



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue SE
Washington DC 20590

2012 Natural Gas State Program Evaluation

for

NM PIPELINE SAFETY BUREAU

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)



2012 Natural Gas State Program Evaluation -- CY 2012
Natural Gas

State Agency: New Mexico

Agency Status:

Date of Visit: 03/18/2013 - 06/28/2013

Agency Representative: Jason N. Montoya, PE, Bureau Chief

PHMSA Representative: Patrick Gaume, State liaison

Commission Chairman to whom follow up letter is to be sent:

Name/Title: Mr. Ben L. Hall, Chairman

Agency: New Mexico Public Regulation Commission

Address: 1120 Paseo de Peralta, 4th floor, P.O. Box 1269

City/State/Zip: Santa Fe, New Mexico 87504-1269

Rating:

60105(a): Yes **60106(a):** No **Interstate Agent:** No

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2012 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART G):

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS

Possible Points Points Scored

A Progress Report and Program Documentation Review
B Program Inspection Procedures
C Program Performance
D Compliance Activities
E Incident Investigations
F Damage Prevention
G Field Inspections
H Interstate Agent State (If Applicable)
I 60106 Agreement State (If Applicable)

10 9.5
15 15
44 44
15 15
8 8
8 8
12 12
0 0
0 0

TOTALS

112 111.5

State Rating

99.6

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1 (A1a)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

A1. Yes. Attachment 1 is in agreement with PRC records, Attachment 3 & Attachment 8.

- | | | | |
|---|--|---|---|
| 2 | Review of Inspection Days for accuracy - Progress Report Attachment 2 (A1b)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

A2. Yes, Attachment 2 is in agreement with NMPRC records.

- | | | | |
|---|--|---|---|
| 3 | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

A3. Yes. Attachment 3 is in agreement with PRC records and Attachment 1.

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|---|--|---|---|
| 4 | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

A4. Yes, Attachment 4 with 2 incidents is in agreement with Federal records.

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|---|--|---|---|
| 5 | Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

A5. Yes, Attachment 5 is in agreement with PRC records & the math is right.

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|---|---|---|---|
| 6 | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 (A1f, A4)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

A6. Yes, the official files are now electronic.

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|---|--|---|-----|
| 7 | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 (A1g)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0.5 |
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Evaluator Notes:

A7. NI 0.5 pt. A detailed review of Attachment 7 revealed some calculation errors for the Natural Gas program. A revised Attachment 7 has been submitted to FedStar.

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|---|---|---|---|
| 8 | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

A8. Yes. Attachment 8 agrees with current Law and Commission Rules. NM PRC can now establish jurisdiction for LNG by a Rule Making Action of the Commission. No Law is required. The Rule making Action would occur as part of an action to approve a LNG facility in the State.

- 9 List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

A9. Yes. The NM Pipeline Safety Bureau (PSB) plans to conduct approximately 33% of all DIMP inspections in 2013 and continue meeting inspection rotation cycles. The high risk inspection unit policy was implemented in 2012, and high risk inspections will be conducted each year based on calculated risk for each inspection unit. The PSB will seek additional full time employees due to increased workload resulting from additional regulations. The PSB will continue to be on-call for emergency purposes.

10 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

A10. The NM PSB has a history of success at implementing new legislation and rules that are consistent with new federal regulations and the direction the industry has taken in both pipeline safety and damage prevention. The only setback in 2012 was a failed attempt at passing legislation that would allow the PRC to assess civil penalties equivalent to the federal amounts established in the Pipeline Safety Act. The PSB has experienced some personnel turn-over over the past year but continues to meet the inspection cycles established in their standard operating procedures. Training, field experience, and getting new hires up to speed will be a major focus in 2013. Additional staff will likely be required to help minimize the heavy burden currently applied to experienced staff.

Total points scored for this section: 9.5
Total possible points for this section: 10



PART B - Program Inspection Procedures

Points(MAX) Score

1	Standard Inspections (B1a) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

B1. Yes, SOP Section 1 VI & Section 3.

2	IMP Inspections (including DIMP) (B1b) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

B2. Yes, SOP Section 1 V & Section 3.

3	OQ Inspections (B1c) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

B3. Yes, SOP Section 1 V & Section 3.

4	Damage Prevention Inspections (B1d) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

B4. Yes, Damage Prevention Inspections are not stand alone inspections; Damage Prevention is addressed during Standard Inspections, IMP Inspections, and PAPE inspections.

