



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

1200 New Jersey Avenue SE
Washington DC 20590

2013 Gas State Program Evaluation

for

ARKANSAS OIL AND GAS COMMISSION

Document Legend

PART:

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



2013 Gas State Program Evaluation -- CY 2013

Gas

State Agency: Arkansas

Agency Status:

Date of Visit: 06/02/2014 - 06/05/2014

Agency Representative: Gary Looney, Assistant Director & Michael Gray, Pipeline Program Manager

PHMSA Representative: Patrick Gaume

Rating:

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

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

Name/Title: Chad White, Chairman

Agency: Arkansas Oil and Gas Commission

Address: PO Box 634

City/State/Zip: Magnolia, Arkansas 71754

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

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

Possible Points Points Scored

9	9
13	13
33	33
15	15
2	2
8	8
12	12
0	0
0	0

TOTALS

92	92
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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 consistent with Program records, Attachment 3 and 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 consistent with Program records.

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|---|--|---|---|
| 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. All 9 operators identified, which is an increase if 3 from last year. Added Chesapeake Operating, EnerVest Operating, & Fayetteville Gathering.

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

Evaluator Notes:

A4. . NA. There have been no federally reportable incidents since AOGC became a Federal partner in 2008.

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|---|--|---|---|
| 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 consistent with Program records. Changed Compliance Actions count from 37 to 6.

- | | | | |
|---|---|---|---|
| 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 paper records are still the official records and they are kept in the El Dorado Office. Almost all of the records are also available electronically.

- | | | | |
|---|--|---|---|
| 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 appears to be a direct import of TQ data.

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

Evaluator Notes:

A8. Yes. Commission General Rule D-17 (e) states that 49 CFR 190, 191, 192 Subpart A through Subpart P, and 199 (all as amended) are incorporated by reference. AR State Law 14-271(Underground Facilities Prevention) incorporates 49 CFR 198.

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

Evaluator Notes:

A9. Yes, AOGC is in it's 7th year as a State Partner, Michael is approaching his 3rd anniversary with AOGC, (after 3 years with APSC), and is participating in NAPSAR.

10 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

A10. This evaluation addresses 2013, which was the sixth year of the program partnership. TQ Training meets all Gas Standard inspection requirements for both Mike & Gary. Michael & Gary registered for IMP Classes at TQ in 2013 when they found jurisdictional Transmission lines.

Total points scored for this section: 9
Total possible points for this section: 9



PART B - Program Inspection Procedures

Points(MAX) Score

- | | | | |
|----------|--|---|---|
| 1 | Standard Inspections (B1a)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

B1. Yes, AOGC Pipeline Inspection Manual, Section III. Inspection Procedures, 2nd paragraph. Every 3 years.

- | | | | |
|----------|---|---|----|
| 2 | IMP Inspections (including DIMP) (B1b)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

B2. NA for 2013. The 3 Operator self-reported Transmission Lines meet the API RP-80 definition for Incidental Gathering. However, since the Operators are declaring these lines as Transmission, AOGC has determined to become certified to schedule & conduct IMP & OQ inspections. They are scheduled for the 3 Classes at TQ needed to Lead IMP Inspections.

- | | | | |
|----------|---|---|----|
| 3 | OQ Inspections (B1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

B3. NA for 2013. The 3 Operator self-reported Transmission Lines meet the API RP-80 definition for Incidental Gathering. However, since the Operators are declaring these lines as Transmission, AOGC has determined to become certified to schedule & conduct IMP & OQ inspections. They are scheduled for the 3 Classes at TQ needed to Lead IMP Inspections.

- | | | | |
|----------|--|---|---|
| 4 | Damage Prevention Inspections (B1d)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

B4. Yes, is part of the Standard Inspection. No lines jurisdictional to AOGC have been involved in a Line hit.

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

Evaluator Notes:

B5. Yes, AOGC Pipeline Inspection Manual, Section VII. Informal Operator Training is part of every Inspection.

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|----------|---|---|---|
| 6 | Construction Inspections (B1f)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

B6. Yes, AOGC Pipeline Inspection Manual, Section III, paragraph 4

- | | | | |
|----------|--|---|---|
| 7 | Incident/Accident Investigations (B1g)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

B7. Yes, AOGC Pipeline Inspection Manual, Section III, paragraph 5.

