

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, DC 20590**

_____	)	
<b>In the Matter of</b>	)	
	)	
<b>Navajo Nation</b>	)	<b>CPF No. 4-2012-5027S</b>
<b>Oil &amp; Gas Company,</b>	)	
	)	
<b>Respondent</b>	)	
_____	)	

**CONSENT AGREEMENT**

On July 23, 2012, the Pipeline and Hazardous Materials Safety Administration (PHMSA), U.S. Department of Transportation, issued a Notice of Proposed Safety Order (Notice) to Navajo Nation Oil & Gas Company (NNOGC or Respondent).<sup>1</sup> The Notice alleges that Respondent’s 16-inch diameter hazardous liquid pipeline system designated as the Running Horse Pipeline (RHP) has an apparent condition that, without corrective measures, would pose a pipeline integrity risk to public safety, property, or the environment.<sup>2</sup> Specifically, the Notice alleged that onsite inspections of the RHP by PHMSA in October, 2011 had identified safety inadequacies including apparent non-compliance with various safety requirements in 49 C.F.R. Part 192 and that as a result, Respondent’s safety programs appear to be inadequate.

On August 22, 2012, Respondent requested an informal consultation in response to the Notice. On September 24, 2012, the informal consultation was held in Houston, Texas at which time Respondent and PHMSA engaged in good faith settlement discussions resulting in this Consent Agreement (“Agreement”).

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and that entry of this Consent Agreement is the most appropriate means of resolving the Notice, pursuant to 49 C.F.R. Part 190, without adjudication of

---

<sup>1</sup> NNOGC is a federally chartered corporation under Section 17 of the Indian Reorganization Act, 25 U.S.C. §477. Pursuant to that authority, the Secretary of the Interior has issued articles of incorporation, at the request of the Navajo Nation, to NNOGC setting out the various powers necessary to conduct its business.

<sup>2</sup> The Running Horse Pipeline system extends approximately 87 miles from the Montezuma Creek, Utah area crossing Southwest Colorado and terminating near Bisti, New Mexico.

any issue of fact or law, and upon consent and agreement of Respondent and PHMSA (“the Parties”), the Parties agree as follows:

## **I. General Provisions**

1. Respondent acknowledges that as operator of the RHP, Respondent and its pipeline system are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. 60101 *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement, Respondent acknowledges that it received proper notice of PHMSA’s action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. 60101 *et seq.* and the regulations and orders issued thereunder.

2. Respondent agrees, for purposes of this Consent Agreement, that the conditions identified in the Notice exist and agrees to address them by completing the actions specified in Section II of this agreement (“Work to be Performed”) and Appendix A. These actions, including any work plans and schedules, shall automatically be incorporated into this Agreement. This Consent Agreement does not constitute a finding of violation of any Federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of the violation of any law, rule, regulation or requirement, except in a proceeding to enforce the provisions of this Agreement.

3. After Respondent returns this signed Agreement, PHMSA’s representative will present it to the Associate Administrator for Pipeline Safety recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Consent Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Upon the effective date of this agreement, any request for a hearing submitted by Respondent shall be automatically withdrawn.

4. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Consent Agreement, including all rights to administrative or judicial hearings or appeals.

5. This Consent Agreement shall apply to and be binding upon PHMSA, and upon Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent’s officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

6. For all transfers of ownership or operating responsibility of Respondent's Running Horse Pipeline system, Respondent shall provide a copy of this Consent Agreement to the prospective transferee at least 30 days prior to such transfer and simultaneously provide written notice of the prospective transfer to the Director, Southwest Region, PHMSA (Director) who issued the Notice.

7. This Consent Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement, and the Parties acknowledge that there are no representations, agreements or understandings relating to the settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

8. Nothing in this Consent Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101 *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

9. This Consent Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

10. This Consent Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out the work required by this Agreement.

## **II. Work to be Performed**

11. Respondent agrees to perform all actions in the work plan set forth in Appendix A which is hereby incorporated into this Consent Agreement including any sub-plans developed under the work plan. The work plan shall be revised as necessary to incorporate new information obtained during the evaluations and remedial activities performed under the work plan. Submit any such plan revisions to the Director for prior approval. The Director may approve work plan elements incrementally.

12. Respondent agrees to submit periodic reports to the Regional Director in accordance with the work plan reporting requirements that include appropriate documentation of the results of the work performed to date under this Agreement including documentation and technical justifications supporting decisions made in conducting testing and analyses and otherwise performing the work.

