



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

1200 New Jersey Avenue SE
Washington DC 20590

2015 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)



2015 Hazardous Liquid State Program Evaluation -- CY 2015
Hazardous Liquid

State Agency: New Mexico
Agency Status:
Date of Visit: 04/25/2016 - 05/06/2016
Agency Representative: Jason N. Montoya, Pipeline Safety Bureau Chief
PHMSA Representative: Glynn Blanton, USDOT/PHMSA, State Programs
 Clint Stephens, USDOT/PHMSA, State Programs
 Agustin Lopez, USDOT/PHMSA, State Programs

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

Commission Chairman to whom follow up letter is to be sent:
Name/Title: Valerie Espinoza, Chair
Agency: New Mexico Public Regulation Commission
Address: 1120 Paseo de Peralta, 4th Floor, PO 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 2015 (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	9.5
B Program Inspection Procedures	13	10
C Program Performance	43	43
D Compliance Activities	15	15
E Accident Investigations	11	11
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	112	108.5
State Rating		96.9

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | Item | Description | Points | Score |
|------|---|--------|-------|
| 1 | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |

Evaluator Notes:

A review of Progress Report Attachment 1 found the number of operators & units inspected to be correct.

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

Evaluator Notes:

A review and verification of the number of inspections performed and recorded on Attachment 2 was conducted. No issues on the accuracy of the information.

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

Evaluator Notes:

A review and verification of the list of operators provided on Attachment 3 was checked. No issues.

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

Yes, four incidents were reported in CY2015. Three of the incidents involved Holly Energy Partners and one incident was Plains Pipeline, LP.

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| 5 | Accuracy verification of Compliance Activities - Progress Report Attachment 5
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Yes, a review and verification of Attachment 5 found the information was correct and accuracy.

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

Evaluator Notes:

Yes, NM PRC pipeline safety spreadsheet maintained by the pipeline safety manger shows the number and type of inspections performed was well organized. No issues.

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|---|--|---|---|
| 7 | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Yes, a review of TQ transcript confirm all inspectors are qualified and meet the training requirements. No concerns.

- | | | | |
|---|---|---|-----|
| 8 | Verification of Part 195,198,199 Rules and Amendments - Progress Report Attachment 8
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0.5 |
|---|---|---|-----|

Evaluator Notes:

All federal regulations have been adopted within the 24 months. Noted the civil penalty amount is still below the federal amount. Current civil penalty is \$25,000 per violation to a maximum amount not to exceed \$500,000. A review of state adoption of Part 198 State One-Call Damage Prevention Program found section h. was listed as "Taking Steps to Adopt". This is incorrect and should have been listed as "Adopted but different Dollar Amount". This error was found in the previous



2014 Progress Report. Improvement is needed and a loss of half a point occurred. We will contact Carrie Winslow requesting these errors be corrected in the 2014 & 2015 NM PRC Progress Report attachment 8.

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

Evaluator Notes:

Reviewed Attachment 10 and found planned and past performance accomplishments were documented. No issues.

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

Evaluator Notes:

A loss of half a point occurred in this section of the review.

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 Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 2 | 1 |
|----------|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection V- Procedures for Determining Inspection Priorities and subsection VI-Procedures for Selecting Large Operator Inspection Unit Rotation. However, the procedure did not include the pre-inspection activities. A loss of one point occurred.

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|----------|---|---|-----|
| 2 | IMP Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|----------|---|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection V- Procedures for Determining Inspection Priorities and subsection VI-Procedures for Selecting Large Operator Inspection Unit Rotation. However, the procedure did not include the pre-inspection activities. A loss of half a point occurred.

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| 3 | OQ Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|----------|--|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection V- Procedures for Determining Inspection Priorities and subsection VI-Procedures for Selecting Large Operator Inspection Unit Rotation. However, the procedure did not include the pre-inspection activities. A loss of half point occurred.

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|----------|---|---|-----|
| 4 | Damage Prevention Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|----------|---|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection V- Procedures for Determining Inspection Priorities, page 5. However, a pre-inspection procedure was not include. Improvement is needed and a loss of half a point occurred.

- | | | | |
|----------|--|---|---|
| 5 | Any operator training conducted should be outlined and appropriately documented as needed. | 1 | 1 |
|----------|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 3, subsection IV page 9.

- | | | | |
|----------|--|---|-----|
| 6 | Construction Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|----------|--|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection V-

Procedures for Determining Inspection Priorities, (I), page 5. However, a pre-inspection procedure was not include. Improvement is needed and a loss of half a point occurred.

