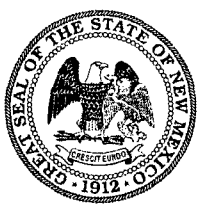


HIP - 97

**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

June 20, 2005

Mr. Deoda P. Bhagwandin
Teppco Crude Oil, LP
P.O. Box 2521
Houston, TX 77252-2521

Dear Mr. Bhagwandin:

The New Mexico Oil Conservation Division (NMOCD) has received your application, dated May 20, 2005 for a temporary permit to discharge water used to hydrostatically test a new tank. The NMOCD reference for this permit is HI-097. This request is hereby approved with the following conditions and understandings:

1. The test water will be discharged in Section 22, Township 19 South, Range 38 East and the volume of the discharge will be 30,000 barrels.
2. The test water will be discharged at a controlled rate and into a structure that will prevent erosion.
3. The water has been used to hydrostatically test a new tank.
4. Potable water will be used.
5. The discharged fluids will not be allowed to migrate to a water of the state or a water of the U.S.
6. Teppco Crude Oil, LP (Teppco) is the landowner at the point of discharge. The discharge will be maintained within the boundaries of their property.

Pursuant to WQCC Regulation 20 NMAC 6.2.3106.B, this approval will allow Teppco to discharge without an approved discharge permit for a period not to exceed 120 days commencing June 20, 2005. Discharge must cease within the 120-day period, or a formal discharge permit will be required. Pursuant to WQCC Regulation 20 NMAC 6.2.3114, an application fee (\$100) and a temporary permit fee (\$150) are due at time of application. These fees have not been received by the NMOCD and are due and payable upon receipt of this approval. If this site is to be used for more than one discharge, Teppco must make a separate application for the additional discharge.

This approval does not relieve Teppco of liability should their operation result in pollution of surface water, groundwater, or the environment, nor does it relieve Teppco of its responsibility to comply with any other federal, state or local regulations.

If there are any questions, please contact Ed Martin (505) 476-3492 or emartin@state.nm.us

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

Cc: NMOCD Hobbs Office