13. Respondent agrees to maintain documentation of the costs associated with implementation of the work plan in the following categories: the total costs associated with: (1) testing, evaluations and information analysis; (2) revisions of procedures and additional monitoring and inspections; and (3) physical changes to pipeline facilities, including repairs, replacements and other modifications and agrees to make this information available to PHMSA upon request.

14. The Director may grant an extension of time for completion of any of the work to be performed upon a written request timely submitted demonstrating good cause for an extension.

### **III. Review and Approval Process**

15. With respect to any submission under Section II of this Consent Agreement and Appendix A that requires the acceptance of the Director, the Director may: (a) accept, in whole or in part, the submission, (b) accept the submission on specified conditions, (c) not accept, in whole or in part, the submission, or (d) any combination of the foregoing. In the event of acceptance, acceptance in part, or acceptance upon conditions, Respondent will proceed to take all action required by the submission as accepted by the Director, subject to Respondent's right to invoke the dispute resolution procedures in Section IV with respect to any conditions identified by the Director. In the event that the Director does not accept all or any portion of the submission, the Director will provide Respondent with a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for acceptance.

### **IV. Dispute Resolution**

16. The Director and Respondent will informally attempt to resolve any disputes arising under this Consent Agreement. If Respondent and the Director are unable to informally resolve the dispute within 15 days, Respondent may request in writing, within 10 days, a written determination resolving the dispute from the Associate Administrator for Pipeline Safety providing all information that Respondent believes is relevant to the dispute. If the request is submitted as provided herein, the Associate Administrator will issue a determination in writing which shall be final. The existence of a dispute and PHMSA's consideration of matters placed in dispute shall not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement

during the pendency of the dispute resolution process except as agreed by the Director or the Associate Administrator in writing.

## **V. Enforcement**

17. This Consent Agreement, as adopted by the Consent Order, is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101 *et seq.* and 49 C.F.R. Part 190, including administrative civil penalties under § 60122 of up to \$200,000 per violation for each day the violation continues, if PHMSA determines that Respondent is not proceeding in accordance with terms of the Agreement, determinations made by the Regional Director, or if appealed, decisions of the Associate Administrator. All work plans and associated schedules set forth or referenced in Section II and Appendix A shall be automatically incorporated into this Consent Agreement and are enforceable in the same manner.

## **VI. Record Keeping and Information Disclosure**

18. Respondent agrees to maintain records demonstrating compliance with all requirements of this Consent Agreement for a period of at least five years following completion of all work to be performed. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Consent Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this agreement in accordance with 49 C.F.R. Part 7. The claim of confidentiality shall be marked in writing on each page, and shall include a statement specifying the grounds for each claim of confidentiality. PHMSA shall determine release of any information submitted pursuant to this Consent Agreement in accordance with 49 C.F.R. Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and/or PHMSA policies, and other applicable regulations and Executive Orders.

## **VII. Effective Date**

19. The “Effective Date” as used herein is the date on which this Consent Agreement has been signed by both Respondent and PHMSA. Unless specified to the contrary, all deadlines for actions required by this agreement run from the Effective Date of this agreement.

## **VIII. Modification**

20. The terms of this Consent Agreement may be modified by mutual agreement of the parties. Such modifications shall be in writing and shall be signed by both parties.

**IX. Termination**

21. This Consent Agreement shall terminate upon the completion of all terms set forth in Section II and Appendix A as determined by the Director. Respondent may request written confirmation from PHMSA that this Agreement is terminated. To the extent ongoing monitoring is required, PHMSA may terminate this Agreement with respect to all other requirements with the exception of such monitoring. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for herein.

**X. Ratification**

22. The parties undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind such party to this document.

23. The Parties hereby agree to all conditions and terms of this Consent Agreement:

For PHMSA:

For Respondent:

\_\_\_\_\_  
Rod M. Seeley  
Director, Southwest Region  
PHMSA

\_\_\_\_\_  
Louis Denetsosie  
Interim President and CEO  
NNOGC

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# APPENDIX A

**Scope of Work for Third-Party Compliance Consultant and Implementation Plan,  
Navajo Nation Oil and Gas Company  
CPF No. 4-2012-5027S**

---

This Scope of Work for Third Party Compliance Consultant and Implementation Plan (Plan) has been prepared by Navajo Nation Oil and Gas Company (NNOGC) to resolve the Notice of Proposed Safety Order (NOPSO) issued by the Pipeline and Hazardous Materials Safety Administration on July 23, 2012 (CPF No. 4-2012-5027S) with respect to the Running Horse Pipeline (RHP) as more fully described in the NOPSO. Compliance Issues identified in the NOPSO include the following: atmospheric corrosion inspections; cathodic protection; documentation of pipe and materials specifications and characteristics; documentation of hydrostatic testing; settings of overpressure protection devices; effectiveness of Operator Qualification program; consideration of seam type in in-line inspection assessments; breakout tank inspections or documented change in configuration of tanks; liaison with emergency responders; SCADA security, performance, and alarm handling; repair practices, including the use of clock springs; aerial patrolling; lock-out/tag-out practices; internal corrosion monitoring and mitigation; and soil erosion and structural support.

