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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: March 19, 2020

Re: Docket No. **18-2602-01, Pacific Energy & Mining Company**
Dead Horse Oil Company Letters Dated March 5, 2020

Discussion

On March 5, 2020 Dead Horse Oil Company (DHO) filed two letters (Letters) with the Utah Public Service Commission (Commission). The first letter consisted of two pages and contained a step by step procedure DHO claimed was used for reducing the pressure inside the Paradox Pipeline to zero. The second letter contained a short statement indicating that “Dead Horse Oil Company LLC verified the absence of Natural Gas in the Pipeline pursuant to its procedures as listed in Pacific Energy & Mining Company manual.”

DHO failed to reference any specific procedure by task number from PEMC’s manual and also failed to provide operator qualifications (OQs) for individuals who performed this procedure. The Letters did not provide any evidence of purging to verify the absence of natural gas in the pipeline or compliance with the use of stopper fittings, end caps or blind flanges as required by Instruction (c) of Task #1661 “Isolating, Abandoning and Deactivating Pipeline Facilities” in

PEMC's manual. Also no OQs were provided to ensure that qualified personnel performed the covered task.

Assuming DHO followed the procedure in its first letter, it would have reduced the pressure to zero inside the section between Blue Hills Plant (BV#9) and the Moab Airport Block Valve (BV#14) which could not be verified during UTPS site visit on February 12-13, 2020.

The site visits the Division of Public Utilities (Division) has conducted in Docket No. 18-2602-01 are for the verification of compliance and are not considered inspections. A site visit is merely observation and documentation of the physical condition of the above ground pipeline assemblies. The Paradox Pipeline assemblies visited are located within publicly accessible areas and are not fenced.

It was the responsibility of the DHO to communicate with the Division regarding the procedures and the date and place of its activities for compliance with the Commission's January 31, 2020 Second Hazardous Facility Order, renamed the Compliance Review Order.

Conclusion

The Division conducted a careful review of the Letters submitted by DHO. The information provided by DHO indicates the pressure inside section 3 between the Blue Hills Processing Plant (BV#9) and the Moab Airport BV#14 is zero. The Letters do not resolve any other findings in the Division's filing with the Commission titled "Comments from the Division of Public Utilities, Re: Paradox Pipeline Site Visit, February 12-13, 2020" dated February 27, 2020. All other findings remain and are not resolved by the DHO letters.