

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

2016 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)



2016 Gas State Program Evaluation -- CY 2016

Gas

State Agency: New Mexico

Agency Status:

Date of Visit: 08/14/2017 - 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

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

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 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

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	13
49	49
15	15
11	11
8	8
12	12
0	0
0	0
118	118

TOTALS

State Rating **100.0**

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1
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. It was suggested to include a description of additions or deletions items in the note section of the attachment. No areas of concern.

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

Evaluator Notes:

A review of Attachment 2 found the information correct. It was suggested construction inspections be performed in the future. The last documented inspection was in CY2013. No areas of concern.

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

Evaluator Notes:

Reviewed Attachment 3 and found information was correct. The number of inspection units on attachment 3 matched the number of units on Attachment 2.

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

Evaluator Notes:

Yes, a review of the attachment 4 found two incidents that occurred in CY2016. Both incidents were excavation damage causes and investigated by NM PRC. The incident reports were filed by the operator and listed in Pipeline Data Mart. No areas of concern.

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

Evaluator Notes:

Reviewed and verified Attachment 5 number of probable violations were correct. Noted the number of carryovers violations has increased from previous year from 320 to 331. It was suggested more effort be placed on performing follow-up inspections in CY2017 to reduce this number.

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

Evaluator Notes:

Yes, program files, spreadsheets and data base information was reviewed and found well-organized. The agency has included a new 3rd party damage report document that are kept within the agency online reporting system.

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

Evaluator Notes:

Yes, reviewed TQ transcript that confirms four inspectors are qualified and meet the gas inspector and DIMP training requirements. No issues.

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|---|--|---|---|
| 8 | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

All federal regulations have been adopted within 24 months. Noted NM PRC was successful in passing legislation (SB303) to increase the civil penalty amounts to \$100,000 per violation / maximum of \$1M in CY2017. The new civil penalty amounts become effective July 1, 2017.

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

Evaluator Notes:

Reviewed accomplishments and encourage efforts in reducing the number of carryover violations in future inspections. No areas of concern.

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

Evaluator Notes:

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

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 | 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 1, subsections V thru VIII and Section 3.

- | | | | |
|---|--|---|---|
| 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 | 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 1, subsections V thru VIII and Section 3.

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

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|---|---|---|---|
| 4 | Damage Prevention Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 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 1, subsections V thru VIII and Section 3.

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

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

Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsections V thru VIII and Section 3.

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|---|---|---|---|
| 7 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? | 6 | 6 |
|---|---|---|---|

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

- | | | | | |
|----|---|--------------------------------------|--------------------------|---|
| 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 from A thru F were listed in the New Mexico Pipeline Safety Program Standard Operating, Section 1; subsection VI-Procedures for Selecting Large Operator Inspection Unit Rotation, page 5. A review of inspection units with Program Manager determined the inspection units listed were broken down appropriately. No issues or concerns were found.

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: 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):
414.50
B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 3.44 = 756.07
Ratio: A / B
414.50 / 756.07 = 0.55
If Ratio \geq 0.38 Then Points = 5, If Ratio $<$ 0.38 Then Points = 0
Points = 5

Evaluator Notes:

Yes,
A.Total Inspection Person Days (Attachment 2)= 414.5
B.Total Inspection Person Days Charged to the program(220*Number of Inspection person years(Attachment 7)=756.06652
Formula:- Ratio = A/B = 414.5/756.06652 = 0.55
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. Four inspectors have completed the base courses. b.Yes, Issac Lerma, Lonnie Montaya, David DePaola & Loretta Cuthrell are the lead inspectors for DIMP, IMP & OQ. c. Four inspectors have completed the Root Cause course at TQ. d. No outside training was conducted in CY2016. Four inspectors (Issac Lerma, Lonnie Montaya, David DePaola & 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:

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. Action has been taken to correct previous noted items were loss points occurred.

- 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:

The New Mexico Gas Association seminar was held on April 13-14, 2016 in Ruidoso, New Mexico. Approximately, one hundred attendees participated in the seminar.

- 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:

Yes, conducted a review of CY2016 Inspection Assignments spreadsheet lists all operators and date of the inspections. Randomly selected inspections conducted in CY2016 and verified all inspections were conducted in accordance to their written procedures. All reports were found entered correctly and no issues of concern.

- 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, NM PRC uses the Federal forms for all types of inspections. Yes, randomly selected reports and found all sections of the forms were completed and filled out correctly.

- 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 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, this item is listed in the Federal Inspection form and is not relevant to New Mexico but is reviewed during the inspection visit. No issues of concern.

- 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 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, this item is listed in the Federal Inspection form and is not relevant to New Mexico but is reviewed during the inspection visit. No issues of concern.

- 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 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, this item is listed on the federal gas distribution standard inspection form. Randomly selected inspection reports for CY2016 and confirmed this item was reviewed and checked. No issues of concern.

- 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 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, this item is listed on the federal gas distribution standard inspection form. Randomly selected inspection reports for

CY2016 and confirmed this item, located on the NMPSB Addendum section, was reviewed and checked. No issues of concern.

