

NOTICE OF AMENDMENT

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 3-2018-5007M

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 Nova Chemicals Vantage pipeline procedures for operations, maintenance, public awareness, operator qualifications, integrity management and control room management in Joffre, Alberta, Canada.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Nova Chemical's plans or procedures, as described below:

1. **§195.402 Procedural manual for operations, maintenance, and emergencies**
 - (c) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

§195.440 Public awareness

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

**API RP 1162 4.3.4 Liaison with Emergency Officials
Information should describe the ongoing relationship between the operator and local emergency response officials to help prevent incidents and assure preparedness for emergencies.**

Neither Nova's operating and maintenance procedures nor their public awareness procedures addressed how they will conduct liaison activities with emergency officials. Nova or its current operator Pembina must amend its operating and maintenance and public awareness procedures to address conducting liaison activities with emergency officials.

2. §195.402 Procedural manual for operations, maintenance, and emergencies

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs;

(2) Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid or carbon dioxide from a pipeline facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.

Nova's procedures did not address specific emergency response procedures for fire, explosion, operational failure and natural disaster. Nova amended this procedure and submitted it to PHMSA in March 2017, which was found satisfactory. No further action needs to be taken regarding this item.

3. §195.402 Procedural manual for operations, maintenance, and emergencies

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§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's procedures did not address the testing of overpressure safety devices. On the Vantage system, Hess owns the overpressure protection device protecting the Vantage pipeline. Nova or its current operator Pembina must develop a procedure for the testing of this device since it affects the Vantage pipeline.

4. §195.446 Control room management

(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) A controller's authority and responsibility to make decisions and take actions during normal operations;

Nova's procedures did not define the roles and responsibilities to assure that only qualified individuals may assume control at any console via protocols such as: SCADA login passwords and/or controlled access to the control room. Nova does not

require controllers to login and there is no controlled access to the control room since the control room is manned 24/7 so console is never left unattended. Pembina now operates the Vantage Pipeline and has moved its CRM to its Sherwood Park Centre. Pembina informed PHMSA on March 9, 2018 of its procedures and that its center has controlled access to the room(s) and consoles are password protected. No further action needs to be taken regarding this item.

5. §195.446 Control room management

(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's procedures did not address developing abnormal operating conditions likely to occur simultaneously or in sequence or subsequent training of controllers in these conditions. Nova amended this procedure and submitted it to PHMSA on August 31, 2017, which was found satisfactory. No further action needs to be taken regarding this item.

6. §195.452 Pipeline integrity management in high consequence areas

(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's procedures did not address the technical justification for the buffer zone around HCAs, do not address using the air dispersion model to identify could affect HCAs and do not address rationale for not including leak detection response time, operator response time and volume between isolation valves in the air dispersion model. Nova amended this procedure and submitted it to PHMSA April 2017, which was found satisfactory. No further action needs to be taken regarding this item.

7. §195.501 Scope

(b) For the purpose of this subpart, a covered task is an activity, identified by the operator, that:

- (1) Is performed on a pipeline facility;**
- (2) Is an operations or maintenance task;**
- (3) Is performed as a requirement of this part; and**
- (4) Affects the operation or integrity of the pipeline.**

Nova's covered task list did not identify the following tasks which meet the four-part test and are performed on its facilities:

- Purging
- Flaring
- Nitrogen purging
- Pipe fitting such as cutting pipe, threading pipe, bending and connecting tubing, connecting flanges.
- Composite sleeve installation,
- Relief valve installation, inspection and maintenance,
- Overpressure protection inspection and maintenance.
- Maintain/repair relief valves
- Inspect, test, and calibrate relief valves
- Maintain/repair pressure limiting devices
- Inspect, test, and calibrate pressure limiting devices
- Inspect, test, and calibrate pressure switches

Pembina currently operates the Vantage Pipeline and has submitted its Operator Qualification Covered Task list to PHMSA which includes all of the tasks above. No further action needs to be taken regarding this item.

8. §195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

- (2) Identify not more than 2 years after cathodic protection is installed, the circumstances in which a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE SP 0169 (incorporated by reference, see § 195.3).**

Nova's procedures did not address the criteria for when a close interval survey will be conducted. Nova amended this procedure and submitted it to PHMSA on August 31, 2017, which was found satisfactory. No further action needs to be taken regarding this item.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Nova or Pembina maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2018-5007M** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: Mr. John De-La-Mare
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