GW - 15

PERMITS, RENEWALS, & MODS

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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

Jami Bailey
Division Director
Oil Conservation Division

JUNE 22, 2011

Mr. Keith Warren
DCP Midstream
1625 West Marland
Hobbs, New Mexico 88240

Dear Mr. Warren:

Based on your responses given in the "Oil & Gas Facilities Questionnaire for Determination of a WQCC Discharge Permit", the Oil Conservation Division (OCD) has determined that three of your facilities do not require a Water Quality Control Commission (WQCC) Discharge Permit. This means that the WQCC Discharge Permits GW-015 (Linam Ranch GP), GW-237 (Pecos Diamond GP), GW-176 (Bootleg CS) are hereby rescinded and you are not required to proceed with the renewal of these WQCC Discharge Permits. OCD will close these permits in its database.

Because your WQCC Discharge Permits are no longer valid, you may be required to obtain a separate permit(s) for other processes at your facility, such as: pits, ponds, impoundments, below-grade tanks; waste treatment, storage and disposal operations; and landfarms and landfills. OCD will make an inspection of your facility to determine if any of these existing processes may require a separate permit under OCD's Oil, Gas, and Geothermal regulations. If OCD determines that a separate permit(s) is required, then a letter will be sent to you indicating what type of permit is required.

Please keep in mind, if your facility has any discharges that would require a WQCC Discharge Permit now or in the future, then you will be required to renew or obtain a WQCC Discharge Permit.

If you have any questions regarding this matter, please contact Glenn von Gonten at 505-476-3488.

Thank you for your cooperation.

Jami Bailey
Director

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF DUKE ENERGY FIELD SERVICES, LP FOR AN ACID GAS INJECTION WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13589
ORDER NO. R-12546

ORDER OF THE OIL CONSERVATION COMMISSION

BY THE COMMISSION:

THIS MATTER came before the Oil Conservation Commission (the Commission) for hearing on March 13, 2006, and the Commission, having carefully considered the evidence, the pleadings and other materials submitted by the parties hereto, now, on this 5th day of May, 2006,

FINDS:

1. Notice has been given of the application and the hearing of this matter, and the Commission has jurisdiction of the parties and the subject matter herein.

2. On September 13, 2005, Duke Energy Field Services, LP ("Applicant", "operator" or "Duke") filed an administrative application (OCD Form C-108 and attachments), seeking authority to inject acid gas (hydrogen sulfide and carbon dioxide) into the Lower Bone Springs (Wolfcamp) formation, at a depth interval of 8,700 to 9,000 feet below the surface, through a well it proposes to drill at a location 1,980 feet from the South line and 1,980 feet from the West line (Unit K) of Section 30, Township 18 South, Range 37 East, in Lea County, New Mexico. The purpose of injection is to dispose of natural gas processing wastes from Applicant's Linam Plant, located in the Northeast Quarter of Section 6, Township 19 South, Range 37 East, in Lea County.

3. The original application proposed an alternative injection zone in the Brushy Canyon formation at a depth interval of 5,000 to 5,300 feet below the surface. However, that alternative request was subsequently withdrawn and is not now before the Commission.

4. At the direction of the Director of the Oil Conservation Division (the Division), pursuant to Division Rule 1218.B, this case was set for hearing before the Commission.

5. At the hearing, AC Ranch Partnership (AC Ranch), a surface lessee of land in proximity to the proposed injection site, and Randy Smith (Smith), a surface owner and resident in the vicinity of the proposed injection site, appeared as protestants, and offered evidence in opposition to the permit sought by Applicant. The Division appeared as an intervenor, and offered evidence relevant to conditions it urged the Commission to place upon the permit if granted.

Applicant's Evidence

6. The Applicant produced two witnesses, Chris Root, a chemical engineer employed by the applicant and the project manager for this project, and Alberto Gutierrez, a geologist, employed by Geolex, Inc., a consultant to Applicant.

7. Mr. Root described the proposed system for transporting acid gas extracted from the natural gas stream at the Linam plant to the injection well and injecting it into the well. He testified that implementation of the proposed system would allow deactivation of the sulfur recovery system currently in use at the plant. This would improve environmental protection by reducing the plant's emissions of sulfur dioxide and carbon dioxide and replacing an aging system with a newer and more modern system, which would also improve plant reliability. Mr. Root testified specifically that acid gas injection is the best available control technology for sulfur recovery from a natural gas stream.

8. The proposed system, as Mr. Root described it, will consist of a compressor system at the Linam Gas Plant that will compress the acid gas to a pressure of approximately 90 psig, an 8 inch diameter pipeline that will transport the gas approximately one and one-half miles to the injection well, and another compression system at the injection well that will further compress the acid gas for injection into the wellbore. Mr. Root testified that this configuration will minimize hydrogen sulfide exposure for plant personnel and for the public. Each element of the system will be equipped with emergency shut-down valves that will activate in case of a malfunction, and there will be flaring systems at the plant and at the well site to flare any hydrogen sulfide that must be released to the atmosphere. The pipeline will consist of a steel outer structure with a high density poly-ethylene (HDPE) plastic liner, which will be constructed to permit detection of leaks from the liner. The system will include additional safety features that Mr. Root described in detail.

9. Mr. Root further testified that the Applicant would prepare a hydrogen sulfide contingency plan that would comply with OCD Rule 118 prior to activating the system. The H2S contingency plan will provide, among other things, a means of alerting persons in the vicinity in event of an H2S release. Mr. Root further testified that he had reviewed the recommendations proposed by the Division, and that these proposals are acceptable to, and will be implemented by, the Applicant.

10. Mr. Gutierrez testified that Duke engaged his employer, Geolex Incorporated, to locate a suitable subsurface reservoir into which it could inject the acid gas stream from the Linam Gas Plant. He found that there was no suitable reservoir underlying the plant. However, the Bone Springs formation and the Brushy Creek formation at the proposed injection site, approximately one and one-half mile from the site met the requisite criteria. Based on his stratigraphic studies of these formations, Mr. Gutierrez concluded that these formations have the necessary porosity and permeability such that the acid gas can be successfully injected and are geologically sealed to prevent escape of the injected fluids. Duke obtained seismic information for the area, and Mr. Gutierrez confirmed his conclusions by reference to the seismic data. Furthermore, the results of previously drilled deep wells in this vicinity indicated no significant prospects for oil and gas production from or below the proposed injection zone.

11. Mr. Gutierrez further testified that fresh water wells in the vicinity produce water from the Ogalalla or shallower aquifers, and that fresh water is not deeper than 200 feet below the surface. The Duke injection well will have surface casing to a depth of 540 feet, and all three casing strings will have cement circulated to surface. Injection will be accomplished through sealed tubing, and the casing-tubing annulus will be filled with diesel.

12. Mr. Gutierrez further testified that Duke will maintain an injection pressure of 2,600 to 2,700 psi, and will perform the necessary step-rate tests, as required by the Division, to demonstrate that these pressures will not result in formation damage. Pressures will be continuously monitored.

13. Consideration was given to drilling a directional injection well from the plant site. Mr. Gutierrez testified that Duke rejected this alternative because it has never been done for acid gas injection, and Duke did not want to attempt to pioneer a new technique for this type of operation.

14. The surface and minerals at the proposed injection site are owned by the State. Duke obtained an easement from the State Land Office for its surface facilities. Duke also obtained an oil and gas lease, but they did this merely to protect their rights in case hydrocarbons are encountered. Duke relies on the easement as conferring rights to maintain the injection facility at the subject site.

15. Mr. Gutierrez further testified that Duke had furnished notice to all "affected persons" within a one-mile radius of the wellbore, and to the City of Hobbs, as advised by the Division. After consultation with the State Land Office, **Duke** did not notify the surface grazing lessee.

16. On cross-examination, Mr. Gutierrez testified that the direction and distance that the acid gas would travel within the Bone Spring formation would depend on the available porosity and permeability, but that it might travel outside the boundaries of the land leased by Duke.

Protestants' Evidence and Statements

17. The protestants produced two witnesses: S.G. Cobb, a partner in AC Ranch, grazing lessee of the land at the proposed injections site, and Randy Smith, owner of the surface of the half-section immediately north of the proposed injection site, whose home lies approximately one and one-half miles north of the injection site. Mr. Cobb and Mr. Smith testified that they object to location of the injection well as proposed.

18. Gale Henslee and Bobby Gonzales, employees of Xcel Energy, owner of the Maddox power plant, located approximately one-half mile east of the proposed injection site made statements. They stated that approximately fourteen employees are present full-time at the Maddox plant, and contractors are present and working there from time to time. Mr. Henslee and Mr. Gonzales articulated concerns about the safety of these persons in the event of an emergency caused by a hydrogen sulfide release.

The Division's Evidence

19. The Division, as intervenor, presented two witnesses: William Jones, a petroleum engineer whose duties include reviewing applications for injection permits, and Wayne Price, Chief of the Division's Environment Bureau.

20. Mr. Jones testified that in his opinion Duke's proposed facility was generally well designed, and he approved of it; though he believed Duke should have given more consideration to drilling a directional well from the plant site. Mr. Jones proposed certain conditions concerning the operation and testing of the well that he would recommend be included in the permit.

21. Mr. Price testified that Duke's proposed surface installations to convey the acid gas from the plant to the injection site would require Division approval through a modification of its discharge permit for the facility, a plan the Division approved pursuant to the Water Quality Act, NMSA 1978 Section 74-6-5, as amended. He further testified that Duke would be required to prepare a hydrogen sulfide contingency plan pursuant to Division Rule 118, and that the Environment Bureau would require that the hydrogen sulfide contingency plan be submitted for Division approval in connection with Duke's discharge plan modification, although Rule 118 does not expressly require such approval. Mr. Price also recommended certain precautionary measures, including installation of hard-wired alarm systems to alert neighboring residents and facilities of a hydrogen sulfide release, erection of a warning device on the adjacent public highway and plans to close the highway in event of an emergency.

The Commission's Conclusions

22. The Commission concludes that the proposed injection operation can be conducted in a safe and responsible manner, as proposed, without causing waste, impairing correlative rights or endangering fresh water, public health or the environment.

23. The proposed operation is an environmentally superior means of disposing of wastes generated at the Linam Gas Plant because it will allow reduction of emissions of certain pollutant, as compared to the continued operation of the plant's existing sulfur recovery system. Also the proposed facility will provide for sequestration of greenhouse gases, hydrogen sulfide and carbon dioxide.

24. The proposed injection operation can be conducted without undue risk to residents and others in the vicinity of the plant and injection location. However, in view of the highly toxic nature of hydrogen sulfide in the concentrations that will be present in the proposed system, specific measures, as described in the ordering paragraphs below, should be implemented to provide warning of hydrogen sulfide releases.

25. The surface installations of the proposed system are also subject to Division approval as a modification of the discharge permit granted to the Linam Gas Plant by the Division pursuant to the Water Quality Act, NMSA 1978 Section 74-6-5, as amended.

26. Although there is some evidence that fluids injected pursuant to the license granted by this order might migrate beyond the lateral limits of the particular tract on which the injection facility will be located, the Commission concludes that it is unnecessary that the Commission make a finding with respect to that possibility. The New Mexico Supreme Court in *Snyder Ranches, Inc. v. Oil Conservation Commission,* 789 P.2d 587 (NM Sup 1990) indicated that the Commission's issuance of an injection permit constitutes only a license to engage in activities otherwise within the property rights of the Applicant. If, at some future time, activity conducted within the scope of the permit exceeds those property rights, this would be a matter for adjudication in the courts, and not within the jurisdiction or competence of the Commission.

27. The easement granted to the Applicant by the New Mexico Land Office for installation of the necessary surface facilities constitutes sufficient evidence that the Applicant has a good faith claim of a legal right to conduct the proposed activity.

