

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

2016 Hazardous Liquid State Program Evaluation

for

NM PIPELINE SAFETY BUREAU

Document Legend

PART:

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



2016 Hazardous Liquid State Program Evaluation -- CY 2016
Hazardous Liquid

State Agency: New Mexico
Agency Status:
Date of Visit: 08/16/2017 - 09/15/2017
Agency Representative: Jason N. Montoya, Pipeline Safety Bureau Chief
PHMSA Representative: Glynn Blanton, USDOT/PHMSA, State Programs
 Clint Stephens, USDOT/PHMSA, State Programs
 Agustin Lopez, USDOT/PHMSA, State Programs

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

Commission Chairman to whom follow up letter is to be sent:
Name/Title: Sandy Jones, Chair
Agency: New Mexico Public Regulation Commission
Address: 1120 Paseo de Peralta, 4th Floor, PO Box 1269
City/State/Zip: Santa Fe, New Mexico 87504-1269

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2016 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART G):

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS	Possible Points	Points Scored
A Progress Report and Program Documentation Review	10	9
B Program Inspection Procedures	13	13
C Program Performance	43	43
D Compliance Activities	15	15
E Accident Investigations	11	11
F Damage Prevention	8	8
G Field Inspections	12	12
H Interstate Agent State (if applicable)	0	0
I 60106 Agreement State (if applicable)	0	0
TOTALS	112	111
State Rating		99.1

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

Evaluator Notes:
The information in Attachment 1 of the Progress Report seems accurate.

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

Evaluator Notes:
The information in Attachment 2 of the Progress Report seems accurate.

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

Evaluator Notes:
The information in Attachment 3 of the Progress Report seems accurate.

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

Evaluator Notes:
There were four reportable incidents in Attachment 4 which was verified with PDM.

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

Evaluator Notes:
The information in Attachment 5 of the Progress Report seems accurate.

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

Evaluator Notes:
Program files were well organized and accessible. Third party damage reports are now on online reporting system. (Gathers data to track trends)

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

Evaluator Notes:
David DaPaola should have 11% time allocated to the HL program in Attachment 7 of Progress Report. Presently, he has no time allocated to the HL program, but 89 % of his time is allocated to NG. Will have to contact Carrie Winslow to make correction.

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

Evaluator Notes:
Civil penalty has been adopted effective July 1, 2017 for \$100,000/\$1,000,000. (Senate Bill 303)



- 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:

Yes, has described in detail its accomplishments in Attachment 10 of Progress Report.

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

Evaluator Notes:

There was one issue in Part A of Evaluation - David DaPaola should have 11% time allocated to the HL program in Attachment 7 of Progress Report. Presently, he has no time allocated to the HL program, but 89 % of his time is allocated to NG. Will have to contact Carrie Winslow to make correction.

Total points scored for this section: 9
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 | 2 |
|---|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Procedures are included in section 1, subsection V, VI, VII, and VIII; and section 3 of the Pipeline Safety Bureau Standard Operations Procedures.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are included in section 1, subsection V, VI, VII, and VIII; and section 3 of the Pipeline Safety Bureau Standard Operations Procedures.

- | | | | |
|---|--|---|---|
| 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 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are included in section 1, subsection V, VI, VII, and VIII; and section 3 of the Pipeline Safety Bureau Standard Operations Procedures.

- | | | | |
|---|---|---|---|
| 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 | 1 |
|---|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are included in section 1, subsection V, VI, VII, and VIII; and section 3 of the Pipeline Safety Bureau Standard Operations Procedures.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are included in section 1, subsection V, VI, VII, and VIII; and section 3, subsection IV of the Pipeline Safety Bureau Standard Operations Procedures.

- | | | | |
|---|--|---|---|
| 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 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are included in section 1, subsection V, VI, VII, and VIII; and section 3 of the Pipeline Safety Bureau Standard Operations Procedures.



- | | | | |
|----|---|--------------------------------------|--|
| 7 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements?
Yes = 6 No = 0 Needs Improvement = 1-5 | 6 | 6 |
| a. | Length of time since last inspection (Within five year interval) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| d. | Locations of operators inspection units being inspected - (HCA's, Geographic area, Population Density, etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| e. | Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| f. | Are inspection units broken down appropriately? | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Procedure is included in Section 1, subsection VI of the Pipeline Safety Bureau Standard Operations Procedures.

Yes, Inspection units are broken down appropriately.

