



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

**NOTICE OF PROBABLE VIOLATION,
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 3, 2018

Mr. Arnel Santos, Senior VP Operations
Nova Chemicals (dba Vantage Pipeline)
P.O. Box 2518
Calgary, Alberta
T2P 5C6

CPF 3-2018-5005

Dear Mr. Santos:

From October – November 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Vantage Pipeline's procedures, records and field assets in Joffre, Alberta, Canada, and North Dakota.

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. The items inspected and the probable violations are:

1. §195.428 Overpressure safety devices and overfill protection systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Nova failed to inspect and test the overpressure protection devices on the Vantage Pipeline, which carries highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year. Nova's overpressure protection on the Vantage Pipeline system is provided from the Hess Corporation processing plant who owns the overpressure protection device. In November 2017, Pembina Pipeline Corporation began operating the pipeline and requested Hess to inspect and test the device. Pembina provided records showing that on March 6, 2018, Hess inspected and tested the overpressure safety device (Honeywell STG 974-EIA) on its control valves. However, per an email from Nova, Hess was unable to provide evidence demonstrating any calibration and testing of this device for the years 2014, 2015, and 2016.

2. §195.440 Public awareness

(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162.

Nova failed to develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162. Based on an inspection interview, Nova did not have a written Public Awareness Program until 2016, even though the pipeline has been operational and transporting product since 2014.

3. **§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:

(1) Responding to abnormal operating conditions likely to occur simultaneously or in sequence;

Nova had not trained their controllers in appropriate responses to abnormal operating conditions and had been operating since 2014. Nova had not identified the abnormal operating conditions likely to occur simultaneously or in sequence in their control room until August of 2017. Therefore, it had not trained its controllers in responding to these conditions.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$77,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$40,300
2	\$18,700
3	\$18,700

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2018-5005** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: Mr. John De-La-Mare
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