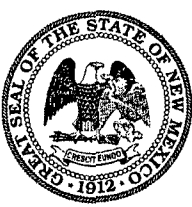


HIP - 79

**PERMITS,
RENEWALS, &
MODS**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 21, 2005

Mr. Curtis J. Winner
Public Service Company of New Mexico
Alvarado Square Mail Stop 2104
Albuquerque, NM 87518-2104

Re: Hydrostatic Discharge Permit HI-079
Luna County Lateral 16" Natural Gas Pipeline
Discharge Location: SW/4 SW/4 Section 16, T-23S, R-9W
NMPM Luna County, New Mexico

Dear Mr. Winner:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed your request, on behalf of Luna Power Company, LLC, to reactivate the above permit. This request is hereby approved and the name of the responsible party has been changed to Luna Power Company, LLC (formerly Duke Energy Luna, LLC).

All of the stipulations in the original permit are still in force. Pursuant to WQCC Regulation 20 NMAC 6.2.3106.B, this approval will allow Luna Power Company, LLC (Luna) to discharge without an approved discharge plan for a period not to exceed 120 days. If the discharge period exceeds 120 days, a formal discharge plan must be submitted for review.

This approval does not relieve Luna of liability should their operation result in pollution of surface water, ground water, or the environment. Nor does it relieve Luna of its responsibility to comply with the rules and regulations of any other federal, state, county, or local governmental agency.

If you have any questions, contact me at (505) 476-3492 or emartin@state.nm.us

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Bureau

Cc: NMOCD, Artesia



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

August 14, 2002

Lori Wrotenberg

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7001-1940-0004-7923-8065

Mr. Andrew Grammer
Duke Energy Luna, LLC
5400 Westheimer Court – SP 780
Houston, Texas 77056

**Re: Hydrostatic Test Water Discharge Permit HI-079
Luna County Lateral 16" Natural Gas Pipeline
Discharge location: SW/4 SW/4 Section 16, T 23, R 9 W, NMPM,
Luna County, New Mexico**

Dear Mr. Grammer:

The New Mexico Oil Conservation Division (OCD) has received Trigon Sheehan's request, dated August 9, 2002, on behalf of Duke Energy Luna, LLC (Duke) for authorization to discharge approximately 309,000 gallons of waste water from the hydrostatic test of the Luna County Lateral 16" natural gas pipeline. The test will be on approximately 31,000 feet of new 16-inch natural gas pipeline. The discharge point will be located in SW/4 SW/4 Section 16, Township 23 South, Range 9 West, NMPM, Luna County, New Mexico.

Based on the information provided in the request, the hydrostatic test water discharge is hereby approved subject to the following conditions:

1. The test water (309,000 gallons) will be discharged into a straw bale settling pond located at the Duke Energy North America (DENA) Energy Facility, SW/4 SW/4 Section 16, Township 23 South, Range 9 West, NMPM, Luna County, New Mexico.
2. The settling pond will be maintained to allow for adequate free board to prevent overtopping.
3. Test water will be held in the straw bale settling pond and released to prevent erosion.
4. Only fresh water of less than 1,000 mg/l total dissolved solids from a water supply system or other potable source shall be used in the hydrostatic test.

5. The fluids will not be allowed to migrate to a water of the State or a water of the U.S.
6. Any solids that accumulate in the straw bale settling pond as a result of the discharge will be subject to full hazardous waste characterization testing to determine the proper means of disposal.
7. The analytical results will be made available to the OCD along with a request for disposal of the accumulated solids.
8. Written permission of landowners (DENA) must be obtained.

Pursuant to WQCC Regulation 20 NMAC 6.2.3106.B, this approval will allow Duke to discharge without an approved discharge plan for a period not to exceed 120 days. Pursuant to WQCC Regulation 20 NMAC 6.2.3114 an application fee of one hundred dollars (\$100) is due at the time of the permit application submittal and a temporary permission permit fee of one hundred fifty dollars (\$150) is due upon receipt of this approval. The \$100 application fee and \$150 temporary permission fee have been received. If the site is to be used for more than one test discharge, formal reapplication must be made. If the discharge exceeds 120 days, a formal discharge plan must be submitted for review.

Please be advised that this approval does not relieve Duke of liability should their operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Duke of responsibility for compliance with other federal, state or local regulations.

If there are any questions, please call Martyne Kieling at (505) 476-3488.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc: ^{Artesia} OCD Aztec Office
Mr. Tankard Floyd, Trigon Sheehan, 126 Rock Point Drive, Suite B, Durango, CO 81301