

WARNING LETTER

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 3-2018-5006W

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 (U.S.C.) inspected your Vantage pipeline 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 (CFR). The items inspected and the probable violations are:

1. §195.408 Communications.

(a) Each operator must have a communication system to provide for the transmission of information needed for the safe operation of its pipeline system.

(b) The communication system required by paragraph (a) of this section must, as a minimum, include means for:

(1)

(2) Receiving notices from operator personnel, the public, and public authorities of abnormal or emergency conditions and sending this information to appropriate personnel or government agencies for corrective action;

Nova's telephone communications failed to appropriately receive notice when tested. Nova's 24-hour phone number dropped calls when the "stay on the line option" was selected based on inspector's experience calling the number as a test.

2. §195.412 Inspection of rights-of-way and crossings under navigable waters

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

Nova exceeded the 3-week interval for inspection of its right-of-way. Nova's patrolling was deficient per records and clarifying emails from the operator. On one instance both the aerial and ground patrol exceeded the 3-week requirement by 21 days. Eighteen ground patrols were performed as backup for missing air patrols. However, during these ground patrols the entire right-of-way was not driven or walked.

3. §195.440 Public awareness

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

- (1) Use of a one-call notification system prior to excavation and other damage prevention activities**
- (2) Possible hazards associated with unintended releases from a hazardous liquid or carbon dioxide pipeline facility;**
- (3) Physical indications that such a release may have occurred;**
- (4) Steps that should be taken for public safety in the event of a hazardous liquid or carbon dioxide pipeline release; and**
- (5) Procedures to report such an event.**

(e) The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations.

API Recommended Practice 1162, First Edition, December 2003
Public Awareness Programs for Pipeline Operators

Table 2-1 - Summary Public Awareness Communications for Hazardous Liquids and Natural Gas Transmission Pipeline Operators

Stakeholder Audience	Message Type	Delivery Frequency	Delivery Method and/or Media
2-1.1 Affected Public			
Residents located along transmission pipeline ROW and Places of Congregation	Baseline Messages: <ul style="list-style-type: none"> • Pipeline purpose and reliability • Awareness of hazards and prevention measures undertaken • Damage prevention awareness • One-call requirements • Leak recognition and response • Pipeline location information • How to get additional information • Availability of list of pipeline operators through NPMS 	Baseline Frequency = 2 years	Baseline Activity: <ul style="list-style-type: none"> • Targeted distribution of print materials • Pipeline markers
	Supplemental Message: <ul style="list-style-type: none"> • Information and/or overview of operator's Integrity Management Program • ROW encroachment prevention • Any planned major maintenance/construction activity 	Supplemental Frequency: Additional frequency and supplemental efforts as determined by specifics of the pipeline segment or environment	Supplemental Activity: <ul style="list-style-type: none"> • Print materials • Personal contact • Telephone calls • Group meetings • Open houses
Residents near storage or other major operational facilities	Supplemental Message: <ul style="list-style-type: none"> • Information and/or overview of operator's Integrity Management Program • Special incident response notification and/or evacuation measures <i>if</i> appropriate to product or facility • Facility purpose 	Supplemental Frequency: Additional frequency and supplemental efforts as determined by specifics of the pipeline segment or environment	Supplemental Activity: <ul style="list-style-type: none"> • Print materials • Personal contact • Telephone calls • Group meetings • Open houses

Nova failed to meet the specific educational provisions of its public awareness program. Based on an inspection interview and operator emails, Nova did not meet the message requirements as noted below:

- Vantage's Public Awareness Program (dated 5/20/2016) states annual delivery of API 1162 Baseline Messages rather than every 2 years per API 1162. Vantage met with Affected Public audience in 2014 and followed up with phone calls in 2015 & 2016. Phone calls and meetings are supplemental to the baseline activity but are not acceptable as the required printed material for delivery of the baseline messages. Also, the phone calls did not cover the following required baseline messages:

1. Pipeline purpose and reliability
2. Awareness of hazards and prevention measures undertaken
3. Damage prevention awareness
4. One-call requirements
5. Leak Recognition and response
6. Pipeline location information

7. How to get additional information
 8. Availability of list of pipeline operators through NPMS
- For emergency officials, brochures were mailed in 2014 which met requirements. In 2015 and 2016 phone calls were made to gather contact information only. Therefore, these phone calls did not cover the following baseline messages requirements of annual delivery:
 1. Pipeline purpose and reliability
 2. Awareness of hazards and prevention measures undertaken
 3. Emergency Preparedness Communications
 4. Pipeline location information and availability of NPMS
 5. How to get additional information

4. §195.452 Pipeline integrity management in high consequence areas

(a)

(b) What program and practices must operators use to manage pipeline integrity? Each operator of a pipeline covered by this section must:

(5) Implement and follow the program.

(f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1) A process for identifying which pipeline segments could affect a high consequence area;

Nova failed to follow its HCA identification process. As stated in a 2016 HCA Memorandum Nova did not 1) Consider the air dispersion analysis results to determine could affect areas in addition to direct intersection of HCA areas and 2) Provide justification for the buffer zone.

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. 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 Nova Chemical 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 3-2018-5006W**. 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,

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

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