5	On-Site Operator Training (B1e) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

B5. Yes, SOP Section 3 IV.

6	Construction Inspections (B1f) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

B6. Yes, SOP Section 1 V & Section 3.

7	Incident/Accident Investigations (B1g) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

B7. Yes, SOP Section 2.

8	Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4) Yes = 6 No = 0 Needs Improvement = 1-5	6	6
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a.	Length of time since last inspection	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
b.	Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
c.	Type of activity being undertaken by operators (i.e. construction)	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
d.	Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc)	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
e.	Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors)	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>

f. Are inspection units broken down appropriately?

Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

B8. Yes, SOP Section 1, specifically Section 1 VI. In addition, NM PRC has created a formal evaluation process for risk factors and fully used the risk based process in 2011. Units are created per The State Guidelines.

9 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

B9. The PSB continues to maintain a positive working relationship with operators and excavation stakeholders through effective enforcement, inspections, education, and training. A high risk inspection unit policy was implemented in 2012 to focus on higher priority areas that pose a threat to safe operations. NM continues to be an industry leader in damage prevention and efforts have been recognized by NAPSRS, CGA, and Federal DOT. The NM PSB is considered to be a highly effective program. DIMP inspections are on-schedule to be completed by 2014. Authorized staff was maintained at 11 people during 2012. A recent decrease in qualified and trained staff will result in additional inspection-person days for lead inspectors. Training will continue for all inspectors to keep them up-to-date on new regulations and changes affecting pipeline safety. New damage prevention investigation policies and procedures have been written in NM and they became effective January 1, 2013.

Total points scored for this section: 15
Total possible points for this section: 15



PART C - Program Performance

Points(MAX) Score

- 1** Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) 5 5
Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
392.50

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 4.12 = 906.58

Ratio: A / B
392.50 / 906.58 = 0.43

If Ratio \geq 0.38 Then Points = 5, If Ratio $<$ 0.38 Then Points = 0
Points = 5

Evaluator Notes:

C1. Yes, 392.5 inspection days, 4.1 Inspector-years, Ratio=0.435 okay.

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) 5 5
Yes = 5 No = 0 Needs Improvement = 1-4

- | | | | | |
|----|--|--------------------------------------|--------------------------|---|
| a. | Completion of Required OQ Training before conducting inspection as lead? | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Root Cause Training by at least one inspector/program manager | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Note any outside training completed | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

C2. Yes, All inspectors with 3 years of service are certified, 4 inspectors are certified to lead GIMP, LIMP, & OQ. The Program Manager is still within his 5 year training window.

- 3** Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C3. Yes. Jason is fully engaged in his role as Pipeline Safety Manager and his staff is supportive.

- 4** Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 (A6-7) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C4. Yes, Response was in about 8 days (Jan 14th & Jan 22, 2012) & addressed all 3 items that were requested.

- 5** Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) 2 2
Yes = 2 No = 0

Evaluator Notes:

C5. Yes, The TQ Seminars were held September 25-27, 2012, The next one is scheduled for 2014, date TBD.

- 6** Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3) 5 5
Yes = 5 No = 0 Needs Improvement = 1-4

Evaluator Notes:

C6. Yes, all types of inspections are within their time intervals.

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|---|--|---|---|
| 7 | Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms?
Chapter 5.1 (B4-5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

C7. Yes, NM PRC uses the Federal Forms, current version (pre-IA), and my spot checks of inspections and related NOPV shows complete inspections that are consistent with the NOPVs. Reviewed PAPEI-City of Socorro-12-012612-05-pa& associated NOPV; HL Std-Agave Energy Co-3/5-9/2012, D&A(long Form)-Celero Energy-12-041212-43-HL & associated NOPV; OQ-NMGC-10/29-11/1/2012 & associated letter of Concern; DIMP-City of Socorro-12-022412-39-MD & associated letter of concern.

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|---|---|---|----|
| 8 | Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken?
(NTSB) Chapter 5.1 (B7)
Yes = 1 No = 0 | 1 | NA |
|---|---|---|----|

Evaluator Notes:

C8. NA, there is no remaining cast iron in service in NM.

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|---|---|---|----|
| 9 | Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8)
Yes = 1 No = 0 | 1 | NA |
|---|---|---|----|

Evaluator Notes:

C9. NA, there is no remaining cast iron in service in NM.