- | | | | |
|----------|---|---|---|
| 8 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4)
Yes = 6 No = 0 Needs Improvement = 1-5 | 6 | 6 |
|----------|---|---|---|

- | | | | | |
|----|--|--------------------------------------|--------------------------|---|
| a. | Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors)

Yes ☒ No ☐ Needs Improvement ☐

f. Are inspection units broken down appropriately?

Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

B8. Yes, AOGC Pipeline Inspection Manual, Section III, paragraph 5.

9 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

B9. It is AOGC goal to inspect every Operator every year, and with few exceptions that practice is achieved. . 2 of the 3 Operators that have self-reported their incidental gathering lines as Transmission have had their PAP Programs reviewed in 2013, The 3rd operator's PAP will be reviewed in 2014. It is expected that PAPEI inspections will be completed by the end of 2018. DIMP is NA.

Total points scored for this section: 13
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 (A12) 5 5
Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
35.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 0.40 = 88.00

Ratio: A / B
35.00 / 88.00 = 0.40

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

Evaluator Notes:

C1. YES. 35 AFOD, 0.40 Inspector-yrs, $35/0.4 \times 220 = .3977$, $.3977 > .38$, okay.

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

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

Evaluator Notes:

C2. Yes. Both Gary and Mike are fully qualified as NG Standard Inspectors. Mike has taken the Root Cause Analysis Training.

- 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, Both Gary & Mike are trained and knowledgeable.

- 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, the Chairman letter was 12/20/13, and the Chairman response was 2/06/13. All items of concern were addressed.

- 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 seminars are co-sponsored with AR PSC & LDNR and were held in New Orleans in July, 2012, in North Little Rock on June 5-6, 2013 and in New Orleans on July 22-26, 2013. The next Seminar is targeted for 2016 in AR.

- 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. Standard inspections are generally performed every year. No Operator in 2013 had an established need to implement IM. One Operator implemented OQ during 2013. OQ & IMP inspections are planned for 2014 & 15.

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, use the Fed Forms.

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

C8. NA, no cast iron pipe.

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

C9. NA, no cast iron pipe.

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

C10. NA, no jurisdictional leaks from 2008 to year to date 2014. No jurisdictional distribution pipe.

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

C11. NA, none, this is a new program, started in 2008. There were no reportable incidents in 2008-6/2014. None of the 9 Operators have had any line hits due to excavation for their jurisdictional pipe. This question has been added onto the Std Insp addendum sheet effective 7/13/10.

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

C12. Yes, eight operators have more than a mile of regulated pipe and those annual reports are received and reviewed. It is addressed in the SOP and the regulations. The annual reports are reviewed for completeness and possible errors. There is no value at this time for making trending efforts as the total regulated mileage is very small. When all gas gathering lines become regulated then the need for trending will be revisited. There have been no incident reports from 2008 to present. This is a small and new program, there is little if any data available to evaluate.

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

C13. NA, none, OQ & IMP have not been required of any Operators to date. OQ & IMP inspections will be started in late 2014 for the three Operators that have reported their incidental gathering as Transmission.

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

Evaluator Notes:

C14. Yes. 2 of the 3 Operators that have reported their incidental gathering as Transmission have been verified to NPMS. Chesapeake and its 200' of 'Transmission' will be verified in late 2014.

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

Evaluator Notes:

C15. Yes. AOGC added this question to their Standard Inspection addendum sheet effective 7/13/10.

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

Evaluator Notes:

C16. NA, none, OQ & IMP have not been required of any Operators to date. OQ & IMP inspections will be started in late 2014 for the three Operators that have reported their incidental gathering as Transmission.

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

Evaluator Notes:

C17. NA, none, OQ & IMP have not been required of any Operators to date. OQ & IMP inspections will be started in late 2014 for the three Operators that have reported their incidental gathering as Transmission.

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

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

Evaluator Notes:

C18. NA, AOGC is not jurisdictional to any distribution system, and is highly unlikely to become jurisdictional to any distribution system.

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

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

Evaluator Notes:

C19. Yes, Eight of the nine operators have Public Awareness Plans that were developed per API 1162. Eight Operator plans are up to date and being followed. One Operator, Chesapeake has returned to AR but their PAP has not been reconfirmed.

