



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

1200 New Jersey Avenue SE
Washington DC 20590

2011 Hazardous Liquid 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 -- Accident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (if applicable)
- I -- 60106 Agreement State (if applicable)



2011 Hazardous Liquid State Program Evaluation -- CY 2011
Hazardous Liquid

State Agency: New Mexico

Rating:

Agency Status:

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

Date of Visit: 04/09/2012 - 10/19/2012

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

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 2011 (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	10	10
B Program Inspection Procedures	15	15
C Program Performance	42	42
D Compliance Activities	14	14
E Accident Investigations	8	8
F Damage Prevention	8	8
G Field Inspections	11	11
H Interstate Agent State (if applicable)	0	0
I 60106 Agreement State (if applicable)	0	0
TOTALS	108	108
State Rating		100.0

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
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Evaluator Notes:

A1. Yes. Attachment 1 is in agreement with PRC records, Attachment 3 & Attachment 8. I directed NM PRC to start using 60105 and 0 Units for Anhydrous Ammonia as they do in fact have Jurisdiction

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

A2. Yes, Attachment 2 is correct and in agreement with NM PRC PSB 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
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Evaluator Notes:

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

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
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Evaluator Notes:

A4. Yes, 1 significant accident which is in agreement with PDM.

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.

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

A6. Yes, the official files are now electronic.

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

A7. Yes, the training records and inspector-years are correct with PSB records.

8	Verification of Part 195,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

A8. Yes, The information appears correct.

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

Evaluator Notes:

A9. Yes, The NM PRC assesses civil penalties for 3rd party damages. Typical fines range from \$811-5000 for repeat violators. The NM PRC, Pipeline Industry, and other stakeholders have established a much stronger partnership for pipeline safety developed through public outreach and education conducted by NM PRC staff. The NM PRC has converted to an electronic database for all correspondence, inspections, documents, etc. The NM PRC has improved its Operator docket which is the instrument used to track inspections, violations, and progress toward compliance. The NM PRC has implemented a web-based 3rd party damage reporting tool, DRETS, which will allow a more effective and efficient damage prevention program. NM PRC personnel continue to participate on the NAPSRS DIMP and GAP committees. The NM PRC participated in the Regional and National NAPSRS Meetings, and Mr. Montoya participated on Liaison Committee. The program for issuing tickets for excavation violations is proving successful. It is expected that additional personnel will become necessary when the immediate mandatory reporting of line hits becomes effective. All liquid units are being inspected within the 3 year inspection cycle and high-risk units are being inspected more often. During 2011, 100% of liquid operators had some type of inspection. Restrictions on out of state inspections have been lifted which enabled increased compliance inspections related to Drug and Alcohol, Operator Qualification, Operation and Maintenance Procedure, and Public Awareness compliance. Two vacancies existed at the end of 2011 but will be filled during 2012. Additional NM PRC personnel have been developed and qualified such that ON-Call Duty has been expanded from two personnel to four personnel.

HB 500 to mandate immediate notification of excavation damage by excavators has been passed by the Legislature and was signed by the Governor in 2011. The NM PRC adopted more stringent rules during the notice of proposed rulemaking in 2011.

10 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

A10. NM PRC was aggressively trying to fill personnel vacancies in 2011, there were three hires and one resignation during the year. 2011 ended with one position still being advertised.