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|----|--|---|---|
| 10 | Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9)
Yes = 1 No = 0 | 1 | 1 |
|----|--|---|---|

Evaluator Notes:

C10. Yes. These questions are part of an addendum sheet and have been attached to standard Inspections. It is also on the current Fed dist Insp Form (Form 2), .615(a)(7) on pg 5.

- | | | | |
|----|---|---|---|
| 11 | Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5)
Yes = 1 No = 0 | 1 | 1 |
|----|---|---|---|

Evaluator Notes:

C11. Yes, It is on the current gas distribution standard inspection form, and it has been added to an addendum sheet and is part of every standard inspection.

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|----|---|---|---|
| 12 | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----|---|---|---|

Evaluator Notes:

C12. Yes. Fee and Grant monies are dependent on Annual reports, and they are therefore reviewed closely for completeness, miles of pipe, and leak history. The reports are compared with prior year reports. Yes, the incident and accident files are well documented and complete. Yes, Data Analysis is now well developed. NM PRC is gathering DIRT, annual reports, inspection results, and other One-Call data. The disaggregating and trending of the data was fully implemented in 2011 and impacted the risk ranking of Units and Operators for inspections starting in 2012.

- 13 Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C13. Yes, 6 OQ inspection were performed and uploaded in 2012, also 1 Gimp & 2 LIMP inspections were performed and uploaded. they were exclusively Protocols As or Is.

- 14 Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C14. Yes, this question has been added to the addendum sheet for standard inspections. The inspectors are actually checking NPMS during Unit Standard Inspections.

- 15 Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C15. Yes, the Federal Long form is used for HQ D&A inspections at least every 4 years and this question is asked.

- 16 Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C16. Yes, the NM PRC SOP requires that full OQ inspections of each operator are required every 6 years. Protocol 9 inspections are required of each Unit every 3 years and are usually done as part of a standard inspection.

- 17 Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart 0 (I8-12) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C17. Yes, all types of inspections are within their time intervals.

- 18 Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P 2 2
DIMP ? First round of program inspections should be complete by December 2014

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C18. Yes, This is a work in progress. All current PL inspectors with 3 yr experience have taken the DIMP class and DIMP inspections started in 2012. Target is to conduct the first round of DIMP inspections by the end of 2014.

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|-----------|---|---|---|
| 19 | Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16) PAPEI Effectiveness Inspections should be complete by December 2013 | 2 | 2 |
|-----------|---|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C19. Yes, all PL safety inspectors have completed the PAPEE class, and the first round of PAPE Inspections were completed by the end of 2012.

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| 20 | Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21) | 1 | 1 |
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Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C20. Yes, through the NM Regional Common Ground Alliance, also by conducting seminars, making presentations at Trade Meetings, at Construction Industry Board Meetings, & at special meetings for Construction Industry Boards & their staffs. Also Master Meter Outreach presentations and Security & Integrity Foundation (SIF) training sessions. The NM PRC also attends and supports NUCA meetings and programs, NMRCGA Meetings and programs, and NMGA programs. Also, the Program Manager sits on the NM811 Board as an advisor. Yes, the public has access to NM PRC records of inspections, violations, and etc. The NM PRC recently established a website (DRETS) to facilitate the posting of 3rd party damage reports that may be accessed by all stakeholders.

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|-----------|---|---|---|
| 21 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6) | 1 | 1 |
|-----------|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C21. Yes. There were 2 SRCR in 2012, as an FYI there was one in 2010, 2 in 2011, 2 in 2012, and 1 so far in 2013.

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| 22 | Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13) | 1 | 1 |
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Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C22. Yes. NM asked operators and they chose not to respond. They stated they will do it when it is required. This question is on the addendum sheet for Standard inspections. Also the Drisco pipe Advisory Notice was emailed to all NM operators.

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| 23 | Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA? (H4) | 1 | 1 |
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Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C23. Yes. All e-mails and surveys are responded to. Also NM PRC personnel are actively participating on three NAPSR Committees. (Liaison, Distribution Form revision, PAP).

