

# ATTACHMENT A

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## BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**IN THE MATTER OF PACIFIC ENERGY &  
MINING COMPANY**

**Docket No. 18-2602-01**

**UTAH DIVISION OF PUBLIC  
UTILITIES'  
STATEMENT OF FACTS TO BE  
ESTABLISHED, LEGAL ISSUES TO BE  
RESOLVED, AND RELIEF SOUGHT  
AT HEARING**

On October 18, 2019, the Public Service Commission of Utah (Commission) issued a scheduling order and notice of hearing in this docket (Scheduling Order). The Scheduling Order stated that “On or before **Monday, November 18, 2019**, each of the Pipeline Parties and the DPU will file a Statement of Facts to be Established, Legal Issues to be Resolved, and Relief Sought at Hearing.”<sup>1</sup> Accordingly, the Division of Public Utilities (Division) files this responsive pleading.

<sup>1</sup> Scheduling Order at p. 2 (emphasis in the original).

Statement of Facts to be Established

1. The April 10, 2019 Hazardous Facility Order is still in effect.
2. Pacific Energy & Mining Company (PEMC) as of a certain date resigned as operator for the Paradox Pipeline.<sup>2</sup>
3. Dead Horse Oil Company, LLC (Dead Horse) as of a certain date assumed operation of the Paradox Pipeline and remains the operator.
4. The Paradox Pipeline is not scheduled to resume regular operation for many months.
5. Ownership of the Paradox Pipeline.

Legal Issues to be Resolved

None

Relief Sought at Hearing

The Division seeks a Commission order mandating:

1. Deactivation of the Paradox Pipeline, in a manner compliant with all applicable regulations, by February 1, 2020, and
2. For each day after February 1, 2020, that the Paradox Pipeline is not deactivated, a civil penalty of not more than \$100,000 for each violation for each day, but not to exceed \$1,000,000 for any series of related violations, to be assessed, as appropriate, against PEMC; Dead Horse; JMD Resources, Inc.; and Entrada Enterprises LLC., and any other appropriate person. The Division urges the Commission to assess the maximum penalty available.

DATED this 18<sup>th</sup> day of November 2019.



Patricia E. Schmid  
Attorney for the Utah Division  
of Public Utilities

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<sup>2</sup> PEMC filed for Chapter 11 bankruptcy in the United States Bankruptcy Court, District of Utah, Docket No. 19-25030. The case has been converted to a Chapter 7. Mr. George Hofman and Cohne Kinghorn P.C. have been appointed as trustee for PEMC and trustee's counsel, respectively. See docket sheet in Pacific Energy & Mining Company, Docket No. 19-25030.

CERTIFICATE OF SERVICE

I certify that I caused a true and correct copy of the foregoing **UTAH DIVISION OF PUBLIC UTILITIES' STATEMENT OF FACTS TO BE ESTABLISHED, LEGAL ISSUES TO BE RESOLVED, AND RELIEF SOUGHT AT HEARING** to be served this 18<sup>th</sup> day of November by email and/or USPS mail, postage prepaid, to the following:

**By U.S. Mail**

Rodney Nugent  
Registered Agent – PEMC  
17 West Main 149  
PO Box 149  
Green River, UT 84525

Rodney Nugent  
Registered Agent – Dead Horse Oil Company LLC  
17 West Main 149  
PO Box 149  
Green River, UT 84525

Rodney Nugent  
1865 Griswold Dr Apt 2  
Elko, NV 89801-2662

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

Dean H Christensen  
Registered Agent – JMD Resources, Inc.  
4880 S Three Fountains Dr. #139  
Murray, UT 84107

Tariq Imran Ahmad  
Registered Agent – JMD Resources, Inc.  
13495 South Hills Drive  
Reno, NV 89511

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Corporation Service Company  
Registered Agent – Entrada Enterprises, LLC  
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**By Electronic-Mail:**

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***Pacific Energy and Mining Company***

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***Utah Attorney General's Office***

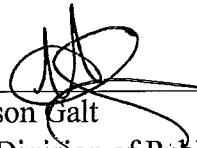
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**By Hand- Delivery:**

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\_\_\_\_\_  
Madison Galt  
Utah Division of Public Utilities

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BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF UTAH

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IN THE MATTER OF:

Docket: 18-2602-01

PACIFIC ENERGY & MINING CO.,

A Nevada Corporation.