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| 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 continue to check each operator's annual and incident reports for accuracy of information. They perform an analysis and check trends on all operators and record the results of their reviews on the High Risk spreadsheet. This information continues to be used in determining inspection visits.

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| 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 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:

A review of OQ database found forty-two inspection reports have been uploaded into PHMSA OQ database within a reasonable time period. No issues. As a reminder, in accordance to NM PRC procedures all IMP inspections will need to be performed in CY2017.

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| 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 | 1 | 1 |
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Evaluator Notes:

Yes, this item is listed on the standard inspection form. Randomly selected inspection reports for CY2016 and confirmed this item, located on the NMPSB Addendum section, was reviewed and checked.

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| 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 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:

Yes, a review of 2016 progress report showed 2 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. Drug and Alcohol inspections reviews are conducted on a four year cycle schedule.

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

Yes, in CY2016 two drug and alcohol inspections were performed using the federal form. We reviewed the inspection reports and confirmed the positive tests were checked in accordance with the operator's program.

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

Yes, this is checked on the standard inspection form under NM PRC Addendum section.

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| 18 | Is state verifying operator's gas distribution integrity management Programs (DIMP)?
This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). (Are the State's largest operators programs being contacted or reviewed annually?). 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 | 2 | 2 |
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Evaluator Notes:

Yes, DIMP inspections were completed by year end 2013. In CY2016, each inspector requested the operator to provide any updates to their DIMP plan during inspection visit. Currently in CY2017, fifty percent of the DIMP inspections are being performed. The remaining inspections are scheduled for CY2018.

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| 19 | Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. PAPEI Effectiveness Inspections should have been completed by December 2013. PAPEI Effectiveness Inspections should be conducted every four years by operators. 49 CFR 192.616
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, a review of records show a Public Awareness review was conducted on Enterprise Gas Company. The remaining Public Awareness reviews on operators will be conducted in CY2017.

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| 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 | 1 | 1 |
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Evaluator Notes:

Yes, this is was accomplished via New Mexico Gas Association meeting conducted on April 12-14, 2016. Additionally, NM Public Regulation Commission uses their website as a means to communicate with their stakeholder groups.

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| 21 | 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 |
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Evaluator Notes:

No safety related condition reports in CY2016.

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|-----------|---|---|---|
| 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 | 1 | 1 |
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Evaluator Notes:

Yes, this is checked on the standard inspection form under NM PRC Addendum section.

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- | | | | |
|-----------|--|---|---|
| 23 | 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. Discussion with Robert Clarillos confirm NM PRC responded to all surveys.

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| 24 | If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.
No = 0 Needs Improvement = .5 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

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

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

Evaluator Notes:

Yes, Jason Montoya attended the 2016 National NAPS Meeting in Indianapolis, IN.

- 26 Discussion on State Program Performance Metrics found on Stakeholder Communication site - <http://primis.phmsa.dot.gov/comm/states.htm> 2 2
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 the following:
Excavation damages per 1,000 tickets are trending upward from 2015 to 2016. The number of inspection days for gas per 1,000 miles shows a downward trend. Program Manager and inspectors are reviewing all damages occurring in the State of New Mexico daily. In CY2016, 2078 damages were reported from excavators to the 811 Call Center. Inspectors and program manager are continuing to review these damages during their inspection visits with the operator.

The number of Gas Distribution System Leaks outstanding per 1,000 increased sharply from previous year 2015. Additionally, all hazardous and gas leaks repaired increased. Program Manager agreed to review all CY2016 annual reports. During the review, Program Manager found the City of Las Cruces submitted the wrong number of leaks found. They reported 2016 which was incorrect. This number caused the metric chart to show an upward trend. Program Manager will contact the operator and request the number be corrected. In CY2015 the number of leaks was zero.

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

Evaluator Notes:

Reviewed the State Inspection Day Calculation Tool with Jason Montoya and determined the number of inspection days for the gas program was 718 and hazardous liquid 54. These numbers appear to be correct at this time. However, they are considering changing their standard inspection scheduled to a five year program which would affect the calculation tool number of inspection days. Program manager will be in contact with Rex Evans in making changes in the SIDCT in the coming month.

- 28 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:

NA. However, this question is located in the NM PRC Addendum section of the standard inspection form.

- 29 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: 49
Total possible points for this section: 49

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:

- a. Yes, this is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 1, subsection VIII (b).
b & c. Yes, Section 1, subsection VIII

- | | | | |
|----------|--|---|---|
| 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 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. We reviewed files to confirm letters are being sent to company officials/board members of municipal government systems operators.
b. Yes, we 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 Pipeline Safety Supervisor, Executive Secretary and Program Manager.
e. Yes, civil penalties amounts are listed in the probable violation letters sent to the operators.

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

Evaluator Notes:

- Yes, a review of 2016 NM PRC progress report Attachment 5, indicated 36 compliance actions were taken against operators. No issues of concern.

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|----------|---|---|---|
| 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, compliance action resulted in a civil penalty being assessed and collected from one operator.

