



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

1200 New Jersey Avenue SE
Washington DC 20590

2013 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)

2013 Hazardous Liquid State Program Evaluation -- CY 2013
Hazardous Liquid

State Agency: New Mexico
Agency Status:
Date of Visit: 03/14/2014 - 06/13/2014
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: Ms. Theresa Becenti-Aguilar, Chairperson
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 2013 (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	15	15
E Accident Investigations	3	3
F Damage Prevention	8	8
G Field Inspections	12	12
H Interstate Agent State (if applicable)	0	0
I 60106 Agreement State (if applicable)	0	0
TOTALS	105	105
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
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.			
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.			
5	Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e) Yes = 1 No = 0 Needs Improvement = .5	1	1
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
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
Evaluator Notes: A7. Yes Attachment 7 is in agreement with PRC records, & Training records are in agreement between PRC & TQ.			
8	Verification of Part 195,198,199 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.			
9	List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

A9. Yes. The NM Pipeline Safety Bureau (PSB) plans to continue meeting inspection rotation cycles per their standard operating procedures. The PSB will seek additional full time employees due to increased workload resulting from additional regulations. Training during 2014 will focus on getting new hires qualified as lead inspectors and focused areas such as plastic pipe, tank inspections, welding and cathodic protection. The PSB plans on being fully staffed for the majority of 2014 and many man-hours will be spent in the field getting new inspectors up to speed. The PSB will continue to be on-call for emergency purposes. Our goal as in prior years is to conduct a standard inspection on each inspection unit at least once every three (3) years. We will continue to train our inspectors to keep them up-to-date on any changes to Part 195 and how those changes affect pipeline safety.

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 2013 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 and a decrease in staffing. 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 2014. Additional staff will likely be required to help minimize the heavy burden currently applied to experienced staff.

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 has fully used the risk based process since 2011. Units are created per The State Guidelines.

9 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

B9. First round PAPEI inspections were completed in 2011. Technical difficulties have prevented the uploading of the PAPEI inspections into the Federal databases. It is anticipated that the technical difficulties will be addressed and the uploads completed by December 2014.

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. 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? 5 5
 Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
 28.50

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person
 Years) (Attachment 7):
 220 X 0.26 = 56.47

Ratio: A / B
 28.50 / 56.47 = 0.50

If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
 Points = 5

Evaluator Notes:

C1. Yes, 28.5 inspection days, 0.26 Inspector-years, Ratio=0.498 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 <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Completion of Required IMP Training before conducting inspection as lead | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Root Cause Training by at least one inspector/prgram 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, 3 inspectors are certified to lead GIMP, LIMP, & OQ. The Program Manager finished his required training within 4 years & has taken several additional courses.

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.

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 55 days (Dec 4th, 2013 & Jan 28, 2014) & addressed both 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, and May 6-8, 2014. The next one is scheduled for 2016, date TBD. In addition, NMPRC co-sponsors the TQ Seminar in New Orleans in July of each year.

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 (pre-IA), and my spot checks of inspections and related NOPV shows complete inspections that are consistent with the NOPVs. Reviewed D&A(long Form)-City of Las Vegas-2/18-27/2013-31violations; LDC-Std-Zia Gas @ Ruidoso-1 NOPV; O&M-Zia Gas @ Ruidoso-1/6-10/2014-9 NOPV; HL-Std-Frontier Field Svcs @ Maljamar-3/20-22/2013-1 item of concern; LDC-Std-NMG Co @ Alamogordo 3/18-22/2013-2 items of concern; OQ-ConocoPhillips @ Farmington-5/7-8/2013-no violations found; DIMP-City of Las Vegas-3/25-29/2013-6 items of concern.

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 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.

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, through the development of PDM, 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 (G9-12)	2	2
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Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C13. Yes. OQ, LIMP, & GIMP are current and uploaded. PAPEI & DIMP have problems uploading into the databases. NMPRC is addressing these problems and expects to have the problems solved by December, 2014.

- 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 5 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
PAPEI Effectiveness Inspections should be complete by December 2013

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C18. Yes, all PL safety inspectors have completed the PAPEE class, and the first round of PAPEI Inspections were completed 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. 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) Reports? Chapter 6.3 (B6) 1 NA
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
 C20. NA. No SRCR in 2013 for the HL Program.

21 Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA? (H4) 1 1
 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, PAP).

22 If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate. Info Only Info Only
 Info Only = No Points

Evaluator Notes:
 C22. NA. None that are applicable to HL.

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

Evaluator Notes:
 C23 Both pipeline safety and damage prevention programs continue to be robust and continue to adapt well to change. The 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 scheduled to go live in October 2014. Issuing notice of probable violations, and civil penalties, where warranted, has 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 getting staff qualified to conduct inspections at a high quality level.

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)
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 director 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.

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

Evaluator Notes:

D3. Yes, 3 in 2013, 3 in 2012, 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)
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

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)
Yes = 2 No = 0 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

D5. Yes, the Program Manager implemented enforcement guidelines for excavation violations that typically result in civil penalties. Damage need not occur to allow for a civil penalty. The Program Manager recommends civil penalties as appropriate for violations of pipeline safety regulations including repeat violations, as necessary, and operator failure to meet reporting requirements. Inspectors are verifying operators address items of concern and all probable violations resulting from previous inspections. Civil Penalties are issued every year.