PACIFIC ENERGY & MINING CO.'S  
(PEMC'S) STATEMENT OF FACTS TO  
BE ESTABLISHED, LEGAL ISSUES TO  
BE RESOLVED AND RELIEF SOUGHT  
AT HEARING

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COMES NOW Pacific Energy & Mining Co. ("PEMC"), by and through its counsel of record, Terry R. Spencer and Stephanie Jensen, of the Law Office of Spencer & Jensen, PLLC, respectfully submits its document entitled "*Statement of Facts, Legal Issues to be Resolved and Relief Sought at Hearing*" pursuant to the Scheduling Order issued on October 18, 2019.

**BRIEF STATEMENT OF FACTS**

1. The ("Pipeline") in question is was built in 2008 by Delta Petroleum on land managed by the Bureau of Land Management in Grand County, Utah.

2. At the time of construction until 2013, the Pipeline in question was unregulated by Federal or State authorities.

3. In 2013, and over the objection of PEMC, the Utah Division of Public Utilities (“DPU”) claimed the Pipeline was now regulated.

4. The Pipeline was operated without violation from 2013 to 2016.

5. Notwithstanding the fact that there were no changes in the way in which PEMC operated the Pipeline in question, in 2016, the DPU claimed there were eleven (11) violations associated with the operation of the Pipeline.

6. In April 2019, the responsibility for operation of the Pipeline in question was transferred from PEMC to Dead Horse Oil Company.

7. Dead Horse Oil reduced the Pipeline pressure to 325 psi, which is below twenty percent (20%) SMYS, rendering the pipeline unregulated pursuant to Federal Regulation.

### **HEARING SUBJECT MATTER**

1. Whether or not one (1) or more of the eleven (11) violations of the contained in the Public Service Commission’s Order were satisfied by PEMC?

2. Whether or not the DUP has continuing authority to regulate the subject Pipeline?

3. Only if the DUP has continuing jurisdiction to regulate the subject Pipeline, whether or not the monitoring plan submitted by Dead Horse Oil is in conformance with relevant Federal Regulations?

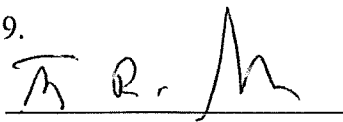
### **WITNESS LIST**

1. Dean H. Christensen, Dead Horse Oil Company

2. Tariq Ahmad, Petroleum Engineer

3. Dan Green, Structural Engineer/Petroleum Engineer
4. Mr. Hwang (Engineer who inspected the subject Pipeline in 2016)
5. Al Zedah, Senior Engineer
6. Jimmy Betham, Senior Engineer

DATED: November 17, 2019.

A handwritten signature in black ink, appearing to read "Terry R. Spencer", written over a horizontal line.

Terry R. Spencer  
Attorney for PEMC



CERTIFICATE OF SERVICE

I caused the foregoing to be delivered to the Public Service Commission, with a copy to the Division as follows:

Public Service Commission

Patricia Schmid, Esq.

On the 18<sup>th</sup> day of November, 2019.

A handwritten signature in black ink, appearing to read "T. R. Spencer", written above a horizontal line.

Terry R. Spencer  
Attorney for PEMC

# Dead Horse Oil Company

17 West Main Street  
Greenriver, Utah 84525

(801) 554 2021

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November 15, 2019

Public Service Commission

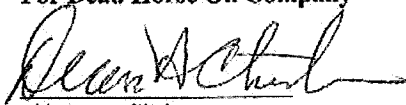
Docket No. 18-2602-01

Pursuant to the Commission's order, Dead Horse Oil Company, the operator of the Pipeline provides the following subjects to be inquired upon during the Hearing:

1. Status of the violation
2. Status of the Monitoring report
3. Certification of the inspectors for the inspection in 2013, 2014, 2015, 2016, 2017 and 2018.

Dead Horse hereby incorporates by reference its witness list submitted on October 4, 2019.

Sincerely,  
For Dead Horse Oil Company



s/d Dean Christensen