- | | | | |
|----------|---|---|---|
| 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 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

- Yes, this is demonstrated in the civil penalty assessed and collected from one operator in CY2016 as indicated in the progress report.

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
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Evaluator Notes:

Yes, this was demonstrated by the civil penalties assessed and collected from the Town of Mountainair in CY2016.

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

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

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



PART E - 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, some of this information is listed in the New Mexico Pipeline Safety Program Standard Operating Procedures, Section 2, Pipeline/Incident/Accident Investigation, located on 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 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, these items are 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 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, an onsite investigation was conducted on the two incidents that occurred in CY2016.

- 4 Were all incidents 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 when appropriate Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

Yes, a review of the New Mexico Gas Company incident that occurred on August 8, 2016 in Albuquerque, NM was investigated by NM PRC. Observations, pictures and documents were reviewed. Additionally, contributing factors to the incident was documented. The contractor who damaged the gas facility was assessed a fine and paid \$1,000.

Yes, a review of the incident that occurred on New Mexico Gas Company facilities in McKinley County, NM was reviewed. NM PRC did not investigate this incident due to the incident being on Navajo property.

- 5 Did the state initiate compliance action for violations found during any incident/accident investigation? 1 1

Yes = 1 No = 0

Evaluator Notes:

Yes, compliance action was taken against the contractor who damaged New Mexico Gas Company's facilities. A fine was assessed and collected from the contractor.

- 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.

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

Evaluator Notes:

Yes, Jason Montoya presented information on the incidents and other related information at the 2016 NAPSAR Western 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: 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? NTSB
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

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

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

Evaluator Notes:

Yes, this item is listed in NM PRC standard inspection form. A review of the inspection form confirm this item is listed. No areas of concern.

- | | | | |
|---|--|---|---|
| 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, this item and question is listed in NM PRC addendum section of the standard inspection form. A review of the inspection form confirm this item is listed. No areas of concern.

- | | | | |
|---|--|---|---|
| 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, NM PRC will be publishing a report on the analysis and recommendations on damages that occurred in the State of New Mexico.

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

Evaluator Notes:

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

Total points scored for this section: 8
Total possible points for this section: 8

PART G - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only
Info Only = No Points

Name of Operator Inspected:

Socorro Natural Gas Company

Name of State Inspector(s) Observed:

Jason Montoya, Lead Inspector; Isaad Lerma, Inspector; Jerry Nunez, Inspector

Location of Inspection:

Socorro, NM

Date of Inspection:

August 14-15, 2017

Name of PHMSA Representative:

Agustin Lopez, State Programs

Evaluator Notes:

Evaluated Mr. Jason Montoya conduct an OQ inspection of Socorro Natural Gas Company. Mr. Isaac Lerma and Jerry Nunez were assisting in the inspection.

- 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 notified with enough notice to allow the operator's representatives to be present.

- 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. Montoya utilized the PHMSA OQ Protocols to perform the inspection and used it 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, Mr. Montoya was documenting his results as he covered the OQ Protocols. Any issues were documented and discussed with the operator.

- 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:

Inspector conducted an OQ Program inspection and no field inspection.

- 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:

OQ records and procedures were reviewed during the inspection. Inspector verified that employees performing covered tasks were qualified.

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

Evaluator Notes:

Yes, Mr. Montoya is knowledgeable of the pipeline safety program and regulations. Mr. Montoya explained to the operator the regulations whenever he found issues during the inspection.

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

Evaluator Notes:

Yes, Mr. Montoya conducted an exit interview at the conclusion of the inspection. He covered all issues identified during the inspection and explained why they were out of compliance or recommended improvements to OQ Plan.

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

Evaluator Notes:

Yes, Mr. Montoya found issues with the operators OQ Plan and records. He documented all issues and explained to the operator why they were issues.

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

- | | | |
|----|-----------------------------------|--------------------------|
| a. | Abandonment | <input type="checkbox"/> |
| b. | Abnormal Operations | <input type="checkbox"/> |
| c. | Break-Out Tanks | <input type="checkbox"/> |
| d. | Compressor or Pump Stations | <input type="checkbox"/> |
| e. | Change in Class Location | <input type="checkbox"/> |
| f. | Casings | <input type="checkbox"/> |
| g. | Cathodic Protection | <input type="checkbox"/> |
| h. | Cast-iron Replacement | <input type="checkbox"/> |
| i. | Damage Prevention | <input type="checkbox"/> |
| j. | Deactivation | <input type="checkbox"/> |
| k. | Emergency Procedures | <input type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input type="checkbox"/> |
| m. | Line Markers | <input type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input 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 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 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 type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

Mr. Montoya performed an OQ Program inspection of the City of Socorro. He reviewed the OQ Plan along with records and procedures. He was very knowledgeable of the OQ regulations and protocols. He documented all findings and discussed the findings with the operator during the exit interview. Mr. Montoya performed an excellent job and conducted himself very professionally.

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

Evaluator Notes:

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

Evaluator Notes:

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

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

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

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

Evaluator Notes:

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

Evaluator Notes:

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

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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