



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

1200 New Jersey Avenue SE  
Washington DC 20590

# 2015 Gas State Program Evaluation

for

NM PIPELINE SAFETY BUREAU

## Document Legend

### PART:

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



# 2015 Gas State Program Evaluation -- CY 2015

Gas

**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

**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

**Rating:**

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

## INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 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

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

10	10
13	10
50	50
15	15
6	6
8	8
12	12
0	0
0	0
<b>114</b>	<b>111</b>

### TOTALS

**State Rating** ..... **97.4**

## PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- |          |   |   |   |
|----------|---|---|---|
| <b>1</b> | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

**Evaluator Notes:**

A review of Attachment 1 found the information was correct with the number of inspection units, operators and other data. No areas of concern.

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

**Evaluator Notes:**

A review of Attachment 2 found the information was correct. No areas of concern.

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

**Evaluator Notes:**

A review of Attachment 3 found the information was correct. The number of inspection units on attachment 3 matched the number of units on Attachment 2. No issues.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Yes, a review of Attachment 4 found no incidents occurred in CY 2015. No issues.

- |          |  |   |   |
|----------|--|---|---|
| <b>5</b> | Accuracy verification of Compliance Activities - Progress Report Attachment 5<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Reviewed and verified Attachment 5 number of probable violations were correct. Noted the number of carryovers violations have been reduced from previous year from 500 to 320. This is good progress and we encourage continue work on reducing the number of carryovers each year.

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

**Evaluator Notes:**

Yes, program files, spreadsheets and data base information was reviewed and found well-organized. No issues.

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

**Evaluator Notes:**

Yes, reviewed TQ transcript confirms all inspectors are qualified and meet the training requirements. No issues.

- |          |   |   |   |
|----------|---|---|---|
| <b>8</b> | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

**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. New Mexico

legislators only consider civil penalty or law changes every two years. The next schedule legislative hearing is scheduled in January, 2017.

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- 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 accomplishments and encourage information about carryover violation being included in future filings. No issues.

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- 10** General Comments: Info OnlyInfo Only  
Info Only = No Points

Evaluator Notes:

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

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Total points scored for this section: 10  
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.

- |   |  |   |     |
|---|--|---|-----|
| 2 | IMP and DIMP 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. However, pre-inspection activity was not included in the procedures. Improvement is needed and a loss of half a point occurred.

- |   |  |   |     |
|---|--|---|-----|
| 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. However, the procedures do not include the pre-inspection activity. Therefore, improvement is needed and a loss of half a point occurred.

- |   |   |   |     |
|---|---|---|-----|
| 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.

- |          |   |                                      |  |
|----------|---|--------------------------------------|--|
| <b>7</b> | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements?<br>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 areas, Population Density, etc)  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| e.       | Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| f.       | Are inspection units broken down appropriately?   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, all items listed above were 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 and discussed inspection units item to determine if they were broken down appropriately. No issues were found or noted on this item.

**8** General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

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):  
448.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):  
 $220 \times 4.61 = 1013.47$

Ratio: A / B  
 $448.00 / 1013.47 = 0.44$

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

### Evaluator Notes:

A.Total Inspection Person Days (Attachment 2)= 448

B.Total Inspection Person Days Charged to the program( $220 \times$ Number of Inspection person years(Attachment 7))=1013.46652

Formula:- Ratio = A/B =  $448/1013.46652 = 0.44$

Rule:- (If Ratio  $\geq .38$  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 <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"/> |
| e. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector. | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

### Evaluator Notes:

a. All inspectors have completed the base courses. b.Yes, Issac Lerma, Lonnie Montaya & Loretta Cuthrell are the lead inspectors for DIMP, IMP & OQ. c. Four inspectors have completed the Root Cause course at TQ. d. Outside training was provided to all inspectors on accident investigation and evidence collection class in 2015. Three inspectors (Issac Lerma, Lonnie Montaya & Loretta Cuthrell) have obtained the minimum qualifications to lead any applicable standard inspection.

- 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.

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
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Evaluator Notes:

Yes, conducted a review of CY2015 Inspection Assignments spreadsheet lists all operators and date of the inspections. It was found each inspection unit was inspected for the type of inspection required and within the time intervals listed in their procedures.

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. The location of the forms are listed in their Standard Operating Procedures.

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 Yes = 1 No = 0	1	1
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Evaluator Notes:

Yes, this item is listed in the Federal Inspection form and reviewed during the inspection visit.

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 Yes = 1 No = 0	1	1
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Evaluator Notes:

Yes, this item is listed in the Federal Inspection form and reviewed during the inspection visit.

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 Yes = 1 No = 0	1	1
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Evaluator Notes:

Yes, this item is listed on the federal gas distribution standard inspection form.

