State of Utah

Department of Commerce
Division of Public Utilities

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Memorandum

To: Public Service Commission of Utah

From: Utah Division of Public Utilities
Chris Parker, Director
Al Zadeh, Senior Pipeline Safety Engineer
Connie Hendricks, Office Specialist II

Date: February 27, 2020

Re: Docket No. **18-2602-01, Pacific Energy & Mining Company**
Paradox Pipeline Site Visit, February 12-13, 2020

DISCUSSION

The Utah Pipeline Safety Section of the Division conducted a site visit of the 21 mile Paradox Pipeline near Moab, Utah on February 12-13, 2020. This site visit was made in response to a letter Dead Horse Oil Company, LLC (Dead Horse), the current operator of the pipeline, filed with the Commission on February 11, 2020 (Dead Horse Letter), included as Attachment A. The Dead Horse Letter addressed the Commission's Second Hazardous Facility Order dated January 31, 2020 (Second HFO). Mr. Al Zadeh, Lead Pipeline Safety Engineer for the Division, conducted the site visit.

Site visit activities included making visual observations of the above ground piping, valves, and pressure gauges from the Pacific Energy & Mining Company's (PEMC) processing plant along the pipeline down to the Northwest Pipeline Williams interconnection, including the

interconnection with WESCO's Blue Hills Processing Plant and taking associated photographs. Narrative and photos from the site visit are included as Attachment B – UTPS20200212-13AZ, site visit report.

The Paradox Pipeline has five above ground piping assemblies outside of the fenced areas of the PEMC and Blue Hills processing plants and the Williams interconnect yard. They are:

1) Piping assembly located north of the PEMC Processing Plant consisting of Block Valve (BV) #3 and inlet/outlet Valves (V)#s 2, 4 and a pressure gauge next to BV# 3;
2) Piping assembly located east of the PEMC Processing Plant: consisting of BV# 5 and Pig Launcher/Receiver and V#s 6, 7, 8 and a pressure gauge near to V# 7;
3) Piping assembly located south of the Blue Hills Processing Plant operated by WESCO: consisting of BV# 9 and V#s 10, 11, 12, and 13, and a set of two pressure gauges near to V# 10;
4) Block Valve assembly located southwest of the Moab Airport: consisting of BV# 14 and V#s 15, 16, and 17. There was no pressure gauge at this location; and
5) Piping assembly located north of the Northwest Pipeline Williams interconnect yard: consisting of BV# 18, a Pig Launcher/Receiver and V#s 19, 20, and 21 and a pressure gauge near to V# 20.

The five Block Valves separate the Paradox Pipeline into four sections: (1) between BV#s 3 and 5, (2) between BV#s 5 and 9, (3) between BV#s 9 and 14, and (4) between BV#s 14 and 18. See maps included in Attachment B. The pressure gauges located near BV#3, 5, and 18 indicate pressures of zero inside what has been identified as section 1, section 2, and section 4. It was impossible to verify the pressure inside the Paradox Pipeline in section 3, between BV#s 9 and 14, because that section lacked a pressure gauge. All valves and all block valves were observed to be chained and locked in the closed position. All existing pressure gauges were observed to indicate zero pressure.

No physical separation was observed between the PEMC processing plant and the Paradox Pipeline or between the Paradox Pipeline and the Northwest Pipeline Williams interconnect.[1] Because the Second HFO concluded, "Some physical separation must exist consistent with industry standards through the placement of a cap or other appropriate mechanism"[2] and this physical separation was lacking, it was observed that the Paradox Pipeline failed to comply with the Commission's Second HFO, including its requirement to comply with 49 CFR Part 192.727(b) - Abandonment or deactivation of facilities.

The lack of physical separation also failed to comply with the PEMC Paradox Natural Gas Pipeline Operations and Maintenance Procedures Task Manual B31Q, Task # 1661, TAB# 71 Isolating, Abandoning and Deactivating Pipeline Facilities Instructions, subpart C which states "Close appropriate valves utilize stopper fittings, end caps, blind flanges, or other appropriate devices to isolate the pipeline or facility."[3] The Task #1661 is provided as Attachment C.

Nothing was observed or discovered during the site visit or stated in the Dead Horse Letter identifying how the gas was removed from the Paradox Pipeline. The Division thus could not know if the removal of the gas complied with applicable state and federal pipeline safety and environmental laws and regulations. For the same reasons, the Division could not know if the Paradox Pipeline was purged consistent with 49 CFR 192.727(b) and how much, if any, gas remained in the pipeline, making it difficult to ascertain the remaining risk to public safety.[4] However, the fact that the gauges indicated that the pressure is reduced to zero in at least three of the four sections of the Paradox Pipeline decreases the risk to public safety by a considerable amount.

[1] WESCO has physically separated its pipeline connecting the outlet of its Blue Hills Plant with the Paradox Pipeline.
[2] Second HFO at p. 21.
[3] The DPU received the PEMC Paradox Natural Gas Pipeline Operations and Maintenance Procedures Task Manual on December 17, 2018 from PEMC.
[4] A pressure reading of zero does not necessarily indicate that no gas remains in a pipeline. A pressure gauge measures the difference between atmospheric pressure and the pressure inside the pipeline.

Conclusion

Based on the site visit, the relevant requirements of federal regulations, the Task # 1661, and the requirements of the Commission's order, the Division concludes that Dead Horse and the Culpable Parties have not complied with the Second HFO and the Paradox Pipeline remains noncompliant. Although the gauges indicated that Dead Horse has reduced the pressure of gas inside the pipeline to zero except for the section which could not be verified, reducing the risk to the public safety by a considerable amount, there remains some risk from the amount of gas that may be remaining inside the pipeline.