 2019, I caused a true and correct copy of the foregoing to be filed with the Public Service Commission and served by the Utah Division of Public Utilities to the following in Utah Docket No. 18-2602-01 as indicated below:

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