

HIP- _____123_____

**PERMITS,
RENEWALS, &
MODS**

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



October 23, 2013

Ms. Shiver Nolan
Enterprise Products Operating LLC
PO Box 4324
Houston, Texas 79701

Re: Hydrostatic Test Discharge Permit
Permit: HIP-123
Enterprise Products Operating, LLC
Western Expansion Pipeline III, Segment 1
Locations: Unit H of Section 7, Township 24 North, Range 9 West, NMPM,
San Juan County, New Mexico

Dear Ms. Nolan:

The Oil Conservation Division (OCD) has received Enterprise Products Operating LLC's (Enterprise) notice intent, dated September 12, 2013 and received by OCD on September 16, 2013, for authorization to discharge approximately 675,000 gallons of wastewater generated from a hydrostatic test of a new 16-inch diameter natural gas gathering system transmission pipeline approximately 45.3 miles (239,184 feet) long, located approximately 28 miles southeast of Bloomfield, New Mexico. The proposed discharge/collection /retention location is within Enterprise's pipeline easement right-of-way, located within Unit H of Section 7, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico. OCD acknowledges the receipt of the filing fee (\$100.00) and the permit fee (\$600.00) for the permit from a submittal dated September 12, 2013.

Based on the information provided in the request, the hydrostatic test water discharge is hereby approved with the following understandings and conditions:

1. Enterprise shall comply with all applicable requirements of the New Mexico Water Quality Control Commission Regulations (20.6.2 NMAC), the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978), and all conditions specified in this approval and shall operate and close the project in accordance with the September 12, 2013 request;
2. Enterprise will be testing a new 16-inch diameter natural gas gathering system transmission pipeline approximately 45.3 miles (239,184 feet) long, located approximately 28 miles southeast of Bloomfield, New Mexico;

3. Enterprise will acquire the hydrostatic test water from the Bloomfield Water Supply System (Water System No. NM3510124), Turtle Mountain from spring-fed Odie Chapman Ponds #1 and #2 (36.268826°, -107.973076°), and if needed from the Hilltop Well (36.544845°, -107.973076°);
4. Enterprise will generate approximately 675,000 gallons of hydrostatic test wastewater from the test event. The hydrostatic wastewater will remain in the pipeline while being sampled and awaiting test results from a certified laboratory;
5. Enterprise shall analyze all samples of wastewater generated from the hydrostatic test to demonstrate the results do not exceed the standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC or background, whichever is greater, except for Combined Radium 226 & Radium 228 due to pre-test results;
6. Enterprise shall submit the test results via email or fax to the OCD for review and subsequent approval or disapproval for the test wastewater to be discharged;
7. If the final discharge of the wastewater is approved by the OCD, Enterprise will discharge the wastewater into a dewatering structure, constructed of non-woven geotextile and hay bales, to control erosion and contain the discharge is within Enterprise's pipeline easement right-of-way, located within H of Section 7, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico;
8. If final discharge of the wastewater is approved, no hydrostatic wastewater generated will be discharged to groundwater;
9. If final discharge of the wastewater is approved, no discharge shall occur:
 - a. within 200 feet of a watercourse, lakebed, sinkhole or playa lake;
 - b. within an existing wellhead protection area;
 - c. within, or within 500 feet of a wetland;
 - d. within an area overlaying a subsurface mine; or
 - e. within 500 feet from the nearest permanent residence, school, hospital, institution or church;
10. If the wastewater exceeds one the standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC or background, whichever is greater, Enterprise will use an electro-coagulation cleaning process and a separate filtration system to treat the wastewater, in accordance with Appendix G of the September 12, 2013 request.
11. Enterprise will slowly discharge the wastewater after treatment, via a system of flexible hoses and temporary piping, into forty-one (41) 16,800 gallon frac tanks for temporary storage within Enterprise's pipeline easement right-of-way, in order to obtain samples and await test results from a certified laboratory;
12. Enterprise shall ensure that the temporary storage tanks shall have impermeable secondary containment (e.g., liners - geomembrane and berms – hay bales or a secondary containment tank), which will contain a volume of at least one-third greater than the total volume of the

largest tank or one-third greater than the total volume of all tanks that are inter-connected, whichever is greater;