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| 24 | General Comments: | Info Only | Info Only |
|-----------|-------------------|-----------|-----------|

Info Only = No Points

Evaluator Notes:

C24 Both pipeline safety and damage prevention programs continue to be robust and continue to adapt well to change. (Damage Reporting & Enforcement Tracking System) DRETS has been implemented since June 2012 and the PSB is working on implementing a web-based inspection program for pipeline safety. Issuing notice of probable violations, and civil penalties where warranted, have been effective. The damage prevention staff is an integral part to effective enforcement and plays an integral part with compliance. The NM PRC's continuing partnership with operators concerning public awareness through participation in CGA, NUCA, NM811, NMRCGA, and NMGA is noted. The forthcoming challenge is going to be with getting vacancies filled and staff qualified to conduct inspections at a high quality level.

Total points scored for this section: 44

Total possible points for this section: 44



PART D - Compliance Activities

Points(MAX) Score

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|----------|---|---|---|
| 1 | Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h)
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Procedures to notify an operator (company officer) when a noncompliance is identified | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Procedures to routinely review progress of compliance actions to prevent delays or breakdowns | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

D1. Yes, in the SOP, Section 1. Also, per NM PRC rule 18.60.4.12 the Pipeline Safety Bureau (PSB) is authorized to directly assess civil penalties. The NM PRC PSB follows its own procedures.

- | | | | |
|----------|--|---|---|
| 2 | Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1 (B11,B18,B19)
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Were compliance actions sent to company officer or manager/board member if municipal/government system? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Were probable violations documented? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Were probable violations resolved? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Was the progress of probable violations routinely reviewed? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

D2. Yes; All inspection reports and supporting documentation are saved electronically on the NM PRC server and backed up with a PDF copy that is also mailed to the operator. The operator is required to formally respond acknowledging probable violations individually and take corrective action, request a settlement conference, or hearing with the NM PRC. All responses, follow-up work and documents are saved electronically specific to each inspection. These electronic files are the official files. Additionally, NM PRC is in the process of converting to a web based inspection program that will allow a more efficient and effective process. The Bureau Chief sends a final letter when a case has been resolved. See SOP, section 1, VIII, B.

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| 3 | Did the state issue compliance actions for all probable violations discovered? (B15)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

D3. Yes, 71 in 2012, 59 in 2011, 84 in 2010, 108 in 2009, 105 in 2008, 109 in 2007, and 129 in 2006.

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|----------|--|---|---|
| 4 | Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary. (B17, B20)
Yes = 2 No = 0 | 2 | 2 |
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Evaluator Notes:

D4. Yes, it is in the SOP, section 1.VIII.c.1.b.3 & 4, and due process is afforded all per the SOP & State Regulations.

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|----------|---|---|---|
| 5 | Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

D5. Yes, the Program Manager assesses civil penalties for all 3rd party damages. The Program Manager recommends civil penalties as appropriate for violations of pipeline safety regulations.

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|----------|---|---|---|
| 6 | Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

D6. Yes, The NM PRC has an established process in place for assessing civil penalties for pipeline safety probable

violations which are considered on a case by case basis depending on the circumstances (i.e., loss of life, property damaged, service interruptions, location, etc.) supported by a \$317,000 fine in 2010. The NM PRC also has an established procedure in place for assessing civil penalties upon excavation alleged violators for non-compliance of NM Excavation Law policies and procedures.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

D7. NM PRC is committed to Pipeline Safety and uses all available regulatory tools to enforce the regulations including the judicious assessing of civil penalties when the violation endangers the public or is a repeat violation. More focus on verifying that operators are taking adequate corrective actions for probable violations will be implemented in 2013.

Total points scored for this section: 15
Total possible points for this section: 15



PART E - Incident Investigations

Points(MAX) Score

- 1 Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3) 2 2

Yes = 2 No = 0 Needs Improvement = 1

- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes ☒ No ☐ Needs Improvement ☐
- b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

E1. Yes, is in the SOP sec 2; 1. Determine if safety violations occurred. 2. Determine root causes of the accident if asked by NTSB. 3. Cooperate with NTSB. Also, the MOU between NTSB and OPS is understood, and NM PRC fully cooperates with NTSB. There are 3 records out of 3 Federally reportable incidents.

- 2 If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (D4) 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

E2. Yes. In 2012, Both federally reportable incidents were discussed with the Operator and had on-site visits. Both of the incident investigations resulted in NOPV. The SOP directs that Pipeline Safety personnel review all notifications and obtain sufficient information to decide whether an on-site investigation is needed.

