

WARNING LETTER

VIA ELECTRONIC MAIL TO: jmcclure@nnogc.com and jrobertson@nnogc.com

March 1, 2022

Mr. James McClure, CEO
Navajo Nation Oil and Gas
PO Box 4439
Window Rock, AZ 86515

CPF 3-2022-036-WL

Dear Mr. McClure:

From May 24 to 28, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Control Room Management procedures and records in Montezuma Creek, Utah.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. 195.446 Control room management.

(a) General. (1) This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have an follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate with the operator's written procedures required by § 195.402...

Navajo Nation Oil and Gas (NNOG Running Horse Pipeline) failed to follow their Procedure 500-4.5 to provide fatigue training, as required by 195.446(d)(3), to a new controller prior to being initially qualified to operate the pipeline. It also failed to provide fatigue training at least once each three calendar years for one qualified controller who had 7 years of service and did not take fatigue training until 4/6/2021.

Additionally, the procedure identified form RHPT-500.2 to “[d]ocument compliance with the educational requirements.” This form documented controller sleep hours to evaluate fatigue levels. The form, in turn, was intended to be reviewed quarterly by the supervisor to evaluate fatigue levels, as well as to review the fatigue procedures for effectiveness as defined in procedures 500-2.2.2 and 500-4.5.1. The controller did not use this form, so there was no information to review.

2. 195.446 Control room management.

(a)...

(b) *Roles and responsibilities.* Each operator must define the roles and responsibilities of a controller during normal, abnormal, and emergency operating conditions. To provide for a controller’s prompt and appropriate response to operating conditions, an operator must define each of the following:

(1)...

(2)...

(3)...

(4) A method of recording controller shift-changes and any hand-over of responsibility between controllers...

NNOG Running Horse Pipeline failed follow their procedure to conduct and document shift turnover on 6/14/18, when another controller took responsibility for the system inside the normal shift of Monday to Monday. Mid-week changes occurred due to vacations or other reasons where a different controller assumed responsibility, but no shift turnover documentation was completed. This was identified upon review of shift change documents for June 11, 2018. The operator could not produce shift change documents for the date that indicated a different controller was assuming responsibility.

3. 195.446 Control room management.

(a)...

(c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator had defined by performing each of the following:

(1)...

(2)...

(3)...

(4) Test any backup SCADA system at least once each calendar year, but at intervals not to exceed 15 months...

NNOG Running Horse Pipeline failed to test and document their back up SCADA server for years 2018, 2019 and 2020, as required by this section and Procedure 500-3.4.

The operator did test the server and provided a record of the test on August 2, 2021. No further action is required.

4. 195.446 Control room management.

(a)...

(d) *Fatigue mitigation.* Each operator must implement the following methods to reduce the risk associated with controller fatigue that could inhibit a controller's ability to carry out the roles and responsibilities the operator has defined:

(1) Establish shift lengths and schedule rotations that provide controllers off-duty time sufficient to achieve eight hours of continuous sleep;

NNOG Running Horse Pipeline failed to document and factor in all the time the individual was working for the company to provide controllers off-duty time sufficient to achieve 8 hours of continuous sleep. The NNOG Running Horse Pipeline controllers function on a 7-day rotation in the controller role. The controllers work a standard 8-hour day, Monday–Friday with weekends off. During the controller rotation week, the assigned controller is on call for any after-hours issues. They take their laptop computers home and may monitor and control from there, if needed, or go back to the office. When there is an alarm, a third party after hours call center is alerted and notifies the controller there is an alarm. These hours are not tracked for hours of service, but are tracked for payroll purposes. After hours response is only tracked for hours of service if the controller responds by going to the control room.

5. 195.446 Control room management

(a)...

(g) *Operating experience.* Each operator must assure that lessons learned from its operating experience are incorporated, as appropriate, into its control room management procedures by performing each of the following:

(2) Include lessons learned from the operator's experience in the training program required by this section.

NNOG Running Horse Pipeline failed to document the lessons learned and training dates that related to internal abnormal operations and emergencies, as required by §195.446(g)(2). The lessons learned were only shared verbally with the controllers.

Also, NNOG Running Horse Pipeline did not include accidents or events outside NNOG to share and incorporate them into training.

6. **195.446 Control room management.**

(a)...

(h) *Training.* Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(6) Control room team training and exercises that include both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal, abnormal or emergency situations. Operators must comply with the team training requirements under this paragraph no later than January 23, 2018.

NNOG Running Horse Pipeline failed to identify individuals who operationally collaborate with control room personnel as of January 23, 2018, and provide team training by January 23, 2019, as required by §195.446(h)(6). The first team training was conducted on May 2021.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Navajo Nation Oil and Gas being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2022-036-WL**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Joe Robertson, Director Operations jrobertson@nnohc.com