IT IS THEREFORE ORDERED THAT:

A. Duke Energy Field Services, LP is hereby authorized to drill and complete its proposed Linam AGI Well No. 1, to be located 1980 feet from the south line and 1980 feet from the West line (Unit K) of Section 30, Township 18 South, Range 37 East, NMPM, in Lea County, New Mexico, in such manner as to permit the injection of acid gas, consisting principally of hydrogen sulfide and carbon dioxide, for disposal into the Lower Bone Spring formation at a depth of 8,700 feet to 9,000 feet below the surface, through 3 1/2 inch tubing set in a packer located approximately 8,600 feet below the surface.

B. The operator of the well (Applicant or any successor operator) shall take all steps necessary to insure that the injected gas enters only the proposed injection interval and does not escape to other formations or onto the surface.

C. The well shall be constructed substantially in accordance with the description in the Injection Well Data Sheet attached to Form C-108 filed by the Applicant in this case, including setting surface casing at least 540 feet below the surface and setting a total of three casing strings, all with cement circulated to the surface.

D. During drilling operations, the operator shall monitor the well for hydrocarbon shows. Any hydrocarbon shows within the Lower Bone Spring shall be reported to the Division prior to commencement of injection.

E. Copies of the logs of the completed well, including a dipole sonic log or a formation microscanner log over the Lower Bone Spring, and a letter setting forth the estimated static bottom-hole pressure of the injection formation shall be delivered to the Division's Hobbs District Office prior to commencement of injection

F. After installation of the injection tubing but prior to commencing injection operations, and at least once every five years thereafter, the operator shall pressure test the casing from the surface to the packer-setting depth to assure casing integrity.

G. The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or approved leak-detection device in order to detect any leakage in the casing, tubing or packer.

H. The operator shall insure that the injected gas is properly dehydrated prior to entering the injection zone.

I. The operator shall record injection rates and pressures on a continuous basis and report these readings annually, or more often if requested, to the Engineering Bureau in the Division's Santa Fe Office and to the Division's Hobbs District Office. Each such report shall include the well name, location, API Number and the number of this order.

J. The injection well or system shall be equipped with a pressure limiting device that will limit the wellhead pressure on the injection well to no more that 2644 psi while injecting acid gas with an approximate specific gravity of 0.8. The operator shall attempt to maintain the injected fluid in the non-corrosive phase with minimum pressure regulating devices as necessary.

K. The Director of the Division may authorize an increase in injection pressure upon a proper showing that such higher pressure will not result in migration of the injected gases from the permitted injection formation. Such showing shall consist at least of a valid step-rate test run in accordance with procedures acceptable to the Division. Any step-rate test shall be run with an inert fluid such as produced water, and not with acid gas.

L. The operator shall notify the Hobbs District Office of the Division of the time of the setting of the tubing and packer and of any mechanical integrity test so that such operations can be witnessed or inspected.

M. Without limitation of the duties of the operator as provided in Division Rules 19 and 116, the operator shall immediately notify the Hobbs District Office of the Division of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from or around any producing or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

N. Prior to commencing injection, the operator shall secure Division approval of an appropriate modification of the discharge permit for the Linam Gas Plant to specifically authorize the proposed operation.

O. Prior to commencing injection, the operator shall prepare and secure approval by the Division's Environment Bureau of, a hydrogen sulfide contingency plan that complies with Division Rule 118, and includes, without limitation: (i) installation of alarm systems with hard-wired connections from the H2S monitoring systems at the Linam Plant and at the injection facility to audio and visual alarms at the Excel Maddox station and at the Linam Plant, and to an audible alarm at the Randy Smith home; (ii) additional H2S monitoring stations located to the east of the facility, in addition to those proposed in the application, the number and placement of such stations to be approved by the Division's Environment Bureau; (iii) warning devices that can be activated in the event of a hydrogen sulfide release (with wind socks) along roads that the proposed acid gas pipeline will cross, at locations to be approved by the Division's Environment Bureau, and (iv) continuous pressure monitoring and sampling of the pipeline microanulus at all sampling points.

P. The proposed acid gas pipeline system shall be buried at least three feet below the surface. All road crossings shall be installed in conduits designed and constructed to prevent damage due to traffic or routine road maintenance. The pipelines shall be constructed and maintained as if they were subject to United States Department of Transportation rules. Pipeline markers shall alert the public to the presence of poisonous gas.

Q. Prior to commencing injection, the operator shall submit to the Engineering Bureau in the Division's Santa Fe Office written evidence of satisfaction of the conditions precedent to injection provided in this order and obtain an administrative order acknowledging compliance with those conditions and authorizing commencement of injection.

R. The operator shall submit monthly reports of injection volumes to the Division on Form C-115, in accordance with Division Rules 706 and 1115.

S. The injection authority herein granted shall terminate one year after the effective date of this order if the operator has not commenced injection operations pursuant hereto; provided however, the Division Director, upon written request of the operator, may extend this time for good cause shown.

T. Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

U. The Division Director may amend this order by administrative order, after proper notice, and in the absence of protest.

V. Jurisdiction of this case is retained for entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

MARK E. FESMIRE, P.E. CHAIRMAN

JAMI BAILEY, C.P.G., MEMBER

WILLIAM OLSON, MEMBER

SEAL

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Tuesday, May 19, 2009 9:17 AM
To: 'Kocis, Diane E'
Cc: Lang, Ruth M
Subject: GW-015, Linam Ranch GP Admin Complete
Attachments: GW-015, Admin Complete Letter.pdf; GW-015, OCD PN.pdf; GW-015, Renewal Draft Permit.pdf; 5.GW-XXX, Example PN.doc

Ms. Diane Kocis,

The OCD has determined your discharge application to be administratively complete.

Attached you will find documents referencing this first milestone in the GW-015 renewal process.

Please submit to the OCD your version of the public notice for approval. I have also attached an applicant version of that an applicant notice should read like.

Thank you for your attention.

llowe

Leonard Lowe
Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: http://www.emnrd.state.nm.us/ocd/

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

APRIL 23, 2010

CERTIFIED MAIL
RETURN RECEIPT NO: 3341 0277

Ms. Ruth M. Lang, P.G.
DCP Midstream
Manager of Water/Waste/Remediation Programs
370 17th Street
Suite 2500
Denver Colorado, 80202

RE: REVISED DRAFT DISCHARGE PERMIT
DCP LINAM RANCH GAS PLANT AND AGI (GW-015)
LEA COUNTY, NEW MEXICO

Dear Ms. Lang:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3108K NMAC, the Oil Conservation Division (OCD) has considered all comments made by DCP Midstream (DCP) on the draft discharge permit listed above in its comment letter of October 16, 2009. OCD also considered other recent comments made by other Owner/Operators on similar discharge permits. OCD provided DCP with a written Response to Comments on April 22, 2010. OCD has made all appropriate revisions to the discharge permits. OCD will allow DCP 30 calendar days from the date that its receives its revised draft discharge permit to make additional comments or to request a hearing on the revised draft discharge permits.

If you have any questions, please contact me at 505-476-3488 or by E-mail (glenn.vongonten@state.nm.us). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation and patience during this discharge permit review.

Sincerely,

Glenn von Gonten
Acting Environmental Bureau Chief

Attachment (1)

Copy: Daniel Sanchez, Compliance and Enforcement Manager
Gail MacQuesten, Assistant General Counsel
Leonard Lowe, Environmental Engineer, Senior

DISCHARGE PERMIT GW-015

1. GENERAL PROVISIONS.

A. PERMITTEE AND PERMITTED FACILITY: The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues Discharge Permit GW-015 (Discharge Permit) to DCP Midstream (Owner/Operator), located at 370 17th Street, Suite 2500, Denver, Colorado 80020, to operate the Linam Ranch Gas Plant (Facility) located in the NE/4 of Section 5, Township 19 South, Range 37 East, NMPM, Lea County (Facility) and an acid gas injection well (API No. 30-025-38576) located NE/4 SW/4 of Section 30, Township 18 South, Range 37 East, NMPM, Lea County.

Modifications to the Discharge Permit include a new acid gas injection well and two new below-grade tanks associated with the new acid gas injection well. The acid gas injection well is located 1.5 miles north of the Linam Gas Plant. Ground water that may be affected by a spill, leak, or accidental discharge occurs at a depth of approximately 36 - 62 feet, with a total dissolved solids concentration of approximately 446 mg/L.

B. SCOPE OF PERMIT: The Division regulates the disposition of nondomestic wastes resulting from the oil field service industry, the transportation of crude oil or natural gas, the treatment of natural gas or the refinement of crude oil to protect public health and the environment pursuant to authority granted in the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978) at Section 70-2-12(B)(22) NMSA 1978. Transportation and treatment of natural gas occurs at a gas processing plant. The Division has been granted authority to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to gas processing plants by statute, Section 70-2-12(B)(22) NMSA 1978, and by delegation from the Water Quality Control Commission pursuant to Section 74-6-4(E) NMSA 1978.

In 2006, the New Mexico Court of Appeals held that the plain language of Section 74-6-5(D) NMSA 1978 allows an agency to grant a permit *"subject to conditions."* See *Phelps Dodge Tyrone, Inc. v. New Mexico Water Quality Control Commission, et al.*, 2006 –NMCA-115, 140 N.M. 464, *cert. denied*, 2006-NMCERT-9, 140 N.M. 542, *cert. denied*, 2006 – NMCERT-9. The court's decision clearly confirms that the Division has the authority to impose reasonable permit conditions and to impose permit conditions that specify the means of compliance. In setting those conditions the Division is not required to mirror federal law and may impose stricter requirements. The Division need only show that each condition is reasonable and necessary to ensure compliance with the Water Quality Act, the Oil and Gas Act, and applicable regulations.

The Water Quality Act and the rules issued under that Act protect ground water and surface water of the State of New Mexico by providing that, unless otherwise allowed by rule, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan. See 20.6.2.3104 NMAC and 20.6.2.3106 NMAC. A facility having no intentional liquid discharges

is required to operate under a discharge plan because inadvertent discharges of liquids (*e.g.*, leaks and spills, or any type of accidental discharge of contaminants) or improper disposal of waste solids have the potential to cause ground water contamination or threaten public health and the environment.

The Owner/Operator did not identify any intentional discharges that will occur at its Facility; therefore, this Discharge Permit does not authorize any intentional discharge. This Discharge Permit addresses the protection of public health and the environment, and the prevention of water pollution, by preventing and mitigating unintentional discharges.

Except as specifically provided by a permit condition, this Discharge Permit does not authorize any other treatment of, or on-site disposal of, any materials, product, by-product, or oil field waste, including, but not limited to the on-site disposal of lube oil, glycol, antifreeze, filters, elemental sulfur, washdown water, contaminated soil, and cooling tower blowdown water.

This Discharge Permit does not convey any property rights of any sort nor any exclusive privilege, and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal or local laws, rules or regulations.

C. DISCHARGE PERMIT CONDITIONS: By signing this Discharge Permit, the Owner/Operator agrees to the specific provisions set out in this document, and the commitments made in the approved Discharge Plan Application and the attachments to that application, which are incorporated into the Discharge Permit by reference.

If this Discharge Permit is a permit renewal, it replaces the permit being renewed. Replacement of a prior permit does not relieve the Owner/Operator of its responsibility to comply with the terms of that prior permit while that permit was in effect.

D. DEFINITIONS: Terms not specifically defined in this Discharge Permit shall have the same meanings as those in the Water Quality Act, the Oil and Gas Act, or the rules adopted pursuant to those Acts, as the context requires.