8 General Comments:

Info Only = No Points

Info Only Info Only

Evaluator Notes:

There were no issues identified in Part B of the Evaluation.

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 5 5
 Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
 113.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
 220 X 0.45 = 98.27

Ratio: A / B
 113.00 / 98.27 = 1.15

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

Evaluator Notes:

Yes,
 A.Total Inspection Person Days (Attachment 2)= 113
 B.Total Inspection Person Days Charged to the program(220*Number of Inspection person years(Attachment 7)=74.06652
 Formula:- Ratio = A/B = 113/74.06652 = 1.53
 Rule:- (If Ratio >=.38 then points = 5 else Points = 0.)
 Thus Points = 5

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

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

- 1) Inspectors had completed OQ Training before conducting inspection as lead.
- 2) Inspectors had completed IMP Training before conducting inspection as lead.
- 3) Four inspectors have completed Root Cause Course.
- 4) No outside training for inspectors in 2016.
- 5) Inspectors have obtained minimum qualifications to lead applicable standard inspection as the lead inspector.

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:

Yes, Jason Montoya has over eight 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, Chairwoman Espinoza letter to Zach Barrett, Director State Program was received on August 24, 2016 and within the sixty day time requirement.



5 Did State conduct or participate in pipeline safety training session or seminar in Past 3 Years? Chapter 8.5 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, the New Mexico Gas Association Seminar was held April 13-14, 2016 in Ruidoso, NM.

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

Evaluator Notes:

Reviewed the Inspection Assignment worksheet and it was determined that inspections for all types of operators and inspection units were performed by established time intervals per written inspections.

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

Evaluator Notes:

Yes, the form covered all applicable code requirements, and the State completed all applicable portions of the inspection forms. NM utilizes the federal inspection form with added addendum.

8 Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 195.402(c)(5)? 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, the question is included in the addendum, dated October 17, 2012 of the NM standard inspection form.

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

Evaluator Notes:

Yes, NM is gathering data from the operator's annual reports and reviewing it for accuracy and analyzing data for trends. This data is kept by NM on a working spreadsheet.

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

Evaluator Notes:

There have been 23 OQ Program inspections and 20 OQ field inspections uploaded into database OQDB in 2016.

There have been no IM inspections uploaded into the IMDB since 2012. IMP inspections are on a 5 year inspection interval and are due for inspection in 2017.

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

Evaluator Notes:

Yes, the question is included in the addendum, dated October 17, 2012 of the NM standard inspection form.

12 Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 2 2
Yes = 2 No = 0 Needs Improvement = 1



Evaluator Notes:

There was one D&A inspection performed in 2016. These inspections are based on a 4-year interval per Pipeline Safety Bureau Operations Procedures.

- | | | | |
|-----------|---|---|---|
| 13 | Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 195 Part G
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:

Yes, there was 23 OQ Program inspections and 20 OQ field inspections uploaded into database OQDB in 2016.

- | | | | |
|-----------|--|---|---|
| 14 | Is state verifying operator's hazardous liquid integrity management (L IMP) Programs are up to date? This should include a previous review of LIMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). (Are the State's largest operators programs being contacted or reviewed annually?). 49 CFR 195.452 Appendix C
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|

Evaluator Notes:

Yes, the question is included in the addendum, dated October 17, 2012 of the NM standard inspection form. There were no LIMP inspections in 2016. They are due to be completed in 2017.

- | | | | |
|-----------|--|---|---|
| 15 | Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. PAPEI Effectiveness Inspections should have been completed by December 2013. PAPEI Effectiveness Inspections should be conducted every four years by operators. 49 CFR 195.440
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|

Evaluator Notes:

NM performed the most recent PAPEI inspection on Enterprise in December 2016. There were no issues identified during the inspection. All other operator inspections will be performed in 2017.

- | | | | |
|-----------|--|---|---|
| 16 | Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public).
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

NM communicated with stakeholders during the NM Gas Association Pipeline Seminar which was held in April 2016.

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

Evaluator Notes:

There were no SRCRs reported in 2016.

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

Evaluator Notes:

Yes, the State did participate in/respond to surveys or information requests from NAPS or PHMSA.

- | | | | |
|-----------|--|---|---|
| 19 | If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.
Needs Improvement = .5 No = 0 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

There were no waivers/special permits for any operators in 2016.