7	Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? Yes = 6 No = 0 Needs Improvement = 1-5	6	6
a.	Length of time since last inspection (Within five year interval)	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 area, 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 <input checked="" type="radio"/>	No <input type="radio"/> Needs Improvement <input type="radio"/>

Evaluator Notes:

Yes, Items (a thru e) are listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1; subsection VI-Procedures for Selecting Large Operator Inspection Unit Rotation, page 5. Reviewed inspection units item (f) and found they are broken down correctly. No issues.

8 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

A loss of three points occurred in this section of the review.

Total points scored for this section: 10
Total possible points for this section: 13



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 5 5
 Yes = 5 No = 0
 A. Total Inspection Person Days (Attachment 2):
 48.50
 B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
 220 X 0.30 = 64.90
 Ratio: A / B
 48.50 / 64.90 = 0.75
 If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
 Points = 5

Evaluator Notes:

- A.Total Inspection Person Days (Attachment 2)= 48.5
 B.Total Inspection Person Days Charged to the program(220*Number of Inspection person years(Attachment 7)=64.9
 Formula:- Ratio = A/B = 48.5/64.9 = 0.75
 Rule:- (If Ratio >=.38 then points = 5 else Points = 0.)
 Thus Points = 5

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines Appendix C for requirements) Chapter 4.4 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
 - e. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector. Yes No Needs Improvement

Evaluator Notes:

- a. Yes, all inspectors have completed the OQ training courses to be the lead.
- b. IMP lead inspectors are Issac Lerma, Lonnie Montaya, Loretta Cuthrell & Dennis Thompson. Dennis Thompson is qualified to lead based on a determination of his working experience and education by the Program Manager Jason Montoya.
- c. All inspectors have completed the Root Cause course at TQ.
- d. Outside training was provided to each inspector on accident investigation and evidence collection class in 2015.
- e. Yes, verified all inspectors have obtained minimum qualifications to lead applicable inspections based on completion of TQ courses or State Program Manager, Jason Montoya, review of their knowledge, experience, education and skills. No areas of concern.

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

Evaluator Notes:

Jason Montoya has over seven years' experience as the program manager, a professional engineer, eleven years' experience in natural gas and hazardous liquid safety.

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

Evaluator Notes:

Yes, the Chairman's letter was received on July 27,2015 within the sixty day required time schedule. No issue.

- 5** Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 2 2

Yes = 2 No = 0

Evaluator Notes:

The last seminar was held on May 7-8, 2014 in Santa Fe, New Mexico.

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

Evaluator Notes:

Yes, conducted a review of CY2015 Hazardous Liquid Inspection Assignments spreadsheet that lists all operators and date of the inspections. Each inspection unit was inspected for the type of inspection required and within the time intervals listed in their procedures. Reviewed thirty inspection reports to confirm all types were completed and performed. No areas of concern were found during the review.

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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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, they use the Federal forms for all types of inspections. Reviewed the inspection forms used for each operator inspected in CY2015 and found all sections of the forms were marked correctly with a satisfactory, unsatisfactory or NA.

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|----------|--|---|---|
| 8 | 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)?
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

Yes, this item is listed on the addendum form attached to the federal standard inspection form. The item is reviewed with the operator. No issues.

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

Evaluator Notes:

NM PRC staff members review and check each operator's annual and incident reports for accuracy of information. In CY 2015, they performing an analysis and checked trends on all operators and recorded results in an Excel spreadsheet. This information was used in determining inspection visits and items to review with the operator.

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|-----------|--|---|---|
| 10 | Did state input all applicable OQ, LIMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|

Evaluator Notes:

Yes, a review of OQ website found one inspection performed on Agave Energy Company on November 16-20, 2015 was uploaded into the database. As a reminder, all results should be uploaded prior to another inspection being completed by the inspector or within 6 months of the day of the inspection.

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|-----------|--|---|---|
| 11 | Has state confirmed intrastate operators have submitted information into NPMS database along with changes made after original submission?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, this item is discussed with the operator and listed in the Federal standard inspection form.

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|-----------|---|---|---|
| 12 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:

Yes, a review of 2015 progress report found 7 drug and alcohol inspections were performed. Positive test results were checked in accordance to the operator's procedures.

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|-----------|---|---|---|
| 13 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, this is accomplished by using the federal protocol and standard inspection form.

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| 14 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection V- Procedures For Determining Inspection Priorities. The Head Quarter inspections are performed every five years. The Protocol 9 inspections are conducted every three years on each inspection unit. A review of files and thirty inspections reports confirm these inspections have been performed.