NNOGC has made recent, significant efforts to improve its pipeline safety compliance program including the addition of three new pipeline personnel with engineering, regulatory and pipeline data management responsibilities, increased employee technical training, and closer partnerships with outside consultants. The Plan anticipates increased management involvement in compliance activities to allow for effective supervision of employees and consultants and to ensure that improvements are sustained for the long term.

As set forth in detail below, this Plan is comprised of three main parts.

Part I of the Plan describes the scope of work for a comprehensive review, to be performed by an independent third-party consultant (TPC), of NNOGC's overall compliance with 49 C.F.R. Part 195. The TPC's comprehensive review will include all aspects of NNOGC's 49 C.F.R. Part 195 compliance program including written procedures, RHP inspection, testing, operations and maintenance practices, and record-keeping and document management practices. At the conclusion of the Part 195 comprehensive review, the TPC will simultaneously present a report containing findings and recommendations to NNOGC and the PHMSA Southwest Region Director (Director) including a description of all deficiencies identified.

Part II of the Plan describes the development and execution of a comprehensive Implementation Plan to address, as appropriate, the issues identified in the NOPSO and

the findings and recommendations of the TPC as a result of the Part 195 comprehensive review. The TPC will identify deficiencies, devise solutions, and participate in the development of the Implementation Plan that NNOGC will implement to ensure that its RHP practices and procedures comply with regulatory requirements for the long term. The Implementation Plan will address all areas requiring action identified by the TPC during the comprehensive Part 195 compliance review, will set forth and include proposed schedules for completion, and will be submitted to the Director for approval. Upon approval of the Implementation Plan by the Director, NNOGC and its consultant and contractors shall execute the Implementation Plan.

Part III of the Plan sets forth task-specific activities that NNOGC is undertaking or will undertake in advance of, or in parallel with, the completion of the comprehensive Part 195 compliance review by the TPC and subsequent Implementation Plan. These task-specific activities address certain issues identified in the NOPSO that can be resolved outside of, but in conjunction with, the comprehensive Part 195 compliance review and Implementation Plan.<sup>3</sup>

**Part I. Scope of Work for Comprehensive Part 195 Compliance Review by Third Party Consultant** *[Related to NOPSO Item 1A]*

NNOGC will retain a TPC to comprehensively review and evaluate all aspects of NNOGC's 49 C.F.R. Part 195 compliance program, including the results of testing, evaluations, or other activities currently performed by other outside consultants and contractors. Selection of the TPC must be approved by the Director prior to initiating the compliance review. The comprehensive Part 195 review will cover, among other things, NNOGC's written procedures, operations and maintenance practices, record-keeping, and document management practices, and the resulting report shall be submitted to the Director at the same time it is provided to NNOGC. When the comprehensive review is complete, NNOGC and the TPC will prepare a comprehensive Implementation Plan and schedule for the Director's approval that implements the actions necessary to bring the RHP into compliance.

Described below is the scope of work for the Part 195 compliance review that will be performed by the TPC. The compliance time frames are measured from the date PHMSA issues an order approving a Consent Agreement (Agreement) that will adopt the requirements of this Plan.

- 1. TPC Selection:** NNOGC shall select a TPC to perform a comprehensive review of all aspects of NNOGC's 49 C.F.R. Part 195 compliance program, including written procedures, operations and maintenance practices, record keeping, and

---

<sup>3</sup> Parts IV – VI contain administrative provisions on reporting, completion of work, and termination applicable to all parts of the Plan.

document management practices. Selection of the TPC must be approved by the Director. After receiving approval from the Director, NNOGC will hire the TPC.

The following milestone dates apply:

- a. NNOGC will identify TPC candidates and provide credentials and qualifications to the Director **60 days** from Agreement.
- b. The Director will notify NNOGC of its decision regarding the TPC **90 days** from Agreement.
- c. NNOGC will hire the TPC **30 days** from approval of the TPC by the Director.