- 20** Did the state attend the National NAPS Board of Directors Meeting in CY being evaluated? 1 1
 Needs Improvement = .5 No = 0 Yes = 1

Evaluator Notes:

Yes, state attended the NAPS Board of Directors meeting in Indianapolis, IN in 2016.

- 21** Discussion on State Program Performance Metrics found on Stakeholder Communication site ? <http://primis.phmsa.dot.gov/comm/states.htm> 2 2
 Needs Improvement = 1 No = 0 Yes = 2
- a. Discussion of Potential Accelerated Actions (AA's) based on any negative trends Yes No Needs Improvement
- b. NTSB P-11-20 Meaningful Metrics Yes No Needs Improvement

Evaluator Notes:

The following items was discussed with the Program Manager in reference to the State Program Performance Metrics:

? Inspection days per 1,000 miles hazardous liquid pipelines has decreased from 2014 to 2015. Those inspection days increased in 2016 to meet DOT requirements.

? Inspector Qualification metrics indicates that inspectors that have completed core training has decreased, along with at least 5-year experience has decreased from 2015 to 2016. (NG/HL) This number may decrease more because there was a loss of three inspectors in 2017.

? Leak Management metrics indicates leaks outstanding per 1,000 miles of pipe has increases dramatically from 2015 to 2016. It was discovered that the City of Las Crucus put in a value of 2016 for their number of outstanding leaks in the 2016 annual report. This was a mistake in their reported data. This would show a considerable spike in the number of outstanding leaks in the Leak Management metrics for 2016. The operator will be notified by the Program Manager to correct their annual report.

- 22** Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool. (No points) Info Only|Info Only
 Info Only = No Points

Evaluator Notes:

Per Attachment 2 of 2016 Progress Report NM had 113 person days/yr for HL. The SICT tool indicated for CY2017 NM should have 54 person days for HL. Based on discussion with Program Manager there would be no need to increase HL inspection person days due to the SICT tool calculations.

- 23** Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Info Only|Info Only Product Changes and Conversions to Service? See ADP-2014-04 (No Points)
 Info Only = No Points

Evaluator Notes:

This question has been added to the addendum of the NM standard inspection form.

- 24** General Comments: Info Only|Info Only
 Info Only = No Points

Evaluator Notes:

There were no issues identified in Part C of the Evaluation.

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



PART D - Compliance Activities

Points(MAX) Score

- | | | | |
|----------|--|--------------------------------------|--|
| 1 | Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Procedures to notify an operator (company officer) when a noncompliance is identified | Yes <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"/> |
| c. | Procedures regarding closing outstanding probable violations | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Procedures are included in Section 1, subsection VIII of the Pipeline Safety Bureau Operations Procedures.

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|----------|--|--------------------------------------|--|
| 2 | Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Were compliance actions sent to company officer or manager/board director if municipal/government system? | Yes <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:

After review of numerous inspection reports it was determined that the state followed compliance procedures and adequately documented all probable violations, including resolution or further course of action. The progress of probable violations is routinely reviewed by the NM program.

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

Evaluator Notes:

Yes, there were four compliance actions issued in 2016.

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

Evaluator Notes:

Yes, all parties were given reasonable due process for compliance actions, but a "show cause" hearing was not necessary.

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

Evaluator Notes:

Yes, the program manager is familiar with state process for imposing civil penalties. There were no civil penalties assessed in 2016 for violations as a result of incidents/accidents.

- | | | | |
|----------|---|---|---|
| 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:

There were no fines assessed in 2016 for pipeline safety violations. The last fine levied was for \$10,000 in 2014.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

There were no issues identified in Part D of the Evaluation.

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



PART E - Accident Investigations

Points(MAX) Score

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

Evaluator Notes:

Yes, the procedures are included in Section 2 of the Pipeline Safety Bureau Standard Operations Procedures, pages 7-9. However, a more in-depth review of the written procedures found them to be weak because it did not include a statement or information to the file when they make a decision not to investigate an incident. Improvement is needed.

- 2 Does state have adequate mechanism to receive and respond to operator reports of accidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 2 2
Yes = 2 No = 0 Needs Improvement = 1

- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes No Needs Improvement
b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes No Needs Improvement

Evaluator Notes:

Yes, the procedures are included in Section 2, subsection IX of the Pipeline Safety Bureau Standard Operations Procedures, page 9.

- 3 If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

There were no onsite investigations made on the Holly Energy Partners and Plains Pipeline LP Hazardous Liquid pipeline incidents reported in 2016. There was no documentation to substantiate the determination to not go on-site for an incident investigation. NM stated that based on communication with call center he made the decision not to go onsite. NM needs to improve the process for documenting the determination made to not go onsite for an incident investigation.