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



PART B - Program Inspection Procedures

Points(MAX) Score

<p>1 Standard Inspections (B1a) Yes = 2 No = 0 Needs Improvement = 1</p> <p>Evaluator Notes: B1. Yes, SOP Section 1 VI & Section 3.</p>	<p>2</p>	<p>2</p>
<p>2 IMP Inspections (B1b) Yes = 1 No = 0 Needs Improvement = .5</p> <p>Evaluator Notes: B2. Yes, SOP Section 1 V & Section 3.</p>	<p>1</p>	<p>1</p>
<p>3 OQ Inspections (B1c) Yes = 1 No = 0 Needs Improvement = .5</p> <p>Evaluator Notes: B3. Yes, SOP Section 1 V & Section 3.</p>	<p>1</p>	<p>1</p>
<p>4 Damage Prevention Inspections (B1d) Yes = 1 No = 0 Needs Improvement = .5</p> <p>Evaluator Notes: B4. Yes, Damage Prevention Inspections are not stand alone inspections; Damage Prevention is addressed during Standard Inspections, IMP Inspections, and PAPE inspections.</p>	<p>1</p>	<p>1</p>
<p>5 On-Site Operator Training (B1e) Yes = 1 No = 0 Needs Improvement = .5</p> <p>Evaluator Notes: B5. Yes, SOP Section 3 IV.</p>	<p>1</p>	<p>1</p>
<p>6 Construction Inspections (B1f) Yes = 1 No = 0 Needs Improvement = .5</p> <p>Evaluator Notes: B6. Yes, SOP Section 1 V & Section 3.</p>	<p>1</p>	<p>1</p>
<p>7 Incident/Accident Investigations (B1g) Yes = 2 No = 0 Needs Improvement = 1</p> <p>Evaluator Notes: B7. Yes, SOP Section 2.</p>	<p>2</p>	<p>2</p>
<p>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</p> <p>a. Length of time since last inspection</p> <p>b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)</p> <p>c. Type of activity being undertaken by operators (i.e. construction)</p> <p>d. Locations of operators inspection units being inspected - (HCA's, Geographic area, Population Density, etc)</p> <p>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)</p>	<p>6</p>	<p>6</p>

- | | | |
|--------------------------------------|--------------------------|---|
| Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| 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:

General Comments: B9. New Mexico has been recognized as being only one of 16 states where Damage Prevention is a joint effort with State Agencies, Utility owners, Federal DOT, and the Governor's Office.

The NM PRC is discovering that the best way to find jurisdictional lines is establishing working relationships with all stakeholders. The NM PRC is using various means to identify additional newly jurisdictional gathering lines including items observed during Field Inspections, local knowledge, contractor info and Operator knowledge. Particular focus is Class 3 areas and growing class 2 areas that are outside of city limits.

We appreciate the decision to maintain the NM PRC in a robust state. Authorized staff is being maintained at 11 people. It is noted that there was mostly 10 staff during 2011.

The NM PRC has implemented a plan to conduct initial DIMP inspections over the next 3 years.

The NM PRC has an on-going effort to gather plastic pipe information from Operators. The Operators have been reluctant to do so. The intent is to identify inferior pipe within the State and develop a plan to remove/replace and educate the Plastic Pipe community on developing issues.

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? 5 5
 Yes = 5 No = 0
 A. Total Inspection Person Days (Attachment 2):
 94.75
 B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
 220 X 0.95 = 208.73
 Ratio: A / B
 94.75 / 208.73 = 0.45
 If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
 Points = 5

Evaluator Notes:

C1. Yes, 94.75 inspector days, 0.95 inspector years, Ratio=.4533, okay.

- 2** Has each inspector and program 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 No Needs Improvement
 - b. Completion of Required IMP Training before conducting inspection as lead? Yes No Needs Improvement
 - c. Root Cause Training by at least one inspector/prgram manager Yes No Needs Improvement
 - d. Note any outside training completed Yes No Needs Improvement

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 50 days (dated February 16, 2012) & addressed all 4 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, past TQ Seminars were held June 13-15, 2005, Sept 24-26, 2008, Oct 19-21, 2009, June 15-17, 2010, and September 13-15, 2011. The next seminar is targeted for May 21-23, 2013.

- 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.



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
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Evaluator Notes:

C7. Yes, NM PRC uses the Federal Forms, current version, and spot checks of inspections and related NOPV shows complete inspections that are consistent with the NOPVs. Reviewed GIMP-City of Las Vegas 2011, LIMP-DCP Midstream 2011, HL Standard11-041411-24-P/HL, NG Standard11-021411-15-T, OQ 11-041811-22-PD, D&A11-012411-05, Accident 12-120812-41-HL, & Incident 11-020911-03. No DIMP or Construction were conducted in 2011.

8	Did the state review operator procedures for determining areas of active corrosion on liquid lines in sufficient detail? (NOTE: PHMSA representative to describe state criteria for determining areas of active corrosion) (B7) Yes = 1 No = 0	1	1
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Evaluator Notes:

C8. . Yes, it is part of the standard inspection and is reviewed on a Unit by Unit level.