Chesapeake is scheduled to be inspected in 2014. All required PAPEI (7) are current; Chesapeake's PAPEI will be appropriately scheduled when the PAP is reviewed. EnerVest has developed their PAP but are in their 2 year window to bring it into full compliance. Their PAP is being monitored. A PAPEI will be scheduled in 4 or so years.

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

Evaluator Notes:

C20. Yes, AOGC participates in the AR and LA Pipeline Safety Seminars; and continues to push Damage Prevention and One-call in almost every contact with E&P operators. AOGC issued and wore approved work shirts that have One-Call info and the 811 logo. All Hearings are public information and on the web site. Notices are public information too, but they have to be requested.

- | | | | |
|-----------|--|---|----|
| 21 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|-----------|--|---|----|

Evaluator Notes:

C21. NA, none from 2008 to the present.

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

Evaluator Notes:

C22. Yes. Operators are asked about plastic pipe during visits to determine the existence of regulated pipe and during Inspections. If any plastic pipe is identified then they are asked about the quality, condition, and manufacture of it.

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

Evaluator Notes:

C23. Yes, AOGC has responded to all known requests.

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|-----------|--|-----------|-----------|
| 24 | 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 = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

C24. AOGC has not issued any waivers or special permits.

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|-----------|--|-----------|-----------|
| 25 | General Comments:
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

C25. The AOGC/PHMSA partnership is well established. 2013 marked the first year for Operators jurisdictional to AOGC to self-report having Transmission facilities. AOGC personnel are scheduled with TQ to take all required classes to perform all inspections required for Transmission operators.

Total points scored for this section: 33
Total possible points for this section: 33

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. AOGC has statutes, rules and procedures. They send notices to the regulated entity's representative as reported on the AOGC Form 1 Organization Report and also to Corporate Officers per PHMSA Guidelines. AOGC has internal procedures and Commission rules. See AOGC Rule A-5, & also A-2 & A-3. File review shows that AOGC has followed its own procedures and Commission rules.

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

Evaluator Notes:

D2. Yes, AOGC follows its procedures concerning violations. AOGC sends notices to the regulated entity's representative as reported on the AOGC Form 1 Organization Report and also to Corporate Officers per PHMSA Guidelines.

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

Evaluator Notes:

D3. Yes, the inspection results and the notification letters are in agreement. All inspection Unsatisfactory findings are included in the notification letters.

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

Evaluator Notes:

D4. Yes, Any penalty requires a Consent Order Agreement or a Hearing. AOGC has not needed to demand a show cause hearing with an Operator relative to a jurisdictional pipeline. The procedures and program are in place. See AOGC Rules A-5, A-2, & A-3.

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

Evaluator Notes:

D5. Yes. AOGC has a well-established procedure for issuing fines, and issued a \$6,000 fine in 2013 & a \$10,000 fine in 2011.

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

Evaluator Notes:

D6. Yes, The AOGC has issued fines of \$6000 and \$10,000 for violations of Part 192. See AOGC Rules A-5, A-2, & A-3.

7 General Comments:
Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

D7. The AOGC has authority to issue advisory notices, notices of probable violations, corrective action orders, consent agreement orders, and to issue fines. See AOGC Rules A-5, A-2, & A-3.

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



PART E - Incident Investigations

Points(MAX) Score

- | | | | |
|----------|---|--------------------------------------|--|
| 1 | Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3)
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. The incident regulations are created and the internal program is in place. There have been no reportable incidents since AOGC became a State Partner (2008-6/2014). Operators are told often of their responsibility to report incidents. We discussed chapter 6.1 of the State Guidelines. Appendix D (MOU between NTSB & PHMSA) has been reviewed and understood.

- | | | | |
|----------|---|---|----|
| 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 incidents. Plan to do on-site investigations.

- | | | | |
|----------|--|---------------------------|---|
| 3 | Were all incidents 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 when appropriate | Yes <input type="radio"/> | No <input checked="" type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

E3. NA, No incidents. They will use Fed Forms and follow Fed guidelines.

- | | | | |
|----------|--|---|----|
| 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 incidents.

