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

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*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.

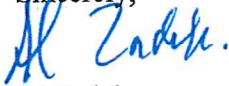
UTPS monitors compliance through review of the operator's operation, maintenance, emergency, and other relevant required plans and records.

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