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 Yes = 1 No = 0	1	1
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Evaluator Notes:

Yes, this item is listed on the federal gas distribution standard inspection form.

12	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
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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 checking trend on all operators and recorded the results of their reviews on an Excel spreadsheet. This information will be used to determine inspection visits in the future.



- 13 Did state input all applicable OQ, DIMP/IMP 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

Evaluator Notes:

A review of OQ database found nine inspection reports have been uploaded into the PHMSA OQ database. No issues.

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

Evaluator Notes:

Yes, this item is discussed with the operator using the Federal standard inspection form.

- 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  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, a review of 2015 progress report showed 10 drug and alcohol inspections were performed. A review of inspection reports confirm the state is verifying the operators are conducting test in accordance with regulations.

- 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  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, in CY2015 ten drug and alcohol inspections were performed using the federal form. Positive tests were checked in accordance with the operator's program.

- 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  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, a review of 2015 progress report found 77.5 inspection days were spend on IMP. Inspectors performed protocol and full inspection every five years. In 2015 a full blow inspection on New Mexico Gas company was performed and seventy-three violations found.

- 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 have been complete by December 2014  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

DIMP inspections were completed by year end 2013. During each standard inspection the inspector is requesting the operator to provide any updates that have occurred to their DIMP plan and requesting a copy of the information. This information is recorded in the inspection form comment or note section.

- 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 conducted every four years per RP1162  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, a review of records show Public Awareness reviews were completed in calendar year 2012. No areas of concern.

- 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).

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, one safety related condition report was filed by New Mexico Gas Company on October 13, 2015 for exceeding their MAOP.

- 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?

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this item is listed on the addendum sheet in the Standard Inspection form. No concerns.

- 23** Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA?

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, NAPSRS surveys and questions from other state agencies.

- 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.

No = 0 Needs Improvement = .5 Yes = 1

Evaluator Notes:

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

- 25** Did the state attend the National NAPSRS Board of Directors Meeting in CY being evaluated?

No = 0 Needs Improvement = .5 Yes = 1

Evaluator Notes:

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

- 26** Discussion on State Program Performance Metrics found on Stakeholder Communication site - <http://primis.phmsa.dot.gov/comm/states.htm>

No = 0 Needs Improvement = 1 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 are remaining level from 2012 to 2014. This trend may need to be reviewed to determine why damages have not decreased due to efforts by NM PRC to place higher emphasis on monitoring and inspecting gas construction activities.

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.

The number of leaks repaired per 1,000 continues to be high with leaks outstanding higher in 2014 than in the four previous years. We would encourage NM PRC to investigate outstanding leak repairs when conducting inspections on gas distribution systems.

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**27**    General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

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

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Total points scored for this section: 50  
Total possible points for this section: 50



## PART D - Compliance Activities

Points(MAX) Score

- |          |  |                                      |  |
|----------|--|--------------------------------------|--|
| <b>1</b> | Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1<br>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:

- 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.

- |          |  |                                      |  |
|----------|--|--------------------------------------|--|
| <b>2</b> | 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<br>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.       | Document probable violations   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c.       | Resolve probable violations  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| d.       | Routinely review progress of probable violations   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| e.       | Were applicable civil penalties outlined in correspondence with operator(s)  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

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.

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | Did the state issue compliance actions for all probable violations discovered?<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

- Yes, a review of 2015 NM PRC progress report attachment 5 show 57 compliance actions were taken against operators.

- |          |   |   |   |
|----------|---|---|---|
| <b>4</b> | Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary.<br>Yes = 2 No = 0 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

- Yes. Civil penalties collected were for calendar year 2014.

- |          |   |   |   |
|----------|---|---|---|
| <b>5</b> | 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)<br>Yes = 2 No = 0 Needs Improvement = 1 | 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.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, this was demonstrated by the civil penalties assessed and collected from New Mexico Gas Company in CY2014.

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7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

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

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



## PART E - Incident 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 incidents, 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, subsection IX, Federal/State Cooperation in Case of Incident/Accident.

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

Evaluator Notes:

No incidents occurred in CY2015.

- 4 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? 3 NA  
Yes = 3 No = 0 Needs Improvement = 1-2

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

Evaluator Notes:

No incidents occurred in CY2015.

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

Evaluator Notes:

No incidents occurred in CY2015.

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

Evaluator Notes:

Yes, two incident reports were reported but later recessed by the operators. NM PRC assessed PHMSA Southwest Region office in correcting the reports.

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

Evaluator Notes:  
Yes, this was accomplished at the NAPS SR Southwest Region meeting.

