

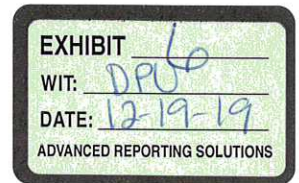


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Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

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



Status Update

To: Utah Public Service Commission
From: Utah Division of Public Utilities
Chris Parker, Director
Al Zadeh, Senior Pipeline Safety Engineer
Connie Hendricks, Office Specialist
Date: June 12, 2019
Re: 18-2602-01 - Division's Status Update

Status Update

The Division of Public Utilities, Pipeline Safety Section (UTPS) provides this status update to the Utah Public Service Commission (Commission) concerning the cessation of operation required in the Commission's Hazardous Facility Order (Order) dated April 10, 2019. Pacific Energy & Mining Company (PEMC) appears to have ceased its role as pipeline operator. Dead Horse Oil LLC (Dead Horse) claims it is now the operator. The Division served a letter on Dead Horse notifying it of the order and requirement to cease operations on June 10, 2019.

The Division provides the following information based on pipeline safety personnel's field inspection¹ of the pipeline on June 11, 2019. The pipeline is packed at approximately 680 psig. This pressure is below the Williams' interstate pipeline operating pressures and no gas was being delivered to Williams at the time of site visit. The valves appeared to remain open throughout the pipeline on the PEMC side. Wesco had shut in (closed valve and locked) its pipeline, which

¹ The term "inspection" is not used here to indicate a formal inspection under applicable pipeline safety laws. Instead, the inspection consisted of observation of the pipeline, numerous valves, and other related facilities.

feeds into the PEMC pipeline, on Monday night and is not transporting any gas through PEMC. Wesco is flaring approximately 600,000 cubic feet per day of gas according to Mr. Jeff Miller, Wesco Plant Manager.

In other words, although no gas is apparently flowing to the Williams interstate pipeline, the PEMC pipeline remains capable of operation. If PEMC, or a successor, has attempted to comply with the Commission's order, it is not apparent from the Division's physical inspection on June 11, 2019.

UTPS personnel contacted Mr. Shannon Griffin, Moab District Manager for Williams, and informed him of the PSC hazardous facility order. According to Mr. Griffin, Williams was not receiving any gas from PEMC as of the morning of Tuesday June 11, 2019. UTPS verbally requested Williams notify UTPS when and/or if PEMC tries to deliver gas to its system.

PEMC or Dead Horse has not closed and locked any valves and has made no attempt to contact the UTPS, other than the fax transmission discussed below, in spite of our letter dated June 7, 2019 requesting a meeting to discuss the shut-down process. Even though there was no gas flowing at the time of our visit, if and when PEMC or Dead Horse decides to increase pressure, gas could flow to Williams. If Wesco resumed operations, gas might also flow. Additionally, the packed line contains pressurized gas and the possibility of harm from the facility remains.

The new operator responded to the UTPS letter via fax on June 10, 2019. Dead Horse stated that the Order does not apply to it and that the pipeline is not under jurisdiction of the Commission. Nothing in the letter indicated Dead Horse's willingness to cease operations or otherwise comply with pipeline safety laws. The Division has no evidence the pipeline has ceased operation in accordance with the Commission order, even though gas is not flowing to the interstate pipeline.

CERTIFICATE OF SERVICE

I certify that on June 12, 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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