- | | | | |
|----------|--|---|---|
| 6 | Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? | 1 | 1 |
|----------|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

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.). This process supported a \$317,000 fine assessment and collection in 2010, and also for a \$95,000 fine assessment and collection in 2013. The NM PRC also has an established procedure in place for assessing civil penalties on excavators 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 repeat violation. More focus on verifying that operators are taking adequate corrective actions for probable violations will be implemented in 2013. Mandatory excavation law and procedures classes are being conducted throughout the state. Settlement conferences also provide an avenue for the PSB to ensure compliance by operators agreeing to implements policies and procedures above the state and federal regulations.

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

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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| a. | Acknowledgement of MOU between NTSB and PHMSA (Appendix D) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

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.

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

Evaluator Notes:

E2. NA- no accidents in 2013. The practice is to do so.

- | | | | |
|----------|--|---------------------------|---|
| 3 | Were all accidents investigated, thoroughly documented, and with conclusions and recommendations? (D5)
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | NA |
| a. | Observations and document review | Yes <input type="radio"/> | No <input checked="" type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Contributing Factors | Yes <input type="radio"/> | No <input checked="" type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Recommendations to prevent recurrences where appropriate | Yes <input type="radio"/> | No <input checked="" type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

E3. NA- no accidents in 2013. The practice is to do so.

- | | | | |
|----------|--|---|----|
| 4 | Did the state initiate compliance action for violations found during any incident/accident investigation? (D6)
Yes = 1 No = 0 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

E4. NA- no accidents in 2013. The practice is to do so.

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

Evaluator Notes:

E5. NA, the Federal region office made no requests in 2013. 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)
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

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 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 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 NAPS and PHMSA. The PSB continues to maintain staff on-call for emergency purposes as required per State Guidelines.

Total points scored for this section: 3
Total possible points for this section: 3

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 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. The NMRCGA and Pipeline Safety seminar are held bi-annually and the PSB provides a progress report of both pipeline safety and damage prevention programs. A audit findings summary is also provided.

- | | | | |
|----------|--|---|---|
| 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 is working 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 Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

F5. During 2013, the PSB continued to work on integrating management programs, the advertising of 811, promoting NMRCGA, improving NM811, and effectively enforcing the excavation law upon all stakeholders in a reasonable manner. The NM PRC PSB's damage prevention program's efforts have recently received national recognition and are considered a leader in protecting underground facilities. The CGA president continues to recognize 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 2014 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:
 Celero Energy, opid 32612
 Name of State Inspector(s) Observed:
 Isaac Lerma, Inspector
 Location of Inspection:
 20 miles N of Maljamar, NM, lat-long: 33.1648, -103.7831
 Date of Inspection:
 3/24-26/14
 Name of PHMSA Representative:
 Patrick Gaume

Evaluator Notes:
 G1. Celero Energy, opid 32612, Isaac Lerma, Inspector, 20 miles N of Maljamar, NM, lat-long: 33.1648, -103.7831; 3/24-26/14, Patrick Gaume, a 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, they were contacted in advance, the inspection was at their office, and five 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 3 plus State generated addendum form.

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

Evaluator Notes:
 G4. Yes, this inspection is a full standard inspection and all questions are & will be addressed.

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 1
 Yes = 1 No = 0

Evaluator Notes:
 G5. Yes, keys, hand tools, markers.

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. The inspection addressed procedures, records, field.

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, Isaac is well trained and very knowledgeable.

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, better describe where 'line movement' is referenced in the procedures; welding procedures -expand procedures to clearly adopt welding procedure(s), the welding certification, and keep the records in the file. Modify procedures to show that an idled pipeline will be inspected and maintained just like an active pipeline. Change the 'normal operations review' to yearly from once every 3 years. Change the ESD maintenance procedures to better annotate a shutdown test. Replace several short bolts.

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, better describe where 'line movement' is referenced in the procedures; welding procedures -expand procedures to clearly adopt welding procedure(s), the welding certification, and keep the records in the file. Modify procedures to show that an idled pipeline will be inspected and maintained just like an active pipeline. Change the 'normal operations review' to yearly from once every 3 years. Change the ESD maintenance procedures to better annotate a shutdown test.

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. Signs, markers, fencing, locks, pipe supports, safety signs, atmospheric corrosion, instant off, air-soil interface, flanges & threads, pipe support insulation & spacing & adjustability, pressure control equipment, road crossing, cameras, & communications.

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

Evaluator Notes:
 H1-8. NA. Not an Interstate Agent.

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.

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.

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.

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.

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.

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.

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

Evaluator Notes:
 H1-8. 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) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
I1-7. NA. Not 60106 Agreement State.

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:
I1-7. NA. Not 60106 Agreement State.

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:
I1-7. NA. Not 60106 Agreement State.

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:
I1-7. NA. Not 60106 Agreement State.

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:
I1-7. NA. Not 60106 Agreement State.

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:
I1-7. NA. Not 60106 Agreement State.

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

Evaluator Notes:
I1-7. NA. Not 60106 Agreement State.

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