---

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: 6
Total possible points for this section: 6



## 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<br>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?<br>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.)<br>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)<br>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:<br>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:

New Mexico Gas Company

Name of State Inspector(s) Observed:

Dennis Thompson

Location of Inspection:

Santa Fe, NM

Date of Inspection:

April 25-28, 2016

Name of PHMSA Representative:

Agustin Lopez

### Evaluator Notes:

Evaluated Mr. Dennis Thompson conduct an Inspection of New Mexico Gas Company's distribution system in Santa Fe, NM. Mr. Thompson has been an inspector for about a year but has many years of pipeline experience. He conducted himself very professional and was very knowledgeable of the pipeline safety regulations. He used the PHMSA form while conducting the evaluation and used it as a guide. He informed the operator of any issues after every section of the form. He summarized his findings to the operator in an exit interview. Mr. Jason Montoya and Isaac Lerma also assisted with the inspection but Mr. Dennis Thompson was the lead.

- 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, the operator was contacted in advance to assure the dates and to have appropriate personnel available during 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, Mr. Dennis Thompson used the PHMSA form while performing the inspection and used it as a guide.

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

### Evaluator Notes:

Yes, Mr. Dennis Thompson documented his findings and notes on the inspection form.

- 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.) 1 1  
Yes = 1 No = 0

### Evaluator Notes:

Yes, Mr. Thompson had operator take p/s readings, operate valves and lock up a regulator station to assure operator had proper equipment to perform the tasks.

- 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             | <input checked="" type="checkbox"/> |
| b. | Records                | <input checked="" type="checkbox"/> |
| c. | Field Activities       | <input checked="" type="checkbox"/> |
| d. | Other (please comment) | <input type="checkbox"/>            |

Evaluator Notes:

Mr. Thompson reviewed specific emergency procedures along with any new or amended procedures the operator changed since the last HQ O&M inspection. In addition he reviewed records to assure compliance with the regulations. He completed the inspection with a field inspection of the operator's facilities which included: cathodic protection, valve inspections, OPP verification, pipeline exposure inspections and ROW inspection.

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

Evaluator Notes:

Mr. Thompson has been with the NMPRC for almost a year but has many years of pipeline experience. He demonstrated a lot of knowledge of the pipeline safety program and regulations. He is a good asset to the NMPRC and performed an exceptional job.

- |   |   |   |   |
|---|---|---|---|
| 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)<br>Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

Yes, Mr. Thompson conducted an exit interview to summarize any issues and findings during the inspection. He also summarized any issues after each section of the inspection form which is a very good practice. This assures that the operator is aware of any issues and deficiencies.

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

Evaluator Notes:

Yes, Mr. Thompson found several issues that may be written up as probable violations. He explained to the operator why each issue was deficient and did not meet the regulations.

- |    |   |           |           |
|----|---|-----------|-----------|
| 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.<br>Info Only = No Points | Info Only | Info Only |
|----|---|-----------|-----------|

- |    |                               |                                     |
|----|-------------------------------|-------------------------------------|
| a. | Abandonment                   | <input type="checkbox"/>            |
| b. | Abnormal Operations           | <input checked="" 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 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 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 checked="" type="checkbox"/> |
| H. | Compliance Follow-up              | <input type="checkbox"/>            |
| I. | Atmospheric Corrosion             | <input checked="" type="checkbox"/> |
| J. | Other                             | <input type="checkbox"/>            |

Evaluator Notes:

Mr. Thompson reviewed emergency procedures and any recent amendments to the operators' O&M procedures. He also reviewed records to assure compliance with the regulations. He completed the inspection with a field inspection of the facilities. He checked for atmospheric corrosion, valve inspection, OPP, cathodic protection and ROW markers. He also verified the technicians OQ records and AOC recognitions. Mr. Thompson performed an exceptional job.

---

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



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

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

Evaluator Notes:

N/A

- |          |   |   |    |
|----------|---|---|----|
| <b>2</b> | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

N/A

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

Evaluator Notes:

N/A

- |          |   |   |    |
|----------|---|---|----|
| <b>4</b> | 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.)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

N/A

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

Evaluator Notes:

N/A

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

Evaluator Notes:

N/A

- |          |   |   |    |
|----------|---|---|----|
| <b>7</b> | Did the state initially submit documentation to support compliance action by PHMSA on probable violations?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

N/A

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>8</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

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**

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

Evaluator Notes:

N/A

- |          |  |   |    |
|----------|--|---|----|
| <b>2</b> | Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

N/A

- |          |   |   |    |
|----------|---|---|----|
| <b>3</b> | 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.)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

N/A

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

Evaluator Notes:

N/A

- |          |  |   |    |
|----------|--|---|----|
| <b>5</b> | Did the state give written notice to PHMSA within 60 days of all probable violations found?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

N/A

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

Evaluator Notes:

N/A

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>7</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

N/A

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