**2. Scope of TPC Work:** The TPC shall perform the following:

- a. **Perform Initial Site Visit:** The TPC will undertake an initial site visit at the appropriate NNOGC offices to meet NNOGC employees, review the tasks performed under Part 195, review NNOGC's system of records, and collect documents and data. The initial site visit shall include a tour of the RHP right of way and facilities. The initial site visit shall occur within **60 days** of when NNOGC hires the TPC. The TPC shall be provided with a copy of the NOPSO.
- b. **Perform Comprehensive Review of Part 195 Compliance Program:** The TPC shall work in partnership with NNOGC to perform a comprehensive review of all aspects of NNOGC's Part 195 compliance program. The TPC shall perform the following tasks:
  - i. **Review Written Procedures:** Perform a section-by-section review of all of NNOGC's written Part 195 compliance programs and procedural manuals and identify any areas requiring action to meet Part 195 requirements. The TPC will complete its review of NNOGC's written procedures within **90 days** of the initial visit.
  - ii. **Review Data and Recordkeeping:** Perform a review of NNOGC's records of compliance with the requirements of Part 195 and the systems for generating and maintaining documentation of pipeline attributes and compliance and maintenance records. The review shall include an identification of any Part 195-required data which is unavailable, verification that NNOGC's work tracking systems accurately reflect the compliance deadlines in Part 195, and identification of any areas requiring action to meet Part 195 requirements. The TPC will complete its review of data and recordkeeping within **120 days** of the initial visit.

- iii. **Review Operations and Maintenance Practices:** Conduct an in-person meeting and interview with each NNOGC employee with Part 195 compliance responsibilities in order to determine how NNOGC implements its Part 195 compliance program, and to assess what additional subject matter expertise may be necessary within NNOGC. The TPC will observe NNOGC employees performing select activities in the field and identify any areas requiring action to meet Part 195 requirements. The TPC will complete its review of implementation and field practices within **120 days** of initial visit.
  
- c. **Communicate TPC Progress:** The TPC shall work with NNOGC to prepare bi-weekly written status reports briefly describing the progress of the activities listed in Section 2(b). The first report shall be submitted to the Director **30 days** after the initial visit, with subsequent reports due bi-weekly thereafter until the delivery of the TPC's report in section 2(d).
  
- d. **Present Findings and Recommendations for Performance Improvement:** Upon completion of the comprehensive Part 195 compliance review, the TPC will provide the TPC's findings and recommendations to the Director at the same time they are provided to NNOGC. The TPC's report shall identify areas requiring action. The TPC shall meet with NNOGC within **30 days** of the completion of the TPC's review to begin the development of the Implementation Plan. The TPC shall participate in the development of the Implementation Plan for remedial action, as set forth in Part II, and oversee the execution of the Implementation Plan(s).

## **Part II. Development and Execution of Implementation Plans**

After completion of the comprehensive Part 195 compliance review, the TPC and NNOGC will work together to develop a comprehensive Implementation Plan designed to address the issues identified in the NOPSO and the TPC's findings and recommendations and assist NNOGC in taking action Part 195 compliance program. The Implementation Plan, which may contain sub-plans, will set forth completion schedules, and may include provisions allowing NNGOC to work with other outside contractors to implement certain compliance activities. The TPC or NNOGC will submit the Implementation Plan to the Director for review and approval. Upon approval by the Director, NNOGC shall execute the Implementation Plan. The TPC will conduct ongoing consultation, oversight, and training as necessary during the execution of the Implementation Plan by NNOGC employees or outside contractors.

In addition to addressing the TPC's findings and recommendations resulting from the Part 195 compliance review, the Implementation Plan will also address the issues described in the NOPSO, as set forth below:

- 1. Unavailable Data and Records:** How NNOGC will handle data required by Part 195 but which is unavailable. *[Related to NOPSO Items 1B – 1P]*
- 2. Data Integration:** *[Related to NOPSO Items 1B-1P]*
  - a. How NNOGC will integrate data about its pipeline into a comprehensive data integration tool capable of displaying RHP attributes, and appropriate inspection, maintenance, and repair data in a graphical overlay format.
  - b. What data will be used, and how unavailable data will be considered in the integration.
  - c. How NNOGC will use the data integration tool to support NNOGC's compliance with Part 195 regulatory requirements.
- 3. Identifying and Addressing Compliance and Safety Issues:** How NNOGC's Part 195 compliance procedures and practices will be revised, as appropriate, to specify actions NNOGC will take to address compliance or safety issues identified in day-to-day operations and through its inspection and maintenance programs. *[Related to NOPSO Items 1A – 1P]*
- 4. Integrity Management Program:** How NNOGC's integrity management program (IMP) will be revised, as appropriate, to verify that NNOGC identifies all threats, quantifies and assesses risks, implements appropriate and timely responses, and selects and implements appropriate preventive and mitigative measures. *[Related to NOPSO Items 1D and 1K]*
- 5. Operator Qualification:** *[Related to NOPSO Items 1G and 1J]*
  - a. How NNOGC will verify that RHP employees are qualified to perform Part 195 covered tasks and that NNOGC's Operator Qualification program meets regulatory requirements.
  - b. How NNOGC will continue to provide RHP employees with necessary job skills training.
  - c. How NNOGC will ensure that all covered tasks are included in the Operator Qualification program and that qualification/requalification practices provide a legitimate means for confirming the knowledge and skills needed to perform a covered task.
- 6. Corrosion Control:** How NNOGC will revise, as appropriate, its atmospheric, internal and external corrosion control programs to verify that corrosion risks are

identified and mitigated and that corrosion data is being analyzed and acted upon.  
*[Related to NOPSCO Items 1L, 1M, and 1N]*

- 7. Communications with PHMSA:** The TPC and NNOGC shall work together to provide the Director monthly reports regarding the status of the Implementation Plan. Such reports shall describe the Implementation Plan tasks that have been completed, remain ongoing, and are planned, and whether it is associated with addressing a Safety Order item(s). The first report shall be submitted no later than **30 days** after the Director approves the Implementation Plan, with subsequent reports due monthly thereafter until the completion report(s) described below have been submitted.
- 8. Completion Report:** Within **45 days** of completing the Implementation Plan, the TPC and NNOGC shall jointly prepare and submit an Implementation Plan Completion Report to the Director.

### **Part III. Task-Specific Work Plans**

Separate from the work to be performed in Parts I and II, NNOGC will perform several Task-Specific Work Plans to address certain issues identified in the NOPSO which can be resolved outside of, but in parallel with, the work described in Parts I and II. These Task-Specific Work Plan projects are described below.

- 1. Mainline LF-ERW Seams.** In addition to any seam evaluation and remediation work performed pursuant to the broad review of NNOGC's IMP under the comprehensive Part 195 review, NNOGC will continue to use Non Destructive Examination (NDE) methods to inspect the low frequency electric resistance welded (LF-ERW) seams whenever the RHP mainline is exposed. NNOGC also will employ an in-line inspection (ILI) tool capable of identifying long seam defects for future assessments of the RHP mainline. NNOGC also will develop, as appropriate, a procedure for addressing any seam defects discovered during future ILI and NDE assessments. NNOGC will develop such procedure within **180 days** of the Agreement. *[Related to NOPSO item 1D]*
- 2. Corrosion Control.** In addition to any corrosion control improvements identified as a result of the comprehensive Part 195 review, NNOGC will remove the 2-inch diameter deadleg piping at the Morgan Lake station no later than **12 months** from the Agreement. *[Related to NOPSO Items 1L and 1N]*
- 3. Maximum Operating Pressure and Station Upgrades.** NNOGC will retain an outside consultant to review available historical pipeline records, including hydrotest records, and use relevant records to validate the established Maximum Operating

Pressure (MOP) of the RHP mainline pipe and RHP stations. Such review and validation efforts shall consider PHMSA Advisory Bulletin 12-06 (77 FR 26822) as appropriate. NNOGC will also perform the RHP station piping modernization projects specified below in order to support MOP validation. When review of available historical records is complete, any information which is missing but necessary is obtained or other solutions are identified, and any specified station modernization work is complete, NNOGC's outside consultant will prepare MOP calculation worksheets that validate the bases for the MOP on the RHP mainline and at the RHP stations and submit such documentation to the Director. Such worksheets shall reference the specific documents relied upon to validate MOP and either attach or provide a description of the location of such documents. NNOGC will back up and retain all MOP-related documentation. *[Related to NOPSO Items 1B and 1C]*