- 3 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) 3 3

Yes = 3 No = 0 Needs Improvement = 1-2

- a. Observations and document review Yes ☒ No ☐ Needs Improvement ☐
- b. Contributing Factors Yes ☒ No ☐ Needs Improvement ☐
- c. Recommendations to prevent recurrences when appropriate Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

E3. Yes, yes, yes. The incident files were detailed and complete. The fed form is followed; Observations, documentation, identifying contributing factors, and prevention recommendations are all included.

- 4 Did the state initiate compliance action for violations found during any incident/accident investigation? (D6) 1 1

Yes = 1 No = 0

Evaluator Notes:

E4. Yes. Both of the incident investigations resulted in NOPV.

- 5 Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7) 1 NA

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

E5. NA, the Federal region office made no requests in 2012. NM PRC is a partner with PHMSA to ensure that incident reports are accurate & updated.

- 6 Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPS Region meetings, state seminars, etc) (G15) 1 1

Yes = 1 No = 0

Evaluator Notes:

E6. Yes, NM PRC makes a report during the SW Region NAPS Region Meeting, and responds as appropriate to email correspondence. All three of the 2012 year incidents will be discussed at SW Region NAPS Region Meeting for things discovered and lessons learned. Lessons learned and audit findings are constantly being shared with NM operators.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

E7. The NM PRC SOP and actual practices are in compliance with PHMSA state programs for incident/accident investigation procedures. All findings and reports are available to NAPSIR and PHMSA. The PSB continues to maintain staff on-call for emergency purposes as required per State Guidelines.

Total points scored for this section: 8
Total possible points for this section: 8



PART F - Damage Prevention

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB (E1)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

F1. Yes. This has been added to an addendum sheet and is part of every standard inspection.

- | | | | |
|---|--|---|---|
| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

F2. Yes, It is addressed under 192.614c and is on the Standard inspection form. NM PRC requires Pipeline Operators to report ALL 3rd party damages within 30 days to the PSB through the NM PRC website (DRETS).

- | | | | |
|---|---|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

F3. Yes, this is an ongoing priority effort. The NM PRC PSB is on the NM811 Board and co-sponsors the Regional CGA meetings. The NM PRC PSB meets with damage prevention stakeholders during the monthly NMRCGA meetings to discuss best practices. The NM PRC PSB holds a monthly NM Excavation Law and Procedures class for alleged violators to attend. This class is mandatory for repeat violators. Three master meter outreach programs were conducted in 2012, 37 additional excavation law and procedures classes were conducted for 787 individuals, and a two day seminar was conducted in September 2012 where 811 was advertised. It was sponsored by NMPRC, NM811, NUCA, & NM Gas Assoc. These organizations are the original members and trainers promoting damage prevention.

- | | | | |
|---|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

F4. Yes. NM PRC PSB has access to all locate requests and all damage reports. Evaluations concerning type of damage, hits per alleged violator, cost to repair, injuries, by date, & hit frequency have been done. PSB applied for permission to enter into an information sharing contract with NM One-Call to further enhance data analysis and data collection, and to get the information entered into DRETS (Damage Reporting & Enforcement Tracking System). The contract with NM One-Call was signed in December, 2009 and data is being entered into DRETS. Disaggregation of data is now much easier.

- | | | | |
|---|--|--|--------------------|
| 5 | General Comments:
Info Only = No Points | | Info OnlyInfo Only |
|---|--|--|--------------------|

Evaluator Notes:

F5. During 2012, the PSB continued to work on improving Public Awareness, the advertising of 811, promoting NMRCGA, improving NM811, and effectively enforcing the excavation law upon all stakeholders in a reasonable manner. The NMPRC PSB's damage prevention program's efforts have recently received national recognition and are considered a leader in protecting underground facilities. The CGA president recognized NM's damage prevention program to be in the top 5 across the nation. Increased focus on educating stakeholders of new regulations and rules will be provided during 2013 including "how to comply" portion. This work is in agreement with The emphasis PHMSA has directed to all State Partners to fully implement all 9 Elements of Damage Prevention as described in the 2006 PIPES Act.

Total points scored for this section: 8
Total possible points for this section: 8

PART G - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only
Info Only = No Points

Name of Operator Inspected:

New Mexico Gas Company, opid 6141

Name of State Inspector(s) Observed:

Mike Smith

Location of Inspection:

Alamogordo, NM

Date of Inspection:

3/18-20/13

Name of PHMSA Representative:

Patrick Gaume

Evaluator Notes:

G1. New Mexico Gas Company, opid 6141, Alamogordo, Mike Smith, 3/18-20/13, Patrick Gaume, Standard Inspection

- 2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2) 1 1
Yes = 1 No = 0

Evaluator Notes:

G2. Yes, 7 NMGC personnel participated in the inspection.