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|-----------|---|---|---|
| 15 | 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 PAPEI Effectiveness
Inspections should be conducted every four years per RP1162
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, a review of records show Public Awareness reviews were completed in calendar year 2012. The next schedule inspections will be performed in CY2017.

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| 16 | 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).
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

Yes, New Mexico Public Regulation Commission uses their website as a means to communicate with stakeholder groups. Additionally, emails to operators and NM Gas Association on changes or requirements pertaining to pipeline safety regulations are provided as new information is received from PHMSA.

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|-----------|---|---|----|
| 17 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|-----------|---|---|----|

Evaluator Notes:

No safety related condition reports in CY2015.

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|-----------|---|---|---|
| 18 | Did the state participate in/respond to surveys or information requests from NAPSr or PHMSA?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, this is accomplished by NAPSr, NARUC and PHMSA surveys.

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|-----------|---|---|---|
| 19 | 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. | 1 | 1 |
|-----------|---|---|---|

Needs Improvement = .5 No = 0 Yes = 1

Evaluator Notes:

Yes, a review of PHMSA website confirm no waivers/special permit have been issued to operators.

20 Did the state attend the National NAPS Board of Directors Meeting in CY being evaluated? 1 1

Needs Improvement = .5 No = 0 Yes = 1

Evaluator Notes:

Yes, Jason Montoya attended the 2015 National NAPS Meeting in Temple, AZ.

21 Discussion on State Program Performance Metrics found on Stakeholder Communication site ? <http://primis.phmsa.dot.gov/comm/states.htm> 2 2

Needs Improvement = 1 No = 0 Yes = 2

- a. Discussion of Potential Accelerated Actions (AA's) based on any negative trends Yes No Needs Improvement
- b. NTSB P-11-20 Meaningful Metrics Yes No Needs Improvement

Evaluator Notes:

A discussion with program manager and review of New Mexico State Program Metrics found excavation damages per 1,000 tickets is remaining flat from 2012 to 2014. This trend may need to be reviewed to determine why damages have not decreased due to effort by NM PRC to place higher emphasis on damage prevention.

An increase in the number of inspection days per 1,000 miles of gas pipelines is due to hiring individuals to fill vacant positions. However, a drop in the number of inspections for hazardous liquid pipelines was due to NM PRC placing higher priority on gas inspections and damage prevention.

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

Evaluator Notes:

No loss of points occurred in this section of the review.

Total points scored for this section: 43
Total possible points for this section: 43



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
 Yes = 4 No = 0 Needs Improvement = 1-3
- 4 4
- 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:

- a. Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection VIII (b).
- b. Yes, Section 1, subsection VIII (c). No issues.

- 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
 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 No Needs Improvement
- b. Document probable violations Yes No Needs Improvement
- c. Resolve probable violations Yes No Needs Improvement
- d. Routinely review progress of probable violations Yes No Needs Improvement
- e. Were applicable civil penalties outlined in correspondence with operator(s) Yes No Needs Improvement

Evaluator Notes:

- a. Yes, this item is listed in their procedures. Reviewed database files to confirm letters are being sent to company officials/board members of municipal government systems operators. No issues were found or noted.
- b. Yes, reviewed letters and spreadsheet and confirmed violations are documented. c. Yes, probable violations are resolved by two methods listed in the standard procedure manual.
- d. Yes, violations are being reviewed routinely by the supervisor and Program Manager.
- e. Civil penalties amounts are listed in the probable violation letters sent to the operators.

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

Evaluator Notes:

Yes, a review of 2015 NM PRC progress report attachment 5 show 2 compliance actions were taken against Agave Energy Company and Plains Pipeline LP.

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

Evaluator Notes:

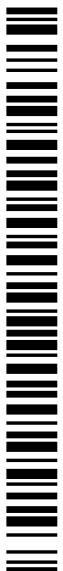
Yes.

- 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)
 Yes = 2 No = 0
- 2 2

Evaluator Notes:

Yes, this has been demonstrated in previous years pertaining to civil penalties assessed against New Mexico Gas Company - Redondo Peak in the amount of \$10,000 and New Mexico Gas Company -Central in the amount of \$25,000.

- 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:

Yes, Jason Montoya is familiar with imposing civil penalties and enforcement against operators. In CY2014 a civil penalty in the amount of \$10,000 was assessed against Plains Pipeline Company.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

No loss of points occurred in this section of the review.

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



PART E - Accident Investigations

Points(MAX) Score

- 1** Does the state have written procedures to address state actions in the event of an incident/accident? 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 2, Pipeline/Incident/Accident Investigation.

- 2** 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 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:

a & b. Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 2, Pipeline/Incident/Accident Investigation.

- 3** 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 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, a review of the four incidents that occurred in CY2015 found the reason to not response were based on the spill amounts or another agency was on the site or non-jurisdictional.

- 4** Were all accidents investigated, thoroughly documented, and with conclusions and recommendations? 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:

Yes.

- 5** Did the state initiate compliance action for violations found during any incident/accident investigation? 1 1
Yes = 1 No = 0

Evaluator Notes:

No violations were cited against Holly Energy Partners and Plains Pipeline for the incidents that occurred on February 5, July 15, August 28 & October 28.

- 6** 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 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, a review of files and emails found communications from Sam Bacenty, PHMSA Southwest Region Engineer about the Holly Energy Partners & Plains Pipeline company was provided.



7 Does state share lessons learned from incidents/accidents? (sharing information, such as: 1 1
at NAPS Region meetings, state seminars, etc)
Yes = 1 No = 0

Evaluator Notes:

Yes, this is accomplished at the NAPS Region Southwest Region and New Mexico Gas Association meetings in CY2015.

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

Evaluator Notes:

No loss of points occurred in this section of the review.

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



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?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

Yes, this item is listed on the NM PRC Addendum Standard Gas/Liquid Inspection form.

- | | | | |
|----------|---|---|---|
| 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?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

Yes, this item is listed in New Mexico State statute and NM PRC rules and regulations.

- | | | | |
|----------|--|---|---|
| 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.)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, the state is encouraging and promoting best practices thorough New Mexico Gas Association and New Mexico Regional CGA meetings. They continue to promote best practices at meetings and inspections conducted on operators. Additionally, the Damage Reporting Enforcement Tracking System (DRETS) was recently published and providing information to the operator and general public of the issue in facilities being damaged.

- | | | | |
|----------|--|---|---|
| 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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, this information is being provided to NM PRC from NM 811, Inc. They have access to the One Call database via GeoCall to review all tickets and damages that occur across the State of New Mexico.

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

Evaluator Notes:

No loss of points occurred in this section of the review.

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:
 Enterprise Products Operating, LP
 Name of State Inspector(s) Observed:
 Loretta Cuthrell
 Location of Inspection:
 Albuquerque, NM
 Date of Inspection:
 April 28, 27, 2016
 Name of PHMSA Representative:
 Agustin Lopez

Evaluator Notes:

Evaluated Ms. Loretta Cuthrell perform a Hazardous Liquid inspection of Enterprise Products Operating, LP products pipeline. I observed Ms. Cuthrell while performing a field inspection of Enterprise's pipeline facilities. She observed the operator while they operated valves and check p/s readings. She did an exceptional job and acted very professional.

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

Evaluator Notes:

Yes, Ms. Cuthrell notified the operator in advance of the inspection to give them the opportunity to have appropriate personnel presents during 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) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, Ms. Cuthrell used the PHMSA form to conduct her inspection. She used the forma as a guide and to document notes.

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

Evaluator Notes:

Yes, Ms. Cuthrell used the form to document her inspection results.

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) 1 1
 Yes = 1 No = 0

Evaluator Notes:

Yes, during the field inspection the operator operated a valve and took p/s readings and they had the required equipment. The operator also had maps to provide the facility layout.

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

- a. Procedures
- b. Records
- c. Field Activities
- d. Other (please comment)

Evaluator Notes:

Ms. Cuthrell reviewed procedures and records during her office visit. She documented her findings on the inspection form. She also performed a field inspection of the operator's facilities and documented her findings in the form. She was very



thorough in her field inspection. She asked the technicians to explain what they were doing and to explain the AOC's associated with the task.

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

Evaluator Notes:

Ms. Cuthrell was very knowledgeable of the pipeline safety program and regulations. She asked questions and had operator explain every step of the tasks being performed.

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) 1 1
 Yes = 1 No = 0

Evaluator Notes:

Ms. Cuthrell did a exit summary during the field portion of the inspection at the end of my visit. She conducted the final exit interview when she completed the entire inspection.

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

Evaluator Notes:

There were no probable violations found during the field portion of the inspection in which I was present. Ms. Cuthrell verified that the operator was in compliance by checking cp, markers, signs, valve inspections, and atmospheric corrosion.

10 General Comments: 1) What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) 2) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) 3) 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:

Ms. Cuthrell performed a field inspection of the operators facilities. During her inspection she checked OQ records, cp, valve inspections, atmospheric corrosion, signs, line markers and checked ROW. She performed an exceptional job during her inspection. She asked the operator to explain the process of performing the specific task and to explain the AOC's for the task being performed.

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

Evaluator Notes:
N/A

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