9	Did the state adequately review for compliance operator procedures for abandoning pipeline facilities and analyzing pipeline accidents to determine their causes? (NOTE: PHMSA representative to describe state criteria for determining compliance with abandoning pipeline facilities and analyzing pipeline accidents to determine their causes) (B8) Yes = 1 No = 0	1	1
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Evaluator Notes:

C9. Yes, the standard inspections require that the operator show accident response procedures & records and abandonment procedures & records.

10	Is the state aware of environmentally sensitive areas traversed by or adjacent to hazardous liquid pipelines? (reference Part 195, review of NPMS) (B9) Yes = 1 No = 0	1	1
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Evaluator Notes:

C10. Yes, Inspectors have been LIMP trained, and LIMP inspections are being performed.

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 195.402(c)(5)? (B10,E5) Yes = 1 No = 0	1	1
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Evaluator Notes:

C11. Yes, It has been added to an addendum sheet and is part of every standard inspection.

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 (G5-8,G15) Yes = 2 No = 0 Needs Improvement = 1	2	2
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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 is impacting 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 (G9-12) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:



C13. Yes, 31 OQ inspection were performed and uploaded in 2011, also 19 Gimp & 5 LIMP inspections were performed and uploaded ? they were exclusively Protocols As or 1s.

14 Has state confirmed intrastate operators have submitted information into NPMS database along with changes made after original submission? (G13) 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 195 Part G (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 hazardous liquid integrity management (L IMP) Programs are up to date? This should include a previous review of LIMP 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 195.452 Appendix C (C8-12) 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 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 195.440 (I13-16) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C18. Yes, all PL safety inspectors have completed the PAPEE class, and are in process to complete the first round of PAPEE Inspections by the end of 2012.

19 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). (G19-20) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C19. 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. In early 2011 the NM PRC made a presentation at the National CGA. 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.

20 Did state execute appropriate follow-up actions to Safety Related Condition (SRC) 1 NA
Reports? Chapter 6.3 (B6)
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C20. NA, there were no SRCR in 2011.

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

Evaluator Notes:

C21. Yes. All e-mails and surveys are responded to. Also NM PRC personnel are actively participating on three NAPSRS Committees. (Liaison, Distribution Form revision, PAPEE).

22 General Comments: Info Only Info Only
Info Only = No Points

Evaluator Notes:

C22. Damage Prevention continues to be robust. NM Virtual DIRT is in it's 3rd year. The program for issuing tickets for excavation violations is in it's 2nd year and all shareholders agree it is an effective tool for pipeline safety. Effective 1st Qtr, 2010 the one-call center went 24-7-365 to address emergency tickets and the NM PRC is copied by email in real time whenever emergency, damage, warning, design, and wide area conference tickets are requested.

NM PRC's efforts to establish PAPEE is noted, particularly NM PRC staff's participation on the PAP Committee, and the use of New Mexico's Public Awareness Form as the prototype for the Federal Form. The NM PRC's continuing partnership with Operators concerning Public Awareness through participation in CGA, NUCA, NM811, and NMGA is noted.

Total points scored for this section: 42
Total possible points for this section: 42



PART D - Compliance Activities

Points(MAX) Score

- 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) 4 4
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Procedures to notify an operator (company officer) when a noncompliance is identified Yes No Needs Improvement
- b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns Yes No Needs Improvement

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) 4 4
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Were compliance actions sent to company officer or manager/board director if municipal/government system? Yes No Needs Improvement

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.

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

Evaluator Notes:

D3. Yes, 1 in 2011, 2 in 2010, 2 in 2009, and 2 in 2008.

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

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.

- 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) 2 2
Yes = 2 No = 0

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.

- 6** Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? (new question) Info Only Info Only
Info Only = No Points

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 Only = No Points

Info OnlyInfo Only

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 repeated violation.

Total points scored for this section: 14
Total possible points for this section: 14



PART E - Accident Investigations

Points(MAX) Score

- 1** Does state have adequate mechanism to receive and respond to operator reports of accidents, 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 is 1 record for 1 Federally reportable accident.

- 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 2011, the federally reportable accident was discussed with the Operator and had an on-site visit. 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 accidents 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 where appropriate Yes No Needs Improvement

Evaluator Notes:

E3. Yes, yes, yes. The accident file was 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. The accident investigation resulted in a NOPV.

