

## WARNING LETTER

VIA ELECTRONIC MAIL TO: [Luis.Sierra@novachem.com](mailto:Luis.Sierra@novachem.com),  
[Victor.Alvarado@novachem.com](mailto:Victor.Alvarado@novachem.com) and [Megan.copley@novachem.com](mailto:Megan.copley@novachem.com)

February 1, 2022

Mr. Luis Sierra  
President and CEO  
NOVA Chemicals Corporate  
1000 7th Ave. S.W.  
P.O. Box 2518  
Calgary, Alberta Canada T2P 5C6

**CPF 3-2022-023-WL**

Dear Mr. Sierra:

From April 29, 2020 through November 17, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected NOVA Chemicals Corporate (NOVA) procedures, records and field assets in Marysville, MI.

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. **§ 195.583 What must I do to monitor atmospheric corrosion control?**  
 (a) **You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

<b>If the pipeline is located:</b>	<b>Then the frequency of inspection is:</b>
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

NOVA failed to perform atmospheric corrosion inspections on the two short blinded risers for pipelines PL18 and PL19 in the DCP Midstream facility during the inspection years 2016 and 2019. These pipelines (including the short risers) have been under nitrogen blanket since June of 2015 and continue to be DOT regulated since they have not been abandoned. Following the PHMSA inspection, NOVA updated the “Compound Map Locations” document that outlines the atmospheric corrosion inspection locations and added the area with the short risers for PL18 and PL19 to the monitoring locations list. NOVA plans on inspecting this area for atmospheric corrosion in 2022.

2. **§195.573 What must I do to monitor external corrosion control?**

(a)....

(c) **Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.**

<b>Device</b>	<b>Check frequency</b>
Rectifier	At least six times each calendar year, but with intervals not exceeding 2 ½ months

NOVA did not electrically check their River Crossing rectifier for proper performance at least six times each calendar year, but with intervals not exceeding 2.5 months. According to the Annual Survey records, the rectifier was not electrically checked between the inspection dates of December 11, 2018 and May 06, 2019 which did not meet the required maximum interval of 2.5 months between inspections.

**3. §195.505 Qualification program.**

**Each operator shall have and follow a written qualification program. The program shall include provisions to:**

**(a) ...**

**(b) Ensure through evaluation that individuals performing covered tasks are qualified;**

NOVA failed to ensure through evaluation that an employee performing a covered task was qualified. Specifically, Nova failed to properly requalify its employee prior to performing the covered task of inspecting its pipelines PL18, PL19 and PL20 for atmospheric corrosion in 2019.

Based on a review of the operator qualification records for this employee, it was identified that the qualification for performing atmospheric corrosion monitoring had been erroneously renewed on September 17, 2019 by evaluating the employee on a different and non-applicable covered task for “Inspection of Coating Application”. The re-qualification error was due to listing the non-applicable task as an acceptable training and evaluation method in the Operator Qualification Plan Covered Task document titled "7.1 - Visual Inspection of Atmospheric Coatings" (Revision No. 7 and Revision Date 10.12.2018).

Following the PHMSA inspection, Nova revised and corrected the “Training and Evaluation Methods” section of the Operator Qualification Plan Covered Task document by listing the appropriate evaluation methods for the atmospheric corrosion monitoring task.

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 item(s) identified in this letter. Failure to do so will result in NOVA Chemicals Corporate 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 3-2022-023-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: Victor Alvarado, Senior Vice-President Operations and Engineering,  
[victor.Alvarado@novachem.com](mailto:victor.Alvarado@novachem.com)

Megan Copley, Pipeline Regulatory Specialist, [megan.copley@novachem.com](mailto:megan.copley@novachem.com)