E. GENERAL PERFORMANCE STANDARDS: The Owner/Operator shall operate in accordance with the Discharge Permit conditions to comply with the Water Quality Act, the Oil and Gas Act, and the rules issued pursuant to those Acts, so that neither a hazard to public health nor undue risk to property will result (see 20.6.2.3109C NMAC); so that no discharge will cause or may cause any stream standard to be violated (see 20.6.2.3109H(2) NMAC); so that no discharge of any water contaminant will result in a hazard to public health, (see 20.6.2.3109H(3) NMAC); so that the numerical standards specified of 20.6.2.3103 NMAC are not exceeded; to protect public health and the environment (see Section 70-2-12(B)(22) NMSA 1978); and to prevent the waste of oil and gas, prevent the contamination of fresh waters, and so that oil and gas are not used wastefully, nor allowed to leak or escape from a natural reservoir or from wells, tanks, containers, pipe or other storage conduit or operating equipment (see 19.15.2.8 NMAC).

The Owner/Operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards specified at 20.6.2.3101 NMAC and 20.6.2.3103 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams).

F. FILING FEES AND PERMIT FEES: Pursuant to 20.6.2.3114 NMAC, every facility that submits a discharge permit application for initial approval or renewal shall pay the permit fees specified in Table 1 and the filing fee specified in Table 2 of 20.6.2.3114 NMAC. OCD has already received the required $100.00 filing fee for this application. The flat fee for a gas processing plant is $4,000.00. The Owner/Operator shall submit this amount along with the signed Discharge Permit. Checks should be made out to the **"New Mexico Water Quality Management Fund,"** not the Oil Conservation Division.

G. EFFECTIVE DATE, EXPIRATION, RENEWAL CONDITIONS, AND PENALTIES FOR OPERATING WITHOUT A DISCHARGE PERMIT: This Discharge Permit is effective when the Division's Environmental Bureau receives the signed Discharge Permit from the Owner/Operator and the $4,000.00 fee. This Discharge Permit will expire on **April 25, 2014.** The Owner/Operator shall submit an application for renewal no later than 120 calendar days before that expiration date, pursuant to 20.6.2.3106F NMAC. If an Owner/Operator submits a renewal application at least 120 calendar days before the Discharge Permit expires and is in compliance with the approved Discharge Permit, then the existing Discharge Permit will not expire until OCD has approved or disapproved the renewal application. Operating with an expired Discharge Permit may subject the Owner/Operator to civil and/or criminal penalties. See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978.

H. MODIFICATIONS: The Owner/Operator shall notify the Division's Environmental Bureau of any facility expansion, production increase, or process modification that would result in any significant modification in the discharge of water contaminants. See 20.6.2.3107C NMAC. The Division's Environmental Bureau may require the Owner/Operator to submit a permit modification pursuant to 20.6.2.3109E NMAC and may modify or terminate a permit pursuant to Section 74-6-5(M) through (N) NMSA 1978.

I. TRANSFER OF DISCHARGE PERMIT: Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of the Facility, the transferor shall notify the transferee in writing of the existence of the Discharge Permit, and shall deliver or send by certified mail to the Division's Environmental Bureau a copy of such written notification, together with a certification or other proof that such notification has been received by the transferee pursuant to 20.6.2.3111 NMAC. Upon receipt of such notification, the transferee shall inquire into all of the provisions and requirements contained in the Discharge Permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the Division's file or files concerning the Discharge Permit. Upon assuming either ownership or possession of the Facility the transferee shall have the same rights and responsibilities under the Discharge Permit as were applicable to the transferor. See 20.6.2.3111 NMAC.

Transfer of the ownership, control, or possession of the Facility does not relieve the transferor of responsibility or liability for any act or omission which occurred while the transferor owned, controlled or was in possession of the Facility. See 20.6.2.3111E NMAC.

J. CLOSURE PLAN AND FINANCIAL ASSURANCE: The Owner/Operator shall notify the Division's Environmental Bureau in writing when any operations of its Facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this Discharge Permit, or upon request from the Division, the Owner/Operator shall submit a closure plan, modified closure plan, and/or provide adequate financial assurance. See 20.6.2.3107 NMAC.

K. COMPLIANCE AND ENFORCEMENT: If the Owner/Operator violates or is violating a condition of this Discharge Permit, the Division's Environmental Bureau may issue a compliance order requiring compliance immediately or within a specified time period, suspending or terminating this Discharge Permit, and/or assessing a civil penalty. See Section 74-6-10 NMSA 1978. The Division's Environmental Bureau may also commence a civil action in district court for appropriate relief, including injunctive relief. See Section 74-6-10(A)(2) NMSA 1978 and Section 74-6-11 NMSA 1978. The Owner/Operator may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in an application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with or rendering inaccurate any monitoring device, method or record required to be maintained under the Water Quality Act; or failing to monitor, sample or report as required by a permit issued pursuant to a state or federal law or regulation. See Section 74-6-10.2 NMSA 1978.

2. GENERAL FACILITY OPERATIONS

A. LABELING: The Owner/Operator shall clearly label all tanks, drums, and containers to identify the contents and provide other emergency notification information.

B. INSPECTIONS AND MAINTENANCE OF SECONDARY CONTAINMENT SYSTEMS: The Owner/Operator shall inspect all secondary containment systems and sumps designed for spill collection/prevention and leak detection at least weekly to ensure proper operation and to prevent over topping or a system failure. The Owner/Operator shall maintain a written record of the results of its inspection.

The Owner/Operator shall empty all spill collection and/or secondary containment devices of fluids within 72 hours of discovery. The Owner/Operator shall report any leak or failure of a secondary containment system to the Division's Environmental Bureau as a release, in accordance with Permit Condition 2.E. The Owner/Operator shall repair any leak or failure of a secondary containment system as provided in its approved Spill Contingency Plan or as required by the Division.

C. RECORD KEEPING: The Owner/Operator shall maintain records of all inspections required by this Discharge Permit at its Facility for a minimum of five years and shall make those records available for inspection by the Division's Environmental Bureau .

D. TESTING: The Owner/Operator shall provide the Division's Environmental Bureau with notice at least one week prior to conducting any test required under this Discharge Permit, so that the Division may witness the test. The Owner/Operator shall maintain the results of all tests conducted pursuant to this Discharge Permit at its Facility and make those records available for inspection by the Division's Environmental Bureau. The Owner/Operator shall give verbal notice of a test failure to the Division's Environmental Bureau within 24 hours and file a written report of the failure with the Division's Environmental Bureau within 15 days. The Owner/Operator shall complete repairs to correct the failure as provided in its approved Spill Contingency Plan or as required by the Division's Environmental Bureau.

E. RELEASE REPORTING: The Owner/Operator shall report unauthorized releases of water contaminants, oil, gases, produced water, condensate, or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixtures of those chemicals or contaminants, pursuant to 19.15.29 NMAC and in accordance with any additional commitments made in its approved Spill Contingency Plan. For the purposes of this Discharge Permit, "releases" includes fires, breaks, leaks, spills, failures of a primary or secondary containment system, and the movement of storm water from a "contact area" to a "non-contact area." At a minimum, the Owner/Operator shall file a written report of the release with both the Division's Environmental Bureau and the appropriate Division's District Office within 15 days for both "major releases" and "minor releases" as defined in 19.15.29.7 NMAC and give verbal notice to both the Division's Environmental Bureau and the appropriate Division District Office within 24 hours of discovering a "major release."

F. CORRECTIVE ACTION FOR RELEASES: The Owner/Operator shall take appropriate corrective action as specified in its approved Spill Contingency Plan for all releases of contaminants whether or not the release qualifies as a "major" or "minor" release as defined in 19.15.29.7 NMAC.

The Owner/Operator shall address any contamination through the discharge permit process or pursuant to 20.6.2.4000 NMAC through 20.6.2.4116 NMAC (Prevention and Abatement of Water Pollution). The Division's Environmental Bureau may require the Owner/Operator to modify its Discharge Permit to provide for investigation, remediation, abatement, and monitoring for any vadose zone or water pollution.

G. DETERMINATION OF HYDROGEN SULFIDE CONCENTRATION: The Owner/Operator shall determine the hydrogen sulfide concentration at its Facility within 90 days of the issuance of this Discharge Permit pursuant to 19.15.11.8A NMAC and at least annually thereafter. The Owner/Operator shall submit the results of its determination of the hydrogen sulfide concentration at its Facility to the Division's Environmental Bureau within 30 days of its determination. If the Owner/Operator determines that the hydrogen sulfide concentration at its Facility exceeds the regulatory threshold specified at 19.15.11.8A NMAC, then it shall comply

with 19.15.11.8C NMAC and shall submit a hydrogen sulfide contingency plan to the Division's Environmental Bureau, pursuant to 19.15.11.9 NMAC. The Owner/Operator shall include the results of its determinations with its Annual Report.

The Owner/Operator shall chain each stair or ladder leading to the top of a tank or vessel containing 300 ppm or more of hydrogen sulfide in the gaseous mixture or mark it to restrict entry, pursuant to 19.15.11.12E NMAC.

H. ANNUAL REPORT: The Owner/Operator shall submit its annual report to the Division's Environmental Bureau by March 15th of each year. The annual report shall include the following:

1. For each waste stream, the amount of OCD-regulated liquid and waste solids generated and stored in the prior calendar year;
2. The amount of and final disposition of each waste stream;
3. A copy of all inspections conducted for secondary containment systems;
4. The nature and amount of any releases, with a description of the disposition of any contaminated soil or liquids (duplicate copy of original or amended C-141);
5. The nature and amount of liquid and waste solids generated and stored in the prior calendar year that were disposed pursuant to the "simplified procedure for holders of discharge plans" specified at 19.15.35.8C(2) and (3) NMAC; and,

3. STORAGE.

A. DRUM AND CONTAINER STORAGE: The Owner/Operator shall store all drums and other containers, including empty drums and containers, on a curbed, impermeable pad when not in use. "Containers" include tote tanks, sacks, and buckets. The Owner/Operator shall store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The Owner/Operator may store fresh water in containers that are clearly so labeled and that are located outside the drum and container, process, maintenance, material, and waste storage areas without having a curbed, impermeable pad, liner, pavement, or curbing.

B. PROCESS, MAINTENANCE, MATERIAL, AND WASTE STORAGE AREAS: Within one year from the issuance of this Discharge Permit, the Owner/Operator shall install and maintain appropriate secondary containment systems, including, but not limited to, pavement, liners, curbs, sumps, etc. at all process, maintenance, material and waste storage areas at its facility that lack secondary containment systems. (See 20.6.2.1203C(2) NMAC).

Process areas at gas processing plants include, but are not limited to, the following areas:

pigging chambers; slug catchers; natural gas liquid separators/natural gas liquid fractionation; oil and condensate separators; storage of natural gas liquids, oil, and condensate; station yard pipes and valves; scrubbers; heat exchangers/coolers; cooling tower blowdown; dehydrators; sulfur and carbon dioxide removal/gas sweetening; drip

traps; compressors; engines; and, valves on main transmission pipelines inside the fenced gas processing plant.

Process areas do not include the area beneath the main transmission pipeline, except for areas beneath valves.

4. WASTE MANAGEMENT.

A. WASTE STREAMS: This Discharge Permit authorizes the Owner/Operator to handle the waste streams identified in its approved Discharge Plan Application. The Owner/Operator shall obtain approval from the Division's Environmental Bureau for disposal of any waste stream not identified in its approved Discharge Plan Application.

B. WASTE STORAGE: The Owner/Operator shall store waste at its Facility only in clearly marked waste storage areas that have been identified in its approved Discharge Plan Application, except that waste generated during emergency response operations may be stored elsewhere for no more than 72 hours. The Division's Environmental Bureau may approve additional waste storage areas on a case-by-case basis. The Owner/Operator shall not store oil field waste (See 19.15.2 NMAC) on-site for more than 180 calendar days from the date that the container is filled without approval from the Division's Environmental Bureau.

