

HIP - 110

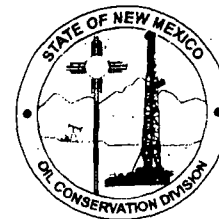
**TEMPORARY
PERMISSION
2009**

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



January 13, 2009

Ms. Marcelle Fiedler
PNM
Alvarado Square MS2104
Albuquerque, New Mexico 87158-2104

**Re: Hydrostatic Test Discharge Permit HIP-110
Public Service Company of New Mexico
PNM Santa Fe Replacement Line
Section 23, Township 17 North, Range 8 East, NMPM,
Santa Fe County, New Mexico**

Dear Ms. Fiedler:

The New Mexico Oil Conservation Division (OCD) has received Public Service Company of New Mexico's (PNM) request, dated April 7, 2008, for authorization to discharge approximately 399,000 gallons of wastewater generated from a hydrostatic test of approximately 8 miles of a new 20-inch natural gas transmission pipeline, approximately 6 miles east of Santa Fe, New Mexico. The proposed discharge/collection site is approximately 700 feet off of Caja Del Rio Road located within Section 23, Township 17 North, Range 8 East, NMPM, Santa Fe County, New Mexico.

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

1. PNM will be testing approximately 8 miles of a new 20-inch natural gas transmission pipeline, approximately 6 miles east of Santa Fe, New Mexico.
2. PNM will obtain the hydrostatic test water from a City of Santa Fe municipal source.
3. PNM shall implement best management practices in order to prevent the release of any hydrostatic test wastewater.
4. Hydrostatic test water generated from the test will be temporarily stored within the new pipeline for sampling.
5. PNM will secure a sample from the pipeline and analyze it at a certified laboratory.
6. All analyzes of samples from wastewater generated from the test must not exceed the standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC.
7. Test results will be sent to the OCD for review and subsequent approval or disapproval for the test water to be discharged.
8. If final discharge of the test water is not approved by the OCD, PNM will analyze (hazardous or non-hazardous) the non-exempt hydrostatic test wastewater to determine if Key Energy Services may accept it for disposal. If the hydrostatic test wastewater does not satisfy the criteria for Key Energy Services waste acceptance, the test water shall be sent to a RCRA permitted TSDF for disposal.




9. If final discharge of the wastewater is approved, PNM will transfer the hydrostatic test wastewater from the pipeline into an intermediate staging tank and from the tank into tanker trucks within Section 23, Township 17 North, Range 8 East, NMPM, Santa Fe County, New Mexico. PNM will truck the hydrostatic test wastewater to the Marty Sanchez Golf Course for discharge into a lined irrigation pond for reuse.
10. If final discharge of the wastewater is approved, no hydrostatic test water generated from the test will be discharged on the ground surface or to groundwater at the collection site.
11. No collection or retention of hydrostatic test wastewater shall occur:
 - a. within 200 feet of a watercourse, lakebed, sinkhole or playa lake;
 - b. within an existing wellhead protection area or 100-year floodplain;
 - c. within, or within 500 feet of a wetland;
 - d. within the area overlying a subsurface mine; or
 - e. within 500 feet from the nearest permanent residence, school, hospital, institution or church;
12. PNM shall remove all hydrostatic test wastewater from the pipeline within approximately 30 calendar days of OCD's approval to discharge.
13. PNM shall restore any surface area impacted or disturb from the approved activities.
14. PNM shall ensure that the collection, retention, and transfer does 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);
15. PNM shall properly notify the landowner(s) of the proposed discharge and/or collection/retention or alternative discharge location of the activities prior to the proposed hydrostatic test event; and
16. PNM shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC).

It is understood that the hydrostatic test will begin approximately March 1, 2009. **This permit will expire in 120 calendar days. OCD will not consider this permit active until the general permit fee of \$600.00 has been accepted and processed. Please make the check out to the Water Quality Management Fund** regarding the remaining \$600.00 permit fee and **submit to the Oil Conservation Division for payment.** This permit may be revoked or suspended for violation of any applicable provisions and/or conditions of the permit.

This approval does not relieve PNM of responsibility should its operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve PNM of responsibility for compliance with other federal, state or local regulations.

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

Sincerely,



Wayne Price
Environmental Bureau Chief

LWP/baj
cc: OCD District IV Office, Santa Fe

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



February 5, 2009

Ms. Marcelle Fiedler
New Mexico Gas Company
7120 Wyoming Blvd. NE Suite 20
Albuquerque, NM 87109
505-697-3516

**RE: Request to Transfer PNM HIP-110 to NMGC for Santa Fe Replacement Pressure Test
New Mexico Gas Company
HIP-110**

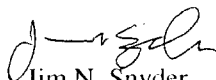
Dear Ms. Fiedler:

The New Mexico Oil Conservation Division (OCD) has reviewed the New Mexico Gas Company (NMGC) request, dated January 30, 2009. OCD has accepted and processed the transfer of HIP-110 to NMGC. OCD recognizes effective January 30, 2009 the Public Service Company of New Mexico (PNM) will sell their gas operations to the NMGC. Included in the sale are all assets related to the Santa Fe Replacement Project in Santa Fe County, New Mexico for which PNM has acquired permit HIP-110 authorizing the discharge of 399,000 gallons of water. The NMGC will be the new owners of the Santa Fe Replacement construction project and will conduct the hydrostatic test. See attachment of HIP-110. NMGC understands and agrees to comply with the terms and conditions of the permit.

Please be advised that approval of this request does not relieve the New Mexico Gas Company of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve New Mexico Gas Company 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) 476-3484 or jim.snyder@state.nm.us.

Sincerely,


Jim N. Snyder
Hydrologist

JNS/jns

cc: OCD District IV Office, Santa Fe
attachment: HIP-110