- 5** Did the state assist region office by taking appropriate follow-up actions related to the operator accident 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 2011. 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 2011 year incidents were 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 Only Info Only

Info Only = No Points

Evaluator Notes:

E7. The NM PRC SOP and actual practices are in compliance for incident investigations. All findings and reports are available to NAPSRS and PHMSA.

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? (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 2011, 97 additional excavation law and procedures classes were conducted for 2337 individuals, and a two day seminar was conducted in September 2011 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 DIRT (Damage Information Reporting Tool). The contract with NM One-Call was signed in December, 2009 and data is being entered into DIRT. HB 500 (recently passed 3/2011) will allow One-Call & PSB to create the New Mexico virtual DIRT Program. Disaggregation of data will be much easier.

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

Evaluator Notes:

F5. During the last six years PSB has worked to implement the improvement of Public Awareness, the launching of 811, the creation of the NM Regional Common Ground Alliance, the improvement of NM811, exercising authority over excavators, enforcing and issuing fines upon underground facility owners and excavators that have routinely violated the NM Excavation Law, and participated in nationwide data gathering efforts like DIRT. Effective in the 2nd half of 2009 the PSB personnel were provided the authority to issue written tickets for excavation law violations. Fines are typically \$811 with authority up to \$5000 for first offense & \$25,000 for subsequent offense. An appeal of the fine could be handled by the PSB or through a NM PRC hearing. The NM PRC damage prevention program's efforts have recently received national recognition and is considered a leader in protecting underground facilities. The PSB Chief was recently nominated to serve on the national Common Ground Alliance Board which serves 1,400 individual members, 180 organization members and 44 sponsors.

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:
 Celero Energy II, LP opid 32612
 Name of State Inspector(s) Observed:
 Loretta M Cuthrell, Inspector NMPRC & Joe Johnson, Supervisor, NMPRC
 Location of Inspection:
 400 W Illinois, Suite 1601, Midland, TX 79701
 Date of Inspection:
 April 10, 2012
 Name of PHMSA Representative:
 Patrick Gaume, State Liaison

Evaluator Notes:
 G1. Drug & Alcohol Headquarters Inspection - Form 3.1.11 rev 01 29 2010, Celero Energy II, LP opid 32612; Loretta M Cuthrell, Inspector NMPRC & Joe Johnson, Supervisor, NMPRC; 400 W Illinois, Suite 1601, Midland, TX 79701; April 10, 2012; Patrick Gaume.

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, The Operator was notified and the inspection was in Celero's office with 4 Celero personnel present.

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. HdQtrs D&A Insp ? Form No.: 3.1.11 January 29, 2010.

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

Evaluator Notes:
 G4. Yes. All questions had written answers or documentation; including those with satisfactory findings.

5 Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps, valve keys, half cells, etc) (F5) 1 NA
 Yes = 1 No = 0

Evaluator Notes:
 G5. NA. This was an Office D&A inspection.

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. I was present for the D&A procedures review. Records occurred later in the week.



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

Evaluator Notes:

G7. Yes. Loretta demonstrated professional knowledge and skills of the D&A inspection process.

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) 1 1
 Yes = 1 No = 0

Evaluator Notes:

G8. Yes. Need additional Info on medical review officer, addition to program CO1a, Da03b, A01b,c,d,e, wo records for Thursday; manufactors data on breathalyzer equip & verify it is being calibrated; need procedures from the MRO; add to training presentation.

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

Evaluator Notes:

G9. Yes.

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 Info Only
 Info Only = No Points

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



- D. Valve Maintenance
- E. Vault Maintenance
- F. Welding
- G. OQ - Operator Qualification
- H. Compliance Follow-up
- I. Atmospheric Corrosion
- J. Other

Evaluator Notes:

G10. Yes. The Field portion was NA as this was a HdQtrs D&A inspection. The inspection included a complete review of D&A Procedures and was scheduled to review the D&A records later in the week.

Total points scored for this section: 11
Total possible points for this section: 11



PART H - Interstate Agent State (if applicable)

Points(MAX) Score

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

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

8 General Comments: Info OnlyInfo Only
Info Only = No Points

Evaluator Notes:
H1-8. NA not an interstate Agent Program.

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) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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

Evaluator Notes:
I.1-7. NA not a 60106 Agreement Program.

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