C. WASTE DISPOSAL: This Discharge Permit does not authorize on-site disposal of nondomestic wastes. The Owner/Operator shall dispose of the waste streams identified in its approved Discharge Plan Application at Division-permitted or approved facilities in accordance with the applicable rules for disposal at those facilities. The Owner/Operator is approved for the simplified procedure set out in 19.15.35.8B(4) NMAC for disposal of wastes specified in 19.15.35.8C(2) and (3) NMAC at solid waste facilities without prior written authorization from the Division's Environmental Bureau if that the waste stream has been identified in the approved Discharge Plan Application and existing process knowledge of the waste stream does not change.

D. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other wastewater disposal systems at Division-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells, . This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the Facility. Pursuant to 20.6.2.5005 NMAC, the Owner/Operator shall close any Class V industrial waste injection wells at its Facility that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (*e.g.*, septic systems, leach fields, dry wells, *etc.*) within 90 calendar days of the issuance of this Discharge Permit. The Owner/Operator shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes in its Annual Report.

Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

E. ACID GAS INJECTION WELL: The Owner/Operator was authorized by the Oil Conservation Commission to operate an acid gas injection well (API No. 30-025-38576) by Order R-12546. The acid gas injection well is located approximately 1.5 miles north of the Facility. The Owner/Operator shall operate its acid gas injection well pursuant to the Commission's order.

5. TANKS, PITS, PONDS, SUMPS, FENCING, SCREENING, AND NETTING.

A. EXISTING BELOW-GRADE TANKS, PITS, AND PONDS: The Owner/Operator shall ensure that all below-grade tanks, pits, and ponds have secondary containment systems with leak detection. The Owner/Operator shall retrofit existing below-grade tanks, pits, and ponds that lack secondary containment and leak detection systems to meet the design and construction specifications of 19.15.17.11 NMAC.

The Owner/Operator shall submit a retrofit plan to the Division's Environmental Bureau no later than the date for submitting an application for renewal of this Discharge Permit. The retrofit plan shall specify how the Owner/Operator shall address any releases discovered during the retrofit operation. The Division's Environmental Bureau shall review and approve, approve with conditions, or deny the Owner/Operator's retrofit plan. The approved plan for retrofitting existing below-grade tanks, pits and ponds shall be incorporated into any permit renewal.

The Owner/Operator shall test existing below-grade tanks, pits, and ponds that lack secondary containment and leak detection at least annually by pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection or other methods approved by the Division's Environmental Bureau. The Owner/Operator shall maintain the test results for at least 5 years for inspection by the Division.

B. EXISTING SUMPS: A sump is any impermeable vessel or collection device incorporated within a secondary containment system, with a capacity less than 500 gallons, which remains predominantly empty, serves as a drain or receptacle for *de minimis* releases on an intermittent basis and is not used to store, treat, dispose of or evaporate products or wastes. See 19.15.17.7H NMAC. The Owner/Operator shall inspect all sumps at least weekly and shall remove all materials that it discovers and shall document this activity in its inspection log.

C. NEW BELOW-GRADE TANKS, PITS, PONDS AND SUMPS: The Owner/Operator shall obtain approval from the Division's Environmental Bureau before installing a new below-grade tank, pit, pond, or sump. The Owner/Operator shall submit its proposed design plan to the Division's Environmental Bureau to install a new below-grade tank, pit, pond, or sump at least 90 calendar days before it intends to install the new unit. The design plans for below-grade tanks, pits, and ponds shall incorporate secondary containment and leak detection. The design plan shall address the siting and design and construction standards for below-grade tanks, pits, and ponds specified at 19.15.17.10 NMAC and 19.15.17.11 NMAC. The Division's Environmental Bureau will review and approve, approve with conditions, or deny the Owner/Operator's proposed design for a new below-grade tank, pit, pond or sump.

D. ABOVE GROUND TANKS: The Owner/Operator shall place new above ground tanks on impermeable pads and surround the tanks with lined berms or other impermeable secondary containment system having a capacity at least equal to one and one-third times the capacity of the largest tank, or, if the tanks are interconnected, of all interconnected tanks. The Owner/Operator is not required to provide secondary containment for tanks that contain fresh water and that are clearly so labeled and that are located outside the drum and container, process, maintenance, material, and waste storage areas.

The Owner/Operator shall retrofit existing above ground tanks that do not meet the requirements described above. The Owner/Operator shall submit a plan for the retrofitting to the Division's Environmental Bureau no later than the date for submitting its application for renewal of this Permit. The Division's Environmental Bureau will review and approve, approve with conditions, or deny the Owner/Operator's plan. The approved plan for retrofitting existing above ground tanks shall be incorporated into any permit renewal.

E. FENCING: The Owner/Operator shall fence all below-grade tanks, pits, and ponds pursuant to 19.15.17.11D NMAC.

F. SCREENING AND NETTING: The Owner/Operator shall screen or net all open top tanks and all pits (including lined pits) and ponds, or otherwise render the tanks and pits non-hazardous to wildlife, including migratory birds, pursuant to 19.15.17.11E NMAC.

6. UNDERGROUND PROCESS AND WASTEWATER PIPELINES.

A. TESTING: The Owner/Operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate mechanical integrity except pipelines containing fresh water. The Owner/Operator shall test all pressure-rated pipelines to 150% of the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The Owner/Operator may propose other test methods for the Division's review and approval. The Owner/Operator shall maintain the test results for at least 5 years for inspection by the Division.

B. SCHEMATIC DIAGRAMS OR PLANS: The Owner/Operator shall maintain all underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground pipelines, pipe type, rating, size, and approximate location at its Facility.

C. NEW UNDERGROUND PIPELINES: The Owner/Operator shall notify the Division's Environmental Bureau prior to installing any new underground pipelines. The Owner/Operator shall submit a design plan with the information specified in Permit Condition 6.B to the Division's Environmental Bureau for new underground pipelines at least 90 calendar days before it intends to begin construction. The Division's Environmental Bureau shall

determine whether any modifications to this Discharge Permit are necessary and appropriate based on the new underground pipelines.

7. **STORM WATER:** The Owner/Operator shall implement and maintain storm water run-on and run-off plans and controls to separate chemical process areas and flow lines (contact areas) from storm water areas (non-contact areas) and shall comply with any additional commitments made in its approved Spill Contingency Plan.

The movement of storm water from a contact area to a non-contact area is a release and the Owner/Operator shall report that release in accordance with Permit Condition 2.E and take corrective action as directed by the Division.

8. **HYDROGEN SULFIDE CONTINGENCY PLAN:** The Owner/Operator shall comply with its approved Hydrogen Sulfide Contingency Plan for the Facility and AGI Wellsite, dated November 9, 2009, in compliance with 19.15.11 NMAC and pursuant to the Oil Conservation Commission Order R-12546.

A. The Owner/Operator shall review its Hydrogen Sulfide Contingency Plan any time that a subject addressed in the plan materially changes and shall make appropriate amendments. If the Division's Environmental Bureau determines that the Hydrogen Sulfide Contingency Plan is inadequate to protect public safety, then the Division's Environmental Bureau may require the Owner/Operator to add provisions to the plan or amend the plan as necessary to protect public safety.

B. The Owner/Operator shall ensure that its Hydrogen Sulfide Contingency Plan is reasonably accessible at the Facility in the event of a release, maintained on file at all times, and available for Division inspection.

C. On an annual basis, the Owner/Operator shall file with the appropriate local emergency planning committee and the state emergency response commission an inventory of the wells, facilities, and operations for which hydrogen sulfide contingency plans are on file with the division and the name, address and telephone number of a point of contact.

9. **SCHEDULE OF COMPLIANCE:**

A. PERMIT CERTIFICATION: The Owner/Operator shall sign and return this Permit to the Division's Environmental Bureau within 30 days of its receipt of this Permit.

B. SUBMISSION OF THE PERMIT FEES: As specified in Permit Condition 1.F, the Owner/Operator shall submit the permit fee of $4,000.00 along with the signed Discharge Permit within 30 days of the receipt of the Discharge Permit. Checks should be

payable to the **"New Mexico Water Quality Management Fund,"** not the Oil Conservation Division.

C. SUBMISSION OF INFORMATION: The Owner/Operator shall submit a copy of the information that it filed with the appropriate local emergency planning committee and the state emergency response commission in accordance with Permit Condition 8.D with its Annual Report.

D. PLAN FOR RETROFITTING BELOW-GRADE TANKS AND SUMPS: As specified in Permit Condition 5.A, the Owner/Operator shall submit its plan for the retrofitting of below-grade tanks and sumps to the Division's Environmental Bureau no later than the date for submitting an application for renewal of this Discharge Permit.

E. ANNUAL REPORT: As specified in Permit Condition 2.H, the Owner/Operator shall submit its annual report to the Division's Environmental Bureau by March 15th of each year.

10. CERTIFICATION: (OWNER/OPERATOR) by the officer whose signature appears below, acknowledges receipt of this Discharge Permit, and has reviewed its terms and conditions.

_____
Company Name - print name above

_____
Company Representative - print name

_____
Company Representative - Signature

Title_____

Date:_____

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

APRIL 22, 2010

CERTIFIED MAIL
RETURN RECEIPT NO: 3341 0277

Ms. Ruth M. Lang, P.G.
DCP Midstream
Manager of Water/Waste/Remediation Programs
370 17th Street
Suite 2500
Denver Colorado, 80202

RE: OCD RESPONSE TO APPLICANT COMMENTS ON DRAFT DISCHARGE PERMIT (GW-015)
DCP LINAM RANCH GAS PLANT AND AGI
LEA COUNTY, NEW MEXICO

Dear Ms. Lang:

Thank you for submitting DCP Midstream's comments on the draft discharge permit for the DCP Linam Ranch Gas Plant and Acid Gas Injection Well identified above. Before responding to DCP's comments on specific permit terms, the Oil Conservation Division (OCD) would like to address a broader issue: the scope of OCD's authority to impose reasonable permit conditions. In some of its comments DCP argues that the OCD cannot impose conditions that are not specifically identified in the Water Quality Act or WQCC regulations. OCD disagrees.

DCP's argument for limiting the authority of the OCD is similar to the argument raised by the plaintiff in *Phelps Dodge Tyrone, Inc. v. New Mexico Water Quality Control Commission, et al.*, 2006 – NMCA-115, 140 N.M. 464, 143 P.2d 502, *cert. denied*, 2006-NMCERT-9, 140 N.M. 542, 144 P.3d 101, *cert. denied*, 2006 – NMCERT-9, 140 N.M. 542, 144 P.3d 101. The plaintiff argued that the Water Quality Act does not authorize the administering agency (in that case, the New Mexico Environment Department) to impose permit conditions specifying the method to be used to prevent or abate water pollution and instead only authorizes the agency to impose the permit conditions listed in NMSA 1978, Section 74-6-6(J). That section deals with monitoring,

sampling, and reporting of water quality. The Court of Appeals rejected that argument.

The Court of Appeals held that the plain language of NMSA 1978, Section 74-6-5(D) allows an agency to grant a permit *"subject to conditions."* *Id.* ¶ 14. Further, the court found that this statutory authority was not limited to the conditions listed in Section 74-6-5(J):

If the legislature intended that NMED have only the power to impose the conditions in Section 74-6-5(J), it knew how to clearly impose such a limitation. We believe that the failure to express such a limitation indicates the legislature's intent that NMED should retain sufficient discretion to carry out its mission.

Id. ¶ 18.

The Court of Appeals read Section 74-6-5(J) as a grant of authority to regulate in certain areas – not as a limitation on the permitting process. The court drew a distinction between regulations and permit conditions: regulations set general requirements designed to apply to all situations, while permit conditions allow the agency to exercise its discretion to address specific situations. *See id.* ¶ 19. Finally, the court rejected the argument that the intent of the Water Quality Act was to allow industry to select the specific method of compliance:

Allowing industry to select the method of pollution control, and limiting NMED to granting or denying a permit, is one choice the legislature could have made. That choice, however, does not necessarily advance the Act's purpose of protecting ground and surface water from pollution, and, from the language of Section 74-6-5(D), we do not believe that the legislature chose that path.

