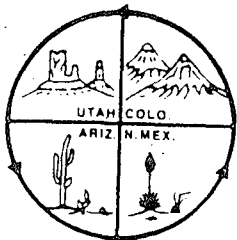


HIP - 91

**GENERAL
CORRESPONDENCE**

YEAR(S):

2004



ECOSPHERE ENVIRONMENTAL SERVICES

RECEIVED

August 4, 2004

Mr. Roger Anderson
Environmental Bureau Chief
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

HI-091

OIL CO

**RE: Discharge Permit Application - New Pipeline Hydrostatic Test Dewatering
Public Service Company of New Mexico (PNM)
Proposed Crouch Mesa Natural Gas Pipeline Project**

Dear Mr. Anderson:

Please find attached a discharge permit application for hydrostatic testing associated with Public Service Company of New Mexico's (PNM's) proposed Crouch Mesa Pipeline project. Ecosphere Environmental Services (Ecosphere) is submitting this application on behalf of PNM in conjunction with other services being provided for this same project.

Ecosphere has also been retained by PNM to prepare the Environmental Assessment (EA) and Biological Evaluation (BE) for the proposed project, including both pipeline and discharge/collection/retention site. As the project is located on lands administered by the Farmington Field Office (FFO) of the Bureau of Land Management (BLM), consultation and coordination with them is ongoing. By approving this EA, BLM authorizes PNM to install and operate the Crouch Mesa Pipeline, with Conditions Of Approval (COA). However, the desire to conduct hydrostatic testing and necessary dewatering prior to commissioning this pipeline still requires NMOCD discharge permit approval. Please feel free to contact me at 505-327-3088 with any questions you may have regarding the proposed project or permit application.

Sincerely,

Mike Fitzgerald
Projects Manager/Owner

Enclosures

HYDROSTATIC TEST DEWATERING DISCHARGE PERMIT APPLICATION

For

PUBLIC SERVICE COMPANY OF NEW MEXICO'S PROPOSED CROUCH MESA PIPELINE PROJECT SAN JUAN COUNTY, NEW MEXICO

This document serves as application for discharge permit for Public Service Company of New Mexico's (PNM's) proposed Crouch Mesa Natural Gas Pipeline Project, approximately 12.7 miles of 12.75-inch outside diameter natural gas pipeline, in San Juan County, New Mexico. The project would be located on lands administered by the Farmington Field Office (FFO) of the Bureau of Land Management (BLM) and private (fee) land. The proposed discharge/collection/retention site is located on BLM land. This discharge permit application outlines specifications for PNM's discharge of water used in hydrostatic testing of the new pipeline that will transport hydrocarbon products under the jurisdiction of the New Mexico Oil Conservation Division (NMOCD).

1.0 Project Overview

The proposed pipeline would be designed to meet DOT 192 regulatory requirements. The pipeline would be constructed using 12.75-inch outside diameter, 0.250 wall (or heavier), external coated, API 5L, X-65 (or stronger), ERW, steel pipe. Fresh potable water would be acquired by the contractor from a PNM approved source and trucked by contractor to the project site.

Hydrostatic testing will then be conducted on all pipeline sections and at all of the valve assemblies to ensure structural integrity prior to being placed in service. Hydrostatic testing is universally known and accepted as a means of demonstrating the fitness of a pressurized component for service. After the test, the pipeline can be expected to safely contain its intended operating pressure. The most highly beneficial aspect of hydrostatic testing is that the confidence level that the pipeline is fit for safe service increases as the ratio of test pressure to operating pressure increases.

2.0 General Permit Stipulations

1. No water used in the hydrostatic testing of this pipeline will be discharged in unauthorized pits, in any watercourse, or in any other place or manner constituting a hazard to fresh water supplies.
2. Hydrostatic test wastewater will not be discharged in any area where it may reach fresh water supplies.
3. Sample analyzes may include major anions and cations (Ca, Mg, Na, K, HCO₃, CO₃, Cl, SO₄), heavy metals (As, Ba, Cd, Pb, Hg, Se, Fe, Zn), aromatic and halogenated hydrocarbons screens, TDS, Fe, Mn, pH and conductivity. Analyzes for selected other heavy metals may be required depending on the source of the water used and the discharge location. As potable water will be used for the testing and the subject pipe material is new, no sampling is required by NMOCD.

4. Hydrostatic testing of PNM's new pipeline will produce in excess of 100,000 gallons and thus requires NMOCD discharge permit application and approval prior to commencement. Items included in this permit application are:

- **Map showing location of the pipelines to be tested**

Please see attached topographical map outlining location of test pipeline.

- **Description of the test**

10/1/04 - 2/1/05

The purpose of hydrostatic testing a pipeline is to either eliminate any defect that might threaten its ability to sustain its maximum operating pressure or to show that none exists. Hydrostatic testing consists of raising the pressure level above the operating pressure to see whether or not any defects with failure pressures above the operating pressure exist. If defects fail and are eliminated or if no failure occurs because no such defect exists, a safe margin of pressure above the operating pressure is demonstrated. After such a test, a pipeline or pressure vessel can be expected to safely contain its intended operating pressure.

- **Source and analysis of test water**

Fresh potable water would be acquired by the contractor from the City of Bloomfield Public Water System and trucked to the project site by the contractor. The contractor will provide PNM with evidence that the water used is fresh and potable.

- **Point of discharge of the test water**

The discharge/collection/retention point is an existing stock pond and is located in the E $\frac{1}{2}$ of NW $\frac{1}{4}$, Sec. 11, T29N-R12W, New Mexico Principal Meridian (please refer to attached map).

- **Method and location for collection and retention of fluids and solids**

One location would be utilized for discharge, collection, and retention of water and any solids. Produced water and any solids will be isolated into an existing stock pond with an estimated capacity of 350,000 gallons (200' x 75') Pond boundaries will be delineated by wooden lathe with blue and white flagging.

- **Depth to ground water at discharge and collection/retention site**

According to the New Mexico State Engineer Office records, depth to groundwater at the requested discharge site is approximately 175 feet. The nearest water well, with a depth of 225 feet, is located approximately one mile west of the proposed discharge site.

- **Proposed method of disposal of fluids and solids after test completion including closure of any pits**

Produced water and any solids will be isolated into a detention pond and evaporation/percolation methods will be utilized to disburse liquids. The discharge location is an existing stock pond and will not be backfilled after completion of the discharge.

- **Identification of land owners at and adjacent to the discharge and collection/retention site**

Discharge/collection/retention site is located on lands administered by the Farmington Field Office (FFO) of the Bureau of Land Management (BLM). PNM has contracted Ecosphere to prepare the Environmental Assessment (EA) and Biological Evaluation (BE) for the proposed pipeline project, which includes the discharge/collection/retention site.

- **Written permission from the land owner of the collection/retention site**

As described above, PNM and Ecosphere Environmental Services are coordinating with the BLM to ensure protection of groundwater, concerns for quantity and quality of water discharged, and economic feasibility of this project. By approving the above-mentioned EA, BLM authorizes PNM to install and operate the Crouch Mesa Pipeline, with Conditions Of Approval (COA). In addition, hydrostatic testing and necessary dewatering to commission this pipeline would fall under this approval.