- i. Engage outside consultant to review historical pipeline records in support of MOP **6 months from Agreement**
- ii. Replace the buried piping at Morgan Lake Station and perform a hydrotest to establish station MOP **12 months from Agreement**
- iii. Hydrotest remaining untested pipe at Bisti Station **12 months from Agreement**
- iv. Install pressure reducing valve at the connection between the RHP mainline and the trucking facility at Bisti **9 months from Agreement**
- v. Retain outside consultant to perform a system surge analysis that includes reviewing operation of facility, addressing the adequacy of overpressure protection devices and locations, and recommending any changes. **6 months from Agreement**
- vi. Prepare MOP calculation worksheets for the RHP mainline and stations **9 months from Agreement**
- vii. Engage outside consultant engineering firm and verify that the surge tank at Montezuma Creek has adequacy capacity and is qualified for MOP **9 months from Agreement**

4. **Milepost 39 Erosion.** NNOGC has retained an engineering firm to explore options for developing a long-term permanent solution to address the erosion at Milepost 39 (MP39) in order to ensure the structural integrity of the pipeline. Pursuant to the engineer's recommendation, NNOGC will rebury the line using horizontal directional drill (HDD) technology. Field work related to the HDD is scheduled to begin in April 2013. The project is expected to be completed in the summer. NNOGC continues to monitor the erosion occurring at MP 39 by visually inspecting the exposed RHP mainline pipe at this location and measuring the unsupported span lengths after every rainfall. *[Related to NOPSCO Item 10]*

- i. Engineering firm to provide recommendations to NNOGC **Completed**
- ii. Rebury the line at MP39 using HDD **6 months from Agreement**

5. **Clock Spring Repairs.** NNOGC will retain an outside consultant to review and assess the three 2010 clock spring repairs. The consultant will evaluate whether clock spring was the appropriate repair method and will make recommendations regarding remediation, as appropriate. NNOGC also will evaluate whether RHP staff or outside consultants will perform future clock spring repairs. *[Related to NOPSO Item 1]*

- i. Identify outside consultant **3 months from Agreement**
- ii. Evaluate and remediate, as appropriate, the 2010 Clock spring repairs **6 months from Agreement**
- iii. Evaluate who should perform future clock spring repairs **9 months from Agreement**

6. **SCADA.** In addition to the broader control room management program review that will be performed under the comprehensive Part 195 review, NNOGC will install an access control system for the SCADA control room at Montezuma Creek. NNOGC will retain an outside contractor to conduct a study of the RHP mainline leak detection system, and make recommendations regarding the benefits of installing additional pressure monitoring devices along the RHP mainline. NNOGC will then develop and implement, as appropriate, a plan for improving the sensitivity of the RHP leak detection system. NNOGC will also retain an outside contractor to perform a test of the SCADA automatic shutdown system, and to assist NNOGC with the proper calibration of the SCADA automatic shutdown functions. *[Related to NOPSO Item 1G]*

- i. Install SCADA control room access controls **12 months from Agreement**
- ii. Retain consultant to study RHP leak detection

- system and make recommendations for improving system sensitivity **15 months from Agreement**
- iii. Develop and implement plan to improve leak detection sensitivity **18 months from Agreement**
- iv. Test and calibrate SCADA automatic shutdown System **21 months from Agreement**

**7. Aerial Patrols.** NNOGC will review the adequacy of its current method of aerial patrols, verify its effectiveness, and perform annual blind tests of its aerial patrolling contractor, during scheduled patrols, and as otherwise necessary to verify the adequacy of patrols. *[Related to NOPSO Item 1I]*

- i. Review adequacy of current pipeline patrols **6 months from Agreement**

**Part IV. Communications with PHMSA.**

- a. NNOGC shall provide the Director monthly reports describing the status of each action required in the Implementation Plan and the Task Specific Work Plans. The first report shall be submitted **30 days** from the date PHMSA issues an order approving the Agreement, with subsequent reports due for each calendar month until all projects are completed. NNOGC will combine its reporting of Task-Specific Work Plan projects with the monthly Implementation Plan reporting required under Part II.
- b. **Completion Reports:** Within **45 days** of completion of all Task-Specific Work Plan projects, NNOGC shall submit a Task-Specific Work Plan Completion Report to the Director. NNOGC will combine its Task-Specific Work Plan Completion Report with the Completion Report required under Part II of this Plan as appropriate.

**Part V. Extensions of Time.** If additional time is needed to complete any portion of the this Plan, NNOGC and/or the TPC may submit a request for extension to the Director at least 10 days prior to the scheduled completion date describing the reason why the scheduled date cannot be met.

**Part VI. Closure of Matter.** When all completion reports have been submitted to the Director, NNOGC shall certify that all tasks under this Plan have been completed and may request that the Consent Agreement incorporating this Plan be terminated in accordance with the termination provision of the Agreement. The Director shall respond to any such request within 60 days of receipt.