Id. ¶ 23.

Phelps Dodge Tyrone, Inc. clearly confirms that OCD has the authority to impose reasonable permit conditions and to impose permit conditions that specify the means of compliance. In setting those permit conditions OCD is not required to mirror federal law and may impose stricter requirements. *See, New Mexico Mining Association v. Water Quality Control Commission*, 2007-NMCA-084, 142 N.M. 200, 164 P.3d 81. OCD need only show that each permit condition is reasonable and necessary to ensure compliance with the Water Quality Act and applicable regulations, considering site-specific conditions. *See* NMSA 1978, § 74-6-5(D).

The scope of the Water Quality Act is broad. The Water Quality Act and the regulations issued pursuant to that Act protect ground water and surface water of the State of New Mexico by providing that, unless otherwise allowed by rule, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan. *See* 20.6.2.3104 NMAC and 20.6.2.3106 NMAC. A facility having no intentional liquid discharges is still required to have a discharge plan. (*See* the definition of "source" which includes a facility from which there may be a discharge of water contaminants, NMSA 1978, Section 74-6-2(M) (emphasis added); the statutory mandate of the Water Quality Control Commission to "prevent" water pollution as

stated in NMSA 1978, Section 74-6-4(E) and (K); and the authority of the Water Quality Control Commission to adopt standards permitting no discharge of pollutants. NMSA 1978, § 74-6-4(E).)

Inadvertent discharges of liquids or improper disposal of waste solids still "*may move directly or indirectly into ground water*"(*see* the definition of "discharge permit" at 20.6.2.7O NMAC) and cause ground water or surface water contamination. The Water Quality Act clearly addresses prevention of ground water and surface water contamination as well as the abatement of contamination when it occurs. *See* NMSA 1978, § 74-6-9(D); NMSA 1978, § 74-6-4(E). The gas plant discharge permit at issue here addresses the prevention of water contamination by preventing unintentional discharges and mitigating discharges when they occur.

OCD's responses to DCP's comments on specific permit terms follows:

> **DCP'S COMMENT ON PERMIT CONDITION 1.A:** *The Hydrogen Sulfide Contingency Plan is no longer under review and has now been approved. As the Hydrogen Sulfide Contingency Plan is required by 19.15.11 NMAC, but not by Discharge Permit requirements, DCP requests that the sentence "The hydrogen sulfide contingency plan is under review for the entire facility." be deleted in its entirety as shown below.*
>
> *DCP Draft Alternate Language for 1:*
>
> *The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues discharge permit GW-015 (Discharge Permit) to DCP Midstream (Owner/Operator), located at 370 17th Street Suite 2500, Denver CO 80202 to operate the Linam Ranch Gas Plant located in the NE/4 of Section 5, Township 19 South, Range 37 East, NMPM, Lea County (Facility).*
>
> *The modifications include a new Acid Injection well and two new below grade tanks associated with the new well. The AGI well is located 1.5 miles north of the Gas Plant.*

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 1.A: As requested, OCD has changed this permit condition by removing reference to the Hydrogen Sulfide Contingency Plan in Permit Condition 1. All of the Hydrogen Sulfide Contingency Plan requirements are specified in Permit Condition 8.

> **DCP'S COMMENT ON PERMIT CONDITION 1.B:** *Draft Alternate Language: OCD regulates the disposition of nondomestic wastes at gas processing plants to protect the public health and the environment pursuant to authority granted in the Oil and Gas Act. (Chapter 70, Article 2 NMSA 1978) at Section 70-2-12(B)(22) NMSA 1978. OCD has been granted authority to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to the oil and gas industry by*

statute, Section 70-2-12(B)(22) NMSA 1978, and by delegation from the Water Quality Control Commission pursuant to Section 74-6-4(E) NMSA 1978.

The Water Quality Act and the rules issued under that Act protect ground water and surface water of the State of New Mexico by providing that, unless otherwise allowed by rule, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan. See 20.6.2.3104 NMAC and 20.6.2.3106 NMAC. A facility having no intentional liquid discharges is still required to have a discharge plan or a pit, closed loop, below grade tank or sump permit pursuant to 19.15.17 NMAC. Inadvertent discharges of liquids (e.g. leaks and spills, or any type of accidental discharge of contaminants) or improper disposal of waste solids still have a potential to cause ground water contamination or threaten public health and the environment. Because the Owner/Operator did not identify any intentional discharge that will occur at the Facility, this Discharge Permit does not authorize any discharge. This Discharge Permit addresses the protection of public health and the environmental, and the prevention of water pollution, by preventing and mitigating unintentional discharges.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 1.B: DCP may be under the mistaken impression that it can choose to be regulated by either the WQCC or OCD regulations. This is not the case; therefore, the requested change was not made.

As a constituent agency of WQCC, OCD regulates all oil field related facilities that are subject to the WQCC regulations. WQCC-permitted oil field facilities with pits and below-grade tanks are not required to also obtain a OCD C-144 permit. However, OCD will require WQCC-permitted facilities to meet the technical and siting standards specified in 19.15.17 NMAC. OCD regulations do not require that oil field facilities obtain a permit to operate a sump, but OCD does require WQCC-permitted facilities to meet certain permit conditions with respect to sumps.

DCP'S COMMENT ON PERMIT CONDITION 1.K: *Draft Alternate Language - If the Owner/Operator violates or is violating a condition of this Discharge Permit, OCD may issue a compliance order requiring compliance immediately or within a specified time period, suspending or terminating this Discharge Permit, and or assessing a civil penalty in accordance with applicable law. See Section 74-6-10 NMSA 1978*

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 1.K: DCP has proposed draft alternate language, but has not discussed why it feels that the existing language is not adequate. OCD has provided a direct citation to the applicable law in the permit and does not agree that there is any benefit in changing the draft language as DCP has proposed.

DCP'S COMMENT ON PERMIT CONDITION 2.B: *As discussed in the 12/2/09 meeting, both OCD and DCP agreed that it would be beneficial to amend*

language to allow for inspection results to be documented on paper or electronically in other formats than a logbook. OCD stated that they did not intend to limit inspection documentation to a single format. Also updated record keeping locations using existing verbiage in Condition 2D. Please see the proposed language changes below that DCP is suggesting.

Conducting weekly inspections of secondary containment systems and sumps designed for spill/leak prevention, collection, and detection at unmanned facilities (e.g. compressor stations) is overly burdensome when personnel are responsible for multiple facilities. Although DCP personnel routinely visually inspect secondary containment systems and sumps as part of their activities when visiting compressor stations, it will require more that a few minutes per facility to record inspection results for each secondary containment system or sump and properly manage these records. When this time is multiplied by approximately 10-12 facilities per supervisor and around a total of approximately 70 DCP facilities, it adds up and constitutes burden to DCP personnel when they could be using that time to perform better best management practices (BMPs) to prevent contaminants from impacting ground water. DCP agrees that there are many more secondary containment systems and sumps at manned gas plants than compressor stations and concur we will perform these inspections weekly. There is no regulatory requirement to conduct weekly inspections of secondary containment systems and sumps. Therefore DCP proposes that inspections be conducted monthly at unmanned compressor stations and weekly at manned gas plants. As before, suggest OCD add name (e.g. "Spill") to all references of "Contingency Plan" in order to now distinguish the type of contingency plan as draft permit now also references the Hydrogen Sulfide Contingency Plan.

DCP Draft Alternate Language for 2.B

The Owner/Operator shall inspect all secondary containment systems and sumps designed for spill collection/prevention and leak detection at least once each month at each unmanned facility and at least weekly at each manned facility to ensure proper operation and to prevent over topping or system failure.

The Owner/Operator shall record the results of its inspection in a log book or equivalent documentation from existing record management, either on paper or electronically. The Owner/Operator shall maintain inspection records at the facility or nearest field office for all inspections conducted pursuant to this Discharge Permit and the results of those inspections, and make those records available for OCD inspection.

The Owner/Operator shall empty all spill collection and/or secondary containment devices of fluids within 72 hours of discovery. The Owner/Operator shall report any release, leak or failure of a secondary containment system to OCD, in accordance with Permit Condition 2E. The Owner/Operator shall

repair any leak or failure of a secondary containment system as provided in its approved Spill Contingency Plan or as required by OCD.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 2.B: As discussed above, DCP mistakenly believes that OCD can only specify in a permit what is specified in regulations. This is incorrect. OCD can specify any reasonable permit condition that it finds to be appropriate. Certainly, specifying that DCP inspect its facilities at least weekly and maintain a written record of its inspections is a reasonable condition.

Please note that OCD did not commit or determine anything during its meeting with DCP on December 2, 2009. OCD met with DCP to discuss its concerns and did give DCP some feedback, but made no commitments. Certainly, DCP may also maintain an electronic copy of its inspections, but OCD will still require DCP to maintain a written inspection record at least weekly. The discharge permit now specifies that DCP shall maintain its inspection records at its Linam Ranch Gas Plant.

OCD rejects DCP's argument that it should be allowed to only inspect monthly at "unmanned" facilities, but weekly at "manned" facilities because DCP routinely and systematically inspects "unmanned" compressor stations several times a week for its own purposes. Given that DCP employees visit each unmanned compressor station, OCD rejects DCP's assertion that it is "overly burdensome" for it document that the secondary containment systems and sumps are in good shape. Also, compliance with Permit Condition 5.B requires operators to clean out sumps weekly, which it could not do if it was only inspecting sumps monthly.

DCP'S COMMENT ON PERMIT CONDITION 2.D: *As above, suggest adding ability to maintain records at facility or nearest field office. As before, suggest add "Spill" to distinguish what type of contingency plan as draft permit also currently references the Hydrogen Sulfide Contingency Plan.*

DCP Draft Alternative Language for 2.D:

The Owner/Operator shall provide OCD with notice one week prior to conducting any test required under this Discharge Permit, so that OCD may witness the test. The Owner/Operator shall maintain at the facility or nearest field office records of all tests conducted pursuant to this Discharge Permit and the results of those tests, and make those records available for OCD inspection. The Owner/Operator shall give verbal notice of a test failure to OCD within 24 hours, and file a written report of the failure with OCD within 15 days. The Owner/Operator shall complete repairs to correct the failure as provided in its approved Spill Contingency Plan or as required by OCD.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 2.D: For the Linam Ranch Gas Plant permit, OCD has specified that DCP will maintain its written inspections at its Linam Ranch Gas Plant. In addition, Permit Conditions 2.C and 6.B have also been changed to specify that DCP will maintain its inspection records and schematic diagrams or plans at its

Linam Ranch Gas Plant. OCD has changed the permit to specify "Spill Contingency Plan" to prevent confusion with the Hydrogen Sulfide Contingency Plan.

In the future, for other DCP facilities such as compressor stations, DCP should specify in its application where it proposes to maintain its written inspection records, diagrams, test results, *etc.*

DCP'S COMMENT ON PERMIT CONDITION 2.E: *As we discussed at the 12/2/09 meeting, the language above is inconsistent with 19.15.29 NMAC, which only requires reporting of minor and major releases with specific threshold volumes of more than 5 barrels up to 25 barrels and more than 25 barrels, respectively. OCD rule 19.15.29 NMAC does not include requirements specifying reporting failures of primary containment (e.g. tanks, etc.) located within properly implemented secondary containment or reporting when contact storm water flows into non-contact areas. DCP concurs with the last sentence in the condition.*

This draft condition adds to that definition of "release" to include any failure of a primary containment system such as a tank or container. However, if a primary containment has a spill into properly implemented secondary containment then the product or waste will not impact soil of the ground surface and consequently will not impact ground water thereby not triggering WQCC 20.6.2.3101 NMAC. Therefore DCP believes that this permit condition should remain consistent with the OCD regulatory definition of "release" in 19.15.2.7 (R)(4) NMAC and reporting requirements of 19.15.29 NMAC.