13. If the final discharge of the wastewater is not approved by the OCD after treatment, Enterprise will transfer the wastewater, via a system of flexible hoses and pump, from the pipeline into water trucks and hauled by Dawn Trucking, Co. (C-133-31), M&R Trucking, Inc. (C-133-399), Three Rivers Trucking, Inc. (C-133-335), or Triple S Trucking, Co. (C-133-372) for injection and disposal at Basin Disposal, Inc.'s Class II injection well (API 30-045-26862/IPI-149-0), Agua Moss LLC's Non-Hazardous Class I injection well (UICI-005), or disposal at Gandy Marley Inc. (NM1-019);
14. Enterprise will ensure the transfer any spent filters and/or solids generated from the treatment of the hydrostatic test wastewater via an OCD approved C-133 water hauler to Gandy Marley Inc. (NM1-019), Lea Land Inc. (NM1-024), or R360 Permian Basin, LLC (NM1-006/Order R-9166) for disposal.
15. Enterprise will have personnel on-site to oversee and control the transfer and utilize collection pans placed below the collection points to prevent an unauthorized release;
16. Enterprise will not be analyzing the hydrostatic test wastewater prior to off-site disposal because of the following: the wastewater has been demonstrated to be RCRA exempt waste and the proposal is to transfer the wastewater to Basin Disposal, Inc.'s Class II injection well (API 30-045-26862/IPI-149-0) or Agua Moss LLC's Non-Hazardous Class I injection well (UICI-005) for injection and disposal, or disposal at Gandy Marley Inc. (NM1-019);
17. Enterprise will ensure the transfer the hydrostatic test wastewater via an OCD approved C-133 water hauler to Basin Disposal, Inc.'s Class II injection well (API 30-045-26862/IPI-149-0) or Agua Moss LLC's Non-Hazardous Class I injection well (UICI-005) for injection and disposal, or disposal at Gandy Marley Inc. (NM1-019);
18. Enterprise shall ensure that all waste (solids and/or liquids) are properly manifested and that a copy of the completed Form C-138 manifest accompanies the hauler and is provided to the OCD approved disposal facility operator upon delivery;
19. Enterprise shall remove all hydrostatic test wastewater from the collection/retention location within ten (10) calendar days of the completion of the hydrostatic test or treatment;
20. Enterprise shall restore any surface area impacted or disturb from the approved activities;
21. Enterprise shall implement best management practices to prevent unauthorized releases during the transfer/collection activities;
22. Enterprise shall ensure that the discharge/transfer/collection activities do not cause any fresh water supplies to be degraded or to exceed standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC (the New Mexico Water Quality Control Commission Regulations);

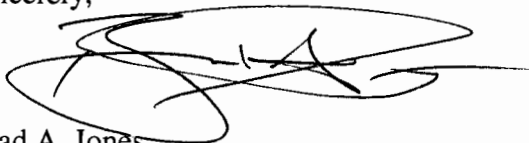
23. Enterprise must properly notify the landowner(s) of the proposed discharge/collection location of the approved activities prior to the hydrostatic test event; and
24. Enterprise shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to OCD Rule 29 (19.15.29 NMAC).

It is understood that the hydrostatic test will begin approximately November 1, 2013. This permit will expire within 120 calendar days of its issue date. This permit may be revoked or suspended for violation of any applicable provisions and/or conditions.

Please be advised that approval of this request does not relieve Enterprise of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve Enterprise of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Brad A. Jones
Environmental Engineer

BAJ/baj

Cc: OCD District III Office, Aztec
Mr. James White, Enterprise Products Operating, LLC, Houston, TX 77210-4324
Ms. Runell Seale, Enterprise Products Operating, LLC, Farmington, NM 87401