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

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

Evaluator Notes:

NM did not perform onsite investigations of incidents that occurred in 2016. Through communication (telephonic and email) with the operator and the submitted accident reports from the operator, NM accepted the conclusions of the operators (Holly Energy and Plains Pipeline LP) on the cause of the incidents.

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

Evaluator Notes:

There were no violations found as a result of the incident investigations in 2016.

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

Evaluator Notes:

Yes.

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

Evaluator Notes:

Yes, state shared lessons from incidents during the NAPSР Southwest Region meeting in New Mexico.

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

Evaluator Notes:

There were two issues in Part E of Evaluation - There was no documentation to substantiate the determination to not go on-site for an incident investigation. NM stated that based on communication with call center he made the decision not to go onsite. NM needs to improve the process for documenting the determination made to not go onsite for an incident investigation.

Secondly, the Pipeline Safety Bureau Standard Operations Procedures, Section 2, pages 7-9 need to be revised to include a statement or information to the file when they make a decision to not go onsite to investigate an incident.

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



PART F - Damage Prevention

Points(MAX) Score

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

Evaluator Notes:

Yes, question is included in the Addendum of the NM standard inspection form.

- | | | | |
|----------|---|---|---|
| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

Yes, question is included in the NM standard inspection form, and part of the NM State statutes.

- | | | | |
|----------|--|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, question is included in the Addendum of the NM standard inspection form. NM is also encouraging and promoting CGA best practices through NM Gas Association and CGA Regional meetings.

- | | | | |
|----------|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, this information is being provided to NM PRC from NM 811, Inc. They have access to the One Call database via GeoCall to review all tickets and damages that occur across the State of New Mexico. In CY2017, will be publishing a report on the analysis and recommendations on damages that occurred in New Mexico.

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

Evaluator Notes:

There were no issues identified in Part F of the Evaluation.

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:
 Bluefish Pipeline
 Name of State Inspector(s) Observed:
 Isaac Lerma
 Location of Inspection:
 Albuquerque, NM
 Date of Inspection:
 August 16, 2017
 Name of PHMSA Representative:
 Agustin Lopez

Evaluator Notes:
 Evaluated Mr. Isaac Lerma perform an inspection of Bluefish Pipeline. Mr. Lerma did a field inspection of the pipeline facilities and demonstrated knowledge of the pipeline safety rules and regulations.

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:
 Due to an inspector leaving with out notice, the operator was notified on a short notice but was able to provide a technician to perform a field inspection of the pipeline facilities. A records review will be completed at a later date.

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, the inspector documented any findings or issues observed during the field inspection. He utilized the form as a guide during the inspection.

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

Evaluator Notes:
 Yes, the inspector documented his results on inspection form which will also be utilized to complete the inspection during the records review.

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

Evaluator Notes:
 Yes, the operator had equipment to get into facilities and operate valves. Due to the short notice the operator did not have his half cell to take pipe to soil readings but will be taken during the records review at a later date.

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

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

Evaluator Notes:
 The inspector conducted a field inspection of the pipeline facilities which included ROW inspection, sign verification, security, valve operation, and condition of pipeline.



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

Evaluator Notes:

Yes, Mr. Isaac Lerma has been an inspector/supervisor for many years with the NM PRC and is very knowledgeable of the pipeline safety program and regulations. He has completed all required T&Q training.

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

Evaluator Notes:

Yes, the inspector conducted an exit interview which discussed any issues or concerns found during the field inspection.

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

Evaluator Notes:

The inspector discussed with the operator issues with a signs at their facility and the amount of exits at their facility. Also had a concern with the shutdown button location.

10 General Comments: 1) What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) 2) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) 3) Other Info Only Info Only
 Info Only = No Points

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



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

Evaluator Notes:

Mr. Lerma performed a field inspection of Bluefish's hazardous liquid pipeline in Albuquerque, NM. The pipeline feeds the airport from another pipeline operator. Mr. Lerma observed for signs, markers, atmospheric corrosion, insulators, security of facilities and valve maintenance. He conducted himself very professionally and performed an excellent inspection.

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



PART H - Interstate Agent State (if applicable)

Points(MAX) Score

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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



PART I - 60106 Agreement State (if applicable)

Points(MAX) Score

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