- 3 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) (F3) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

G3. Yes, Fed Form 2 for gas distribution plus some State Forms.

- 4 Did the inspector thoroughly document results of the inspection? (F4) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

G4. Yes. Both the Fed form and a special MAOP worksheet.

- 5 Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps,pyrometer,soap spray,CGI,etc.) (F5) 1 1
Yes = 1 No = 0

Evaluator Notes:

G5. Yes. This was an office review and concentrated on records.

- 6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) 2 2
Yes = 2 No = 0 Needs Improvement = 1

a. Procedures ☐

b. Records ☒

c. Field Activities ☐

d. Other (please comment) ☐

Evaluator Notes:

G6. Yes, records. The portion of the inspection that I observed was focused on 192.13, .619 & .739(b), MAOP verifications of multiple pipeline segments and facilities; and then started on the other records per the Federal Form 2.

- | | | | |
|---|--|---|---|
| 7 | Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

G7. Yes, Mike is a fully qualified inspector.

- | | | | |
|---|--|---|---|
| 8 | Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9)
Yes = 1 No = 0 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

G8. Yes, including an interim interview of the portion of the inspection that I observed. Item noted included some MAOP records were insufficient or missing.

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|---|---|---|---|
| 9 | During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10)
Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

G9. Yes, including an interim interview of the portion of the inspection that I observed. Item noted included some MAOP records were insufficient or missing.

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|----|--|-----------|-----------|
| 10 | General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other.
Info Only = No Points | Info Only | Info Only |
|----|--|-----------|-----------|

- | | | |
|----|-----------------------------------|--------------------------|
| a. | Abandonment | <input type="checkbox"/> |
| b. | Abnormal Operations | <input type="checkbox"/> |
| c. | Break-Out Tanks | <input type="checkbox"/> |
| d. | Compressor or Pump Stations | <input type="checkbox"/> |
| e. | Change in Class Location | <input type="checkbox"/> |
| f. | Casings | <input type="checkbox"/> |
| g. | Cathodic Protection | <input type="checkbox"/> |
| h. | Cast-iron Replacement | <input type="checkbox"/> |
| i. | Damage Prevention | <input type="checkbox"/> |
| j. | Deactivation | <input type="checkbox"/> |
| k. | Emergency Procedures | <input type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input type="checkbox"/> |
| m. | Line Markers | <input type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input type="checkbox"/> |
| v. | Overpressure Safety Devices | <input type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input type="checkbox"/> |
| B. | Signs | <input type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |

- | | | |
|----|-----------------------------|--------------------------|
| D. | Valve Maintenance | <input type="checkbox"/> |
| E. | Vault Maintenance | <input type="checkbox"/> |
| F. | Welding | <input type="checkbox"/> |
| G. | OQ - Operator Qualification | <input type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

NA, there was no Field inspecting while I was observing.

Total points scored for this section: 12
Total possible points for this section: 12



PART H - Interstate Agent State (If Applicable)**Points(MAX) Score**

- | | | | |
|----------|---|---|----|
| 1 | Did the state use the current federal inspection form(s)? (C1)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

- | | | | |
|----------|--|---|----|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

- | | | | |
|----------|---|---|----|
| 3 | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

- | | | | |
|----------|--|---|----|
| 4 | Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

- | | | | |
|----------|--|---|----|
| 5 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

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|----------|---|---|----|
| 6 | Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

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|----------|--|---|----|
| 7 | Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

- | | | | |
|----------|--|-----------|-----------|
| 8 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

H.1-8, NA. Not an interstate Agent.

Total points scored for this section: 0
Total possible points for this section: 0

PART I - 60106 Agreement State (If Applicable)**Points(MAX) Score**

- | | | | |
|----------|--|---|----|
| 1 | Did the state use the current federal inspection form(s)? (B21)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

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| 2 | Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

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|----------|---|---|----|
| 3 | Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

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|----------|---|---|----|
| 4 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (B24)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

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|----------|--|---|----|
| 5 | Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

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|----------|--|---|----|
| 6 | Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

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|----------|--|-----------|-----------|
| 7 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

I.1-7, NA. Not a 60106 State Program Partner.

Total points scored for this section: 0
Total possible points for this section: 0