

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED COMPLIANCE ORDER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 6, 2017

Mr. Louis Denetsosie  
President & CEO  
Navajo Nation Oil & Gas Company  
Post Office Box 4439  
Window Rock, Arizona 86515

**CPF 4-2017-5009**

Dear Mr. Louis Denetsosie:

On January 1, 2014 to December 31, 2016 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Running Horse Pipeline related records and procedures in the field office in Farmington, NM.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

**§194.101 Operators required to submit plans.**

**Except as provided in paragraph (b) of this section, unless OPS grants a request from an Federal On-Scene Coordinator (FOSC) to require an operator of a pipeline in paragraph (b) to submit a response plan, each operator of an onshore pipeline facility shall prepare and submit a response plan to PHMSA as provided in §194.119. A pipeline which does not meet the criteria for significant and substantial harm as defined in §194.103(c) and is not eligible for an exception under §194.101(b), can be expected to cause substantial harm. Operators of substantial harm pipeline facilities must prepare and submit plans to PHMSA for review.**

**§194.119 Submission and approval procedures.**

- (a) Each operator shall submit two copies of the response plan required by this part. Copies of the response plan shall be submitted to: Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, PHP 80, 1200 New Jersey Avenue, SE, Washington, DC 20590-0001. Note: Submission of plans in electronic format is preferred.**

The Navajo Nation Oil & Gas Company (NNOGC) failed to submit an oil response plan as required by §194.101 and §194.119. Since 1998 NNOGC has operated the Running Horse Pipeline, which consist of approximately 87.51 miles of 16-inch steel pipeline, to transported crude oil from Aneth, Utah to Bisti, New Mexico. During the inspection, PHMSA inspectors noted that, while the operator had prepared a plan there was no evidence or documentation showing that NNOGC had submitted an oil spill response plan as required by §194.101 and §194.119.

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to NNOGC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2017-5009** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R.M. Seeley  
Director, Southwest  
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

## **PROPOSED COMPLIANCE ORDER**

Pursuant to 49 United States Code §60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Navajo Nation Oil & Gas Company (NNOGC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of NNOGC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Navajo Nation Oil & Gas Company failing to submit an oil response plan as required by §194.101 and §194.119.
  - a. NNOGC is directed to submit an OPA oil response plan as required by §194.101 and §194.119 to Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, PHP 80, 1200 New Jersey Avenue, SE, Washington, DC 20590-0001.
2. NNOGC should complete item 1 within 30 days of receipt of the Final Order.
3. It is requested (not mandated) that NNOGC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.