- | | | | |
|----------|--|---|----|
| 5 | Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

E5. NA, No incidents.

- | | | | |
|----------|--|---|----|
| 6 | Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPSR Region meetings, state seminars, etc) (G15)
Yes = 1 No = 0 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

E6. NA, There have been no jurisdictional incidents. They have full plans to share lessons learned.

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

Info OnlyInfo Only

Evaluator Notes:

E7. AOGC is happy to observe that there have been no jurisdictional incidents since they have become a state partner. They are working to keep the trend continuing.

Total points scored for this section: 2
Total possible points for this section: 2



PART F - Damage Prevention

Points(MAX) Score

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

Evaluator Notes:

F1. Yes, and it is on the Standard Inspection addendum sheet.

- | | | | |
|---|--|---|---|
| 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 in the Std Insp Form, under Damage Prevention. PAPEI were started in 2012.

- | | | | |
|---|---|---|---|
| 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, AOGC has a One-Call link on its web site. Damage Prevention is addressed in the every 3rd year T&Q Seminars and AOGC co-sponsors the seminars with APSC. It is reviewed during every Standard Inspection (see Procedures, 192.616 (D)(1). In '08 AOGC supported efforts to establish an Arkansas CGA Regional Partnership. Specifically AOGC has supported One-Call efforts by encouraging all E&P operators to become One-Call members. AOGC has made One-Call membership required for operators of any Gas line (including flow-lines, gathering lines, and other) that is within any city limits. They also recognize that enforcement has not been effectively addressed for excavators who violate the One-Call Rule.

- | | | | |
|---|--|---|---|
| 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, ARKUPS, the pipe locating service of AR One-Call, tracks the number of locates per damage. There is no perceived applicability to use DIRT at this time. If there is ever a line hit this question will be re-addressed.

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

Evaluator Notes:

F5. AOGC is committed to safe pipe and damage prevention. AOGC participates within Arkansas Regulatory Partnership Program (ARPP) by participating in meetings and other public outreach efforts. All Part 192 regulated operators are strongly encouraged to be members of ARPP in addition to several other E&P operators throughout the State.

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:

DeSoto Gathering Co. LLC, a subsidiary of Southwestern Energy, OP ID 32533

Name of State Inspector(s) Observed:

Michael Gray & Gary Looney

Location of Inspection:

Southwestern Energy office, 1000 SWN Dr, Conway AR 72032 & on the pipeline in

Puma Co. AR

Date of Inspection:

June 3, 2014

Name of PHMSA Representative:

Patrick Gaume

Evaluator Notes:

G1. DeSoto Gathering Co. LLC, a subsidiary of Southwestern Energy, OP ID 32533 Michael Gray & Gary Looney
Southwestern Energy office, 1000 SWN Dr, Conway AR 72032 & on the pipeline in Puma Co. AR June 3, 2014 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, and seven SWN 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, the Federal Form was used.

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

Evaluator Notes:

G4. Yes, for the Field portion. This was a Special Inspection that focused on a Field Inspection with associated Records.

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

Evaluator Notes:

G5. Yes, hand tools, keys, half cell & multi-meter,

- 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, for the Field Inspection and the associated Records.

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

Evaluator Notes:

G7. Yes, Michael is very capable, is fully qualified, and has many years of experience in the industry.

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

Evaluator Notes:

G8. Yes. These are new facilities that were built to meet or exceed the regulations and the records that were reviewed were impeccable. No violations found.

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

Evaluator Notes:

G9. Yes. These are new facilities that were built to meet or exceed the regulations and the records that were reviewed were impeccable. No violations found.

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

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

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

Evaluator Notes:

G10. Fencing, locks, signs, markers, ROW, air-soil interface, pressure relief valve, flanges, threads, bolts, plugs, atmospheric corrosion, CP, clean grounds, no soil erosion, valves and valve actuation, pressure readings, CP on csg, verified the emergency phone number.

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



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

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State Program.

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State Program.

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State Program.

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State Program.

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State Program.

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State Program.

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

Evaluator Notes:

H.1-8. NA. Not an Interstate Agent State 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State Program.

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

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State Program.

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

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State Program.

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

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State Program.

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

Evaluator Notes:

I.1-7. NA. Not a 60106 Agreement State Program.

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