DCP suggests reference of the regulatory requirement should be used for the record retention period. DCP also suggests OCD add name (e.g. "Spill") to all references of "Contingency Plan" in order to now distinguish it from the Hydrogen Sulfide Contingency Plan.

The Owner/Operator shall report unauthorized releases of water contaminants and any additional commitments made in the approved Spill Contingency Plan. At a minimum, the Owner/Operator shall file a written report of the release using Form C14l with both the OCD District Office and the OCD Santa Fe Office within 15 days for both "major releases" and "minor releases", and give verbal notice to both the OCD District Office and the OCD Santa Fe Office within 24 hours of discovering a "major release".

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 2.E: DCP is under the mistaken impression that OCD is requiring it to meet the reporting requirements specified at 19.15.29 NMAC. OCD has determined that DCP must report <u>all</u> releases at its Linam Ranch Gas Plant and is imposing this as a "reasonable permit condition." If OCD determines that DCP is not operating its facility in a manner that prevents routine leaks and spills, it may require DCP

to modify its permit appropriately to address this problem, whether or not the release occurs inside or outside of the secondary containment. OCD will not allow any facility to operate in manner that may impact ground water and certainly will not wait to take appropriate action until ground water contamination actually takes place. Therefore, OCD did not make the requested changes.

As noted above, OCD agrees that it is better to specify "Spill Contingency Plan."

DCP'S COMMENT ON PERMIT CONDITION 2.F: *Corrective action is already required by 19.15.29 NMAC (19.15.29.11 or 19.15.30 NMAC).*

DCP Draft Alternate Language:

The Owner/Operator shall take appropriate corrective actions as specified in its approved Spill Contingency Plan for all releases of contaminants, as defined in 19.15.29.7 NMAC.

The Owner/Operator shall address any contamination through the discharge permit process or pursuant to 20.6.2.4000 NMAC through 20.6.2.4116 NMAC (Prevention and Abatement of Water Pollution). OCD may require the Owner/Operator to modify its Discharge Permit to provide for investigation, remediation, abatement, and monitoring for any vadose zone or water pollution.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 2.F: DCP is under the mistaken impression that OCD is requiring it to meet the reporting and corrective action requirements specified in OCD's regulations (*see* 19.15.29 and 19.15.30 NMAC). OCD has chosen to specify in the discharge permit that DCP address all leaks and spills in accordance with its Spill Contingency Plan. As a matter of consistency and convenience, OCD has determined that it is appropriate for facilities to use the existing form C-141 to report its leaks and spills. Therefore, OCD has not made the suggested changes to the permit.

DCP'S COMMENT ON PERMIT CONDITION 2.G: *Operators are already required to maintain inspection reports and typically retain documentation of offsite oil and gas waste disposal so we are surprised that OCD would want all of these records sent to the agency every year. In addition, release reports on Form C-141 are submitted to the agency through out the year. Requiring the C-141s to be submitted a second time in an annual report is duplication of effort for the DCP's personnel at all of DCP facilities with discharge permits.*

In addition, we are agreeing to conduct weekly inspection of secondary containment systems and maintain the records at Linam Ranch Gas Plant. It seems it would be a time burden on OCD staff to review these reports. If OCD staff is not going to review these routine reports, it will be a burdensome on the operators, without any benefit, to produce these annual reports particularly when the records will be available upon OCD request at any time the OCD wants to

review them. Changing Form C-141 to clarify it requires that operator to describe disposition of any contaminated soil or water from a reportable release may be more efficient than including the requirement to submit this information in an annual report (i.e. "Describe Area Affected and Cleanup Action Taken"). If the annual report is still required by OCD, DCP proposes that it be clarified that these conditions apply to waste streams regulated by the OCD.

2.G: Remove this condition.
OR
2.G: The Owner/Operator shall submit an annual report to OCD by March 15 of each year. The annual report shall include the following:

1) The amount and final disposition of each OCD regulated waste stream (effluent and waste solids) generated and stored in the prior year;

2) A copy of all inspections conducted of secondary containment systems; and

3) The nature and amount of any releases, with a description of the disposition of any associated contaminated soil or water. This can be completed by providing duplicate copies of written form C-141 submitted in the previous year.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 2.G: OCD rejects DCP's arguments concerning the permit condition requiring it to submit a comprehensive annual report of its inspections and release notifications for several reasons. First, OCD does not find it "burdensome" to require an operator to document whether its facility is being properly operated in a manner that is protective of New Mexico's fresh waters. This is a part of OCD's mandate as a constituent agency of the WQCC. Second, OCD has determined that it is more efficient for the operators to compile a comprehensive annual report rather than for OCD to do so. Finally, these annual reports become part of the administrative record which may reviewed by any interested person.

However, OCD has determined that some of DCP's proposed language should be adopted because it does make it more clear that DCP is responsible for reporting the disposition of oil field waste only and not domestic waste to OCD.

DCP'S COMMENT ON PERMIT **CONDITION 3**.B: *As per our discussion during the 12/2/09 meeting, DCP understands that OCD did not intend to require that all areas of facilities to be paved and curbed, etc. DCP proposes the following language that reflects OCD's concerns.*

DCP Draft Alternate Language: 3.B "Owner/Operator shall pave and curb engine skids areas, maintenance, chemical material storage areas, and waste storage areas at its facility, or incorporate another appropriate spill collection device for those areas that show evidence that water contaminants, from releases, leaks and spills, have reached the ground surface. (See 20.6.2.1203C(2) NMAC).

Examples of new and expendable products in chemical material storage areas include lubricating oil(s), molecular sieve, amine(s), and glycol(s)."

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 3.B:

DCP's concern about what areas must be paved and curbed is valid. After review, OCD has decided that "process areas" refers to areas at which processes unique to, or commonly found, at compressor station operations and gas plants occur. These process areas include, but are not limited to the following areas:

> pigging chambers; slug catchers; natural gas liquid separators/natural gas liquid fractionation; oil and condensate separators; storage of natural gas liquids, oil, and condensate; station yard pipes and valves; scrubbers; heat exchangers/coolers; dehydrators; sulfur and carbon dioxide removal/gas sweetening; compressors; engines; and, valves on main transmission pipelines within the fenced gas plant.

Process areas do not include the main transmission pipeline, except for valves at which liquids could be released from. OCD has revised the DCP draft permit accordingly (see Permit Condition 3.B). OCD has not changed the meaning of *"maintenance, material and waste storage areas."* Of course, DCP may not actually conduct all of the above specified processes at the Linam Ranch Gas Plant or at its compressor stations.

DCP'S COMMENT ON PERMIT CONDITION 3.C: *Previous permit condition required impermeable secondary containment for new above ground tanks. This new requirement includes retrofitting all pre-existing tanks on an impermeable pad with lined secondary containment. As discussed in the 12/2/09 meeting, this condition appears to require a design that could retain moisture adjacent to the tank bottom due to the impermeable pad, which will accelerate corrosion. Operators often employ a type of tank foundation that provides drainage below the tank bottom in order to reduce corrosion, and is underlain with a liner or impermeable secondary containment. For instance, if you allow tanks to be installed on pea gravel underlain by impermeable secondary containment, such as a liner, then corrosion can be minimized while also preventing any tank bottom leaks from reaching the ground surface.*

To retrofit all existing tanks will be very costly to operators at a time of economic challenges and operators have not been given a chance to provide input or comments in a regulatory or statutory process. DCP would like to suggest that integrity testing of tanks can also help determine whether or not a tank is in good condition to be in service without leaks or releases as part of the retrofitting plan.

DCP Draft Alternate Language FOR 3.C: The Owner/Operator shall place above ground tanks over impermeable secondary containment (e.g. berms and liners) to protect releases or leaks from reaching the ground surface.

The Owner/Operator shall surround the tanks with lined berms or other impermeable secondary containment system having a capacity at least equal to one and one-third times the capacity of the largest tank, or, if the tanks are interconnected, of all interconnected tanks. The Owner/Operator is not required to provide secondary containment for any tanks that contain fresh water, and that are clearly so labeled. The Owner/Operator shall retrofit existing above ground tanks that do not meet the requirements described above. The Owner/Operator shall submit a plan for the retrofitting to OCD no later than the date for submitting a renewal application of this Permit. OCD can also approve, on a limited basis, during the retrofitting period that appropriate integrity testing to demonstrate tank integrity can be part of the plan. OCD will review and approve, approve with conditions, or deny the Owner/Operator's plan. The approved plan for retrofitting existing above ground tanks shall be incorporated into any permit renewal.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 3.C: OCD agrees with DCP that it should be able to place above ground tanks directly on pea gravel which overlies an impermeable liner or other surface and will consider this design when the retrofit plan is submitted. While OCD agrees that integrity testing is appropriate, it does not agree that integrity testing can meet the performance standard of collecting any releases. Permit Condition 3 has been changed to refer to "Storage" and Permit Condition 3.C (Above Ground Tanks) has been moved to Permit Condition 5.

OCD is aware of the costs of retrofitting above ground tanks to provide for secondary containment. For that reason, OCD is allowing operators five years before they submit its retrofitting plans. However, this permit condition is a reasonable one and there is no need for rulemaking to impose this permit condition. Through the public comment process, DCP has had its chance to convince OCD that the secondary container requirement is not needed in general or that it is not necessary at this particular site. DCP's arguments are not compelling; therefore, OCD has not made all of the requested changes.

DCP'S COMMENT ON PERMIT CONDITION 6.C: *As per our discussion during the 12/2/09 meeting, DCP understands that OCD did not intend to require that repair or replacement of existing piping would be included in this condition. OCD further explained that OCD wants this condition to be followed for projects that affect the capacity of a facility to discharge. DCP proposes the following language that reflects OCD's concerns.*

"The Owner/Operator must notify OCD prior to installing any new underground pipelines within the facility as part of any throughput increase, facility expansion, or modification to the process that can increase the capacity to discharge by 20% or more. The Owner/Operator shall submit a design plan to OCD for new underground pipeline or piping at least 30 calendar days before it intends to begin construction. OCD shall determine whether any modifications to the Discharge Permit are necessary and appropriate based on the new underground

pipeline or piping. This condition does not apply to repairs or replacement of existing facility underground pipelines or piping."

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 6.C: OCD agrees that repair or replacement of existing piping would not be a major modification. The WQCC regulations define what constitutes a "discharge permit modification" at 20.6.2.7 NMAC, but does not define what a "major" modification would be. OCD must review the proposed changes to determine whether a proposed modification is significant enough to be a "major" modification. Requiring DCP to submit a design plan for any new underground piping will allow OCD to make that determination. If OCD determines that a proposed change is significant enough to be a "major modification", then the owner/operator must meet the public notice requirements specified in 20.6.2.3108 NMAC.

DCP'S COMMENT ON PERMIT **CONDITION 7:** *As per our discussions during the 12/2/09 meeting, DCP suggests the following language to address OCD and DCP concerns.*

DCP Draft Alternate Language

7. STORM WATER: The Owner/Operator shall implement and maintain appropriate storm water controls at the facility to prevent a violation of the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC. These controls may include, but are not limited to, engine skid drain systems, secondary containment for storage tanks, and curbing for chemical material or waste storage areas.

The Owner/Operator shall notify the OCD of discovery of any release of a material as required by 2E. The Owner/Operator shall take immediate corrective action to stop the discharge.

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 7: DCP has proposed changes to the permit, but has not justified why these changes should be made. OCD did change the draft permit by specifying what a process area is in Permit Condition 3.B (see comment above).

The release of storm water from a process area/contact area to a non-contact must still be reported as a release. Therefore, the requested changes were not made.

DCP'S COMMENT ON PERMIT CONDITION 8: *As the Hydrogen Sulfide Contingency Plan is required by 19.15.11 NMAC, but not by Discharge Permit requirements, DCP requests that this condition be deleted in its entirety.*

OCD'S RESPONSE TO COMMENT ON PERMIT CONDITION 8: As previously noted, DCP is under the mistaken impression that OCD can only impose permit conditions that are explicitly required by one or both sets of regulations that it implements. This is incorrect. OCD

is imposing reasonable permit conditions and will certainly require DCP to comply with the Oil Conservation Commission's authorization to inject by Order R-12546.

OCD has revised DCP's draft permit as discussed above. As a result of its detailed analysis of DCP's and other permittees' comments on recently issued draft permits, OCD has also made other changes to DCP's permit. OCD made several stylistic changes. The revised draft permit now refer to the "Division's Environmental Bureau" rather than OCD. In addition, the term "facility" is used rather than "gas plant."

OCD made several more substantive technical changes as follows:

- Permit Condition 1.B: Added new text on *Tyrone* case.
- Permit Condition 1.B: Added new text to make clear that this permit only authorizes certain actions.
- Permit Condition 2.E: Added "oil, gases, produced water, condensate, or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixtures of those chemicals or contaminants."
- Permit Condition 2.E: Added "fires" to releases in Permit Condition 2.E.
- Permit Condition 2.H: New requirements for the Annual Report.
- Permit Condition 3.C: Specifies that fresh water containers do not need to be surrounded by berms, *etc.*, as long as they are located outside a drum and container, process, maintenance, material, and waste storage area.
- Permit Condition 4.B: Specifies that "The Owner/Operator shall not store oil field waste (see 19.15.2 NMAC) on-site for more than 180 calendar days from the date that the container is filled without approval from the Division's Environmental Bureau."
- Permit Condition 5: Specifies that existing and new below-grade tanks, pits, ponds, and sumps must meet the siting and design and construction standards specified at 19.15.17.10 NMAC.
- Permit Condition 5.E: Specifies that all tanks must be screened or netted.
- Permit Condition 9: Added a new section that specifies the due dates for certain reports, *etc.*, that the permittee is required to submit elsewhere in the permit.

Please note that the above changes are those that OCD has identified as being substantive. Other less substantive changes were also made.

OCD will mail the revised draft permit to DCP under separate cover and will allow DCP 30 days to review and submit comments. If you have any questions, please contact me at 505-476-3488.

Sincerely,

Glenn von Gonten
Acting Environmental Bureau Chief

Copy: Daniel Sanchez, Compliance and Enforcement Manager
Gail MacQuesten, Assistant General Counsel
Leonard Lowe, Environmental Engineer, Senior

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

May 19, 2009

Dear, Diane Kocis,

Re: Discharge Plan Renewal Permit GW-015
DCP Midstream L.P.
Linam Ranch Gas Plant
Lea County, New Mexico

The New Mexico Oil Conservation Division (NMOCD) has received DCP Midstream L.P.'s request and initial fee, dated December 24, 2008, to renew GW-015 for the Linam Ranch Gas Plant located in the NE/4 of Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. The initial submittal and subsequent information has provided the required information in order to deem the application "administratively" complete.

Therefore, the New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the NMOCD. NMOCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3492 or leonard.lowe@state.nm.us. On behalf of the staff of the NMOCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Leonard Lowe
Environmental Engineer

LRL/lrl

xc: OCD District I Office, Hobbs

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

May 19, 2009

Ms. Diane Kocis
DCP Midstream L.P.
370 17th Street, Suite 2500
Denver, Colorado 80202

Re: Renewal Discharge Permit, GW-015
Linam Ranch Gas Plant
NE/4 of Section 6, Township 19 South, Range 37 East, NMPM,
Lea County, New Mexico

Dear Ms. Kocis:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the discharge permit for the **DCP Midstream L.P.,** (owner/operator) for the above referenced site contingent upon the conditions specified in the enclosed **Attachment to the Discharge Permit.** Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 days of receipt of this letter including permit fees.**

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

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Glenn von Gonten
Acting Environmental Bureau Chief

Attachments-1
xc: OCD District Office

ATTACHMENT

DISCHARGE PERMIT

APPROVAL CONDITIONS

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100.00, plus a flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required $100.00 filing fee. The flat fee for a Gas Plant is $4000.00. Please submit this amount with a signed copy of the permit and return to the OCD within 30 days. Checks should be made out to the New Mexico Water Quality Management Fund.

2. **Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on April 25, 2014** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA 1978} and civil penalties may be assessed accordingly.***

3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.

4. **Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its December 2008 discharge plan application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. **Modifications:** WQCC Regulation 20.6.2.3107.C and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. **Waste Disposal and Storage:** The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class

II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. **OCD Part 35 Waste:** Pursuant to OCD Part 35 (19.15.35.8 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. **Waste Storage:** The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. **Drum Storage:** The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. **Process, Maintenance and Yard Areas:** The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. **Above Ground Tanks:** The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. **Labeling:** The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. **Below-Grade Tanks/Sumps and Pits/Ponds.**

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in

secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking

water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Part 29 (19.15.29 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD Environmental Bureau performed an inspection of this facility on April 20, 2009. Mr. Johnny Bradford and plant representative were in attendance. The OCD has concluded the following:

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. ***An unauthorized discharge is a violation of this permit.***

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transferor shall notify the transferee in writing of the existence of the discharge permit, and shall deliver or send by certified mail to the department a copy of such written

notification, together with a certification or other proof that such notification has in fact been received by the transferee.

Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit. The transferee (new owner/operator) shall sign and return an original copy of these permit conditions and provide a written commitment to comply with the terms and conditions of the previously approved discharge permit.

22. Closure Plan and Financial Assurance: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

23. Certification: (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

_____
Company Name-print name above

_____
Company Representative- print name

_____
Company Representative- Signature

Title_____

Date:_____

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(GW-015) Ms. Diane Kocis, Senior Environmental Specialist, DCP Midstream, 370 17th Street, Suite 2500, Denver Colorado, 80202 has submitted a renewal application for the previously approved discharge plan for their Linam Ranch Gas Plant, located in the NE/4 of Section 5, Township 19 South, Range 37 East, NMPM, Lea County. The facility processes natural gas to remove condensate and sulfur. Approximately 550 bbls of waste water, 2000 bbls of produced water, and 1750 gallons of sulfuric acid are generated and stored in onsite. These fluids are not to be intentionally discharged to the ground. If accidental discharge occurs immediate recovery/reclamation shall be implemented. Fluids, other then clean water, including dry chemicals, shall be stored within secondary containment and properly bermed. Waste shall be properly maintained and manifested. A copy of the discharge permit once renewed shall be on location at all times and made familiar to all facility personal. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 36 - 62 feet, with a total dissolved solids concentration of approximately 446 mg/L. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site http://www.emnrd.state.nm.us/ocd/. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en español, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacio´n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this **19th** day of April 2009.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director

May 15, 2009

Certified Mail, Return Receipt
#91 7108 2133 3932 9262 1620

Mr. Leonard Lowe
Environmental Engineer
New Mexico Oil Conservation Division
New Mexico Energy, Minerals
& Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505

Subject: Addendum to DCP Midstream L.P.'s Linam Ranch Gas Plant Discharge Permit Renewal (GW-015)
Lea County, New Mexico

Dear Mr. Lowe:

Per your request, enclosed is an addendum to DCP Midstream, LP's discharge permit renewal application (GW-015) that was sent to your office on December 24, 2008.

This addendum is has been prepared in two parts. Part I consists of two tables. Table I summarizes the Linam Ranch Gas Plant materials used or stored on-site. Table II summarizes the wastes generated at the plant. Part II addresses the depth to groundwater and an estimate of the total dissolved solids concentration of that groundwater.

If you have any questions concerning this submittal, please contact me at (303) 720-236-2285 or Ruth Lang at 303-605-1713. Please send all correspondence regarding this addendum to dekocis@dcpmidstream.com or rmlang@dcpmidstream.com.

Sincerely,
DCP Midstream, LP

Ruth M. Lang for

Diane E. Kocis
Senior Environmental Specialist

Enclosure

cc: Larry Hill, District Supervisor (Certified Mail, Return Receipt #91 7108 2133 3932 9262 1637)
NMOCD District 1 Office
1625 N. French Drive
Hobbs, New Mexico 88240

dcp Midstream

Addendum to Linam Ranch Gas Plant Discharge Permit Renewal Application
GW-015

PART I - Materials and Waste Information

Table I
Linam Ranch Gas Plant Materials Used and Stored On-Site (GW-015)

MATERIAL USED/STORED	METHOD OF STORAGE	VOLUMES (MAXIMUMS)
Produced Water	Aboveground storage tanks within secondary containment	2,000 bbls in total of 2 tanks
Natural Gas Condensate (Stabilized Liquids Unstabilized Liquids)	Aboveground storage tanks within secondary containment	3,000 bbls - Stabilized 5,000 bbls - Unstabilized (in total of 7 tanks)
Engine Coolant (antifreeze)	Aboveground storage tank within secondary containment.	1,100 gals
Methanol Bulk (stored and pumped to cryogenic)	Aboveground storage tank within secondary containment	7,056 gals
Methanol Cryogenic	Aboveground storage tank within secondary containment	540 gals
Lube Oil	Aboveground storage tanks within secondary containment	3,780 gals in total of 7 tanks
Lube Oil	55-gallon drum on concrete foundation within building	55 gals
Equipment skid washdown water Skimmer process water storage Process washdown Stormwater from process skids Cooling tower blowdown	Belowground storage tank (Skimmer Tank) within secondary containment	550 bbls
Diesel	Aboveground storage tanks within secondary containment	800 gals in total of 2 tanks
Gasoline	Aboveground storage tank within secondary containment	500 gals
Process Softener Salt	On pallet on concrete foundation within a building	3,000 lbs (2 pallets of 50-lb bags)
Hydrochloric Acid Potassium Hydroxide Methyl Alcohol Buffer Solutions pH 4, 7, & 10 Acetic Acid	Bottles in cabinet with a leak collection plate; all in water process testing kit	10 gals

MATERIAL USED/STORED	METHOD OF STORAGE	VOLUMES (MAXIMUMS)
Sulfuric Acid	Aboveground storage tank within secondary containment	1,750 gals
Sodium Hypochlorite (bleach)	55-gallon drum within secondary containment	55 gals
Chlorine Bleach stored separately	Plastic totes within secondary containment	225 gals
Cooling tower water treatment chemicals	On pallet on concrete foundation within a building	1,000 gals
Corrosion Inhibitor	In totes within secondary containment	500 gals
Amine	Aboveground storage tanks within secondary containment	226 bbls in total of 2 tanks
Soap	Plastic tanks stored on concrete surface inside bermed concrete	225 gals in total of 2 tanks
Cleaning solvent -Varsol	Aboveground storage tank within secondary containment	560 gals
Inlet gas treating chemicals -Powdersolv	Aboveground storage tanks within secondary containment	300 gals
Antifoam for amine processing	55-gallon drum on concrete foundation within secondary	55 gals
Used Oil	Aboveground storage tanks within secondary containment	500 gals in total of 2 tanks
Petroleum-Stained Soil	Stockpiled on liner and transferred to onsite permitted landfill	Approximately 5 yd^3/year

Note: 1 barrel = 42 U.S. gallons
bbls = barrels
gals = gallons

dcp Midstream

Addendum to Linam Ranch Gas Plant Discharge Permit Renewal Application
GW-015

Table II
Linam Ranch Gas Plant Wastes Generated (GW-015)

WASTE	COLLECTION & STORAGE METHOD	APPROXIMATE VOLUMES	FINAL DISPOSITION	RECEIVING FACILITY
Produced Water	Aboveground storage tank within secondary containment	2,000 bbls maximum	Off-site permitted Class II injection wells.	Rice Engineering SWD Wells permitted class II injection well.
Produced Water/Condensate Mix Includes: Inlet Wash Water Removed Liquids and Used Amine from Treating Area	Aboveground storage tank within secondary containment	(5) 1,000 bbl tanks	To skimmer tank, then produced water goes to off-site permitted Class II injection well.	Rice Engineering SWD Wells permitted class II injection well.
Inlet Wash Water removed liquids	Below-ground storage tanks within secondary containment.	3,000 bbls/day	Off-site permitted Class II injection wells	Rice Engineering SWD Wells permitted class II injection well.
Used Oil Filters	Recycling dumpster	(1) dumpster, 3 yds^3 maximum	Off-site recycling	Thermofluids, Inc. at this time.
Used Amine Filters	Recycling dumpster	(2) dumpsters, 6 yds^3	Off-site recycling	Thermofluids, Inc. at this time.
Used Engine Coolants	Coolant is drained and reused.	NA	NA	NA
Used Inlet Filters stored with Amine Filters	Recycling dumpster	4 yd^3 Every 6 months	Off-site recycling	Thermofluids, Inc. at this time.
Waste Lubrication/Used Oil	Contained in double-walled sumps	400 gals	Either hauled by truck to off-site recycling or (mostly) stabilized and sold with NGLs (<1%).	Thermofluids, Inc./Controlled Recovery Inc. at this time.

WASTE	COLLECTION & STORAGE METHOD	APPROXIMATE VOLUMES	FINAL DISPOSITION	RECEIVING FACILITY
Painting Wastes	If generated, would go to central collection area with secondary containment.	NA	If generated would go to off-site disposal. Typically transported by Safety Kleen	Off-site permitted disposal facility
Lab Wastes	55-gallon drum within secondary containment	55 gals maximum	Off-site disposal. Transported by Safety-Kleen at this time.	Off-site permitted disposal facility
Unused Laboratory Chemicals and Reagents	55-gallon drum within secondary containment	55 gals maximum	Off-site disposal. Transported by Safety-Kleen at this time.	Off-site permitted disposal facility
Sewage	Underground septic tanks	NA	On-site leach field	NMED permitted on-site leach field
Spent Solvent	Parts washer. Re-used, then transported off-site by Safety Kleen	30 gals maximum	Off-site recycling	Safety Kleen at this time.
Spent Sulfur Catalyst	Temporary aboveground roll-off container	700 ft^3	Off-site OCD permitted facility for Exempt Wastes	Controlled Recovery Inc.
Charcoal Filter Media	Temporary aboveground roll-off container	12 yds^3 maximum	Off-site OCD permitted facility for Exempt Wastes	Controlled Recovery Inc.
Molecular Sieve	Temporary aboveground roll-off container	6 yds^3 maximum	Off-site OCD permitted facility for Exempt Wastes	Controlled Recovery Inc.
Asbestos	Plastic bags and/or drums in posted segregated area.	2 Linear feet max (removed from piping)	Off-site disposal	If generated, typically Asbestos Removal Inc. (None generated recently; only during special projects)
Municipal Trash	Trash cans/bins, dumpsters	2 dumpsters/week	Off-site disposal	Waste Management Inc. at this time.

Note: 1 barrel = 42 U.S. gallons bbls = barrels gals = gallons

dcp Midstream

Addendum to Linam Ranch Gas Plant Discharge Permit Renewal Application
GW-015

PART II - Groundwater Information

The static groundwater level at the plant is approximately 36 to 62 feet below ground level, according to the New Mexico Environment Department Drinking Water Bureau (NMED DWB). An analytical report for a sample of groundwater collected from a Linam Ranch Gas Plant water supply well in 2008 by NMED DWB, lists a TDS value of 446 mg/kg.

The nearby City of Hobbs has six water supply wells approximately 20 miles north of the city that range in depth from 130 to 200 feet. The District Manager of the NMED DWB estimated that TDS value for the City of Hobbs water supply wells is approximately 700 mg/kg.

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 12/24/08

or cash received on _____ in the amount of $ 100 00

from DCP Midstream LP

for GW-15

Submitted by: Lawrence Romero Date: 1/14/09

Submitted to ASD by: Lawrence Romero Date: 1/14/09

Received in ASD by: _____ Date: _____

Filing Fee ✓ New Facility _____ Renewal ✓

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

DCP Midstream, LP
370 17th Street, Suite 2500
Denver, CO 80202

Vendor Number
0000078217
Vendor Name
NEW MEXICO-

Check Number
[redacted]
Check Date
12/24/08

Invoice Number	Invoice Date	Net Amount	Description
122308	12/23/08	100.00	Linam Gas Plant DP Permit Renewal GW-015
	Total Paid	**$100.00**	

Please Detach and Retain for Your Records

dcp Midstream.

December 24, 2008

UPS NEXT DAY AIR *(Tracking Number 1Z F46 915 01 5019 367 2)*

Mr. Wayne Price
Environmental Bureau Chief
Oil Conservation Division
New Mexico Energy, Minerals
& Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505

Subject: DCP Midstream L.P.'s Linam Ranch Gas Plant (GW-015)
Discharge Permit Renewal Application and Permit Application Fee
Lea County, New Mexico

Dear Mr. Price:

Enclosed are a signed copy and an original of DCP Midstream, LP's ("DCP MIDSTREAM") discharge permit renewal application for the Linam Ranch Gas Plant (GW-015) and a check in the amount of $100 for the permit application fee.

Pleased be advised that DCP MIDSTREAM's submittal of the renewal application and application fee does not waive DCP MIDSTREAM's objection to the OCD's position regarding applicability of the WQCC regulations.

If you have any questions concerning this submittal, please contact me at (303) 605-2176. Please send all correspondence regarding this renewal to me at 370 17th Street, Suite 2500, Denver, CO 80202 or to dekocis@dcpmidstream.com

Sincerely,
DCP Midstream, LP

Diane E. Kocis
Senior Environmental Specialist

Enclosures

cc: Larry Hill, District Supervisor *(UPS Next Day Air Tracking No. 1Z F46 915 31 1006 1234)*
NMOCD District 1 Office
1625 N. French Drive
Hobbs, New Mexico 88240

NEW MEXICO ENVIRONMENT DEPARTMENT
GROUND WATER QUALITY BUREAU

DISCHARGE PERMIT APPLICATION

Type of Application. Check appropriate box.

- ☐ Application for new Discharge Permit -- new facility
- ☐ Application for new Discharge Permit -- existing (unpermitted) facility
- X☐ Application for Discharge Permit Renewal
- ☐ Application for Discharge Permit Modification
  "Modification" is defined as a change to the permit requirements that result from a change in the location of the discharge, a significant increase in the quantity of the discharge, or a significant change in the quality of the discharge.
- ☐ Application for Discharge Permit Renewal and Modification

For an existing Discharge Permit, please indicate: DP Number GW-15 Expiration date 4/25/09

Checklist of Application Components.

☐ Part A: Administrative Completeness.	*Instructions for completing the application are included on the form itself and on Supplemental Instructions for Parts A and B.* *You may fill out the application manually, or a Microsoft Word version may be downloaded from www.nmenv.state.nm.us (Ground Water Quality) and filled out electronically.*
☐ Part B: Operational, Monitoring, Contingency and Closure Plans, with required attachments. *Choose appropriate option*: ☐ Septic Tank System ☐ General – Various Facility Types	
☐ Part C: Site Information, with required attachments.	
X☐ $100 Filing Fee, payable to the New Mexico Environment Department. *Required from all applicants.* An additional fee will be assessed prior to permit issuance. Permit fees are listed in Section 20.6.2.3114 NMAC.	

Certification. Signature must be that of the person named in Item A-3 of Part A of the application.

I certify under penalty of law that I am knowledgeable about the information contained in this application. The information is, to the best of my knowledge and belief, true, accurate and complete.

Signature: Diane C Kocis Date: 12/24/08

Printed Name: Diane Kocis

Title: Sr. Environmental Specialist

Send three complete copies of this application and the filing fee to:

Program Manager
Ground Water Pollution Prevention Section
New Mexico Environment Department
PO Box 5469
Santa Fe, NM 87502

Form updated May 2006

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES,GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ☑ Renewal ☐ Modification

1. Type: Linam Ranch Gas Plant GW-015
2. Operator: D.C.P Midstream L.P.
   Address: 370 17th Street Suite 2500, Denver, CO 80202
   Contact Person: Diane Kocis Phone:
3. Location: /4 NE /4 Section 6 Township 19S Range 37E
   Submit large scale topographic map showing exact location.
4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATIONI hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Diane Kocis Title: Sr. Enviromental Specialist

Signature: Diane Kocis Date: 12/24/08

E-mail Address: dekocis@dcpmidstream.com

Linam Ranch Gas Plant
NE/4 Section 6 Township 19S Range 37E

DISCHARGE PLAN

This document constitutes a renewal application for the Groundwater Discharge Plan for the Linam Ranch Gas Plant, Discharge Permit GW-015. This Discharge Plan application has been prepared in accordance with the NMOCD "Guidelines for the Preparation of Discharge Plans at Natural Gas Plants, Refineries, Compressor and Crude Oil Pump Stations" (revised 12-95) and New Mexico Water Quality Control Commission (WQCC) regulations, 20.6.2.3-104 and 3-106 NMAC.

1 Type of Operation

The facility is a gas plant that processes natural gas to remove condensate and sulfur. The gas plant includes a cryogenic plant and turbo-expander to remove natural gas liquids. The facility does not intend or have a discharge or discharges that may move directly or indirectly into groundwater.

2 Operator / Legally Responsible Party

Operator
DCP Midstream, LP
10 Desta Drive, Suite 400 West
Midland, TX 79705
(432) 620-4000
Contact Person: Greg Kardos – Environmental Manager

Legally Responsible Party
DCP Midstream, LP
370 17th Street, Suite 2500
Denver, CO 80202
(303) 595-3331
Contact Person: John Admire – Director, Environmental Protection

3 Facility Location

NE/4 Section 5 Township 19S Range 37E, Lea County, NM

See Figure 1 – Site Location Map.

4 Landowner

DCP Midstream, LP
370 17th Street, Suite 2500
Denver, CO 80202

5 Facility Description

The plant receives sour hydrocarbon gas streams from gathering systems and processes the natural gas to remove condensate and sulfur. Process equipment used on site includes turbo expanders, separators, amine contactors and reboilers, and compression engines. An OCD-permitted landfarm also exists at the facility and is used for remediation of petroleum-stained soil.

6 Materials Stored or Used

There are no materials stored on-site or used that are discharged on site so that they may move directly or indirectly into groundwater.

Materials used or stored on site are summarized in the following table.

Material Stored/Used	Method of Storage
Produced Water	Aboveground storage tanks within secondary containment.
Natural Gas Condensate	Aboveground storage tanks within secondary containment.
Condensate/Produced Water Mixture	Aboveground storage tanks within secondary containment.
Engine Coolant (antifreeze)	Aboveground storage tank within secondary containment.
Methanol	Aboveground storage tanks within secondary containment.
Lube Oil	Aboveground storage tanks within secondary containment.
Equipment Skid/Washdown Water	Belowground storage tank within secondary containment.
Demulsifier	Aboveground storage tanks within secondary containment
Natural Gas Liquids	Aboveground storage tanks within secondary containment.
Diesel	Aboveground storage tank within secondary containment.
Gasoline	Aboveground storage tank within secondary containment.
Process Brine	Aboveground storage tanks within secondary containment.
Process Softener Salt	On pallet on concrete foundation within a building
Hydrochloric Acid	Aboveground storage tank within secondary containment.
Sulfuric Acid	Aboveground storage tank within secondary containment.
Sodium Hypochlorite (bleach)	55-gallon drums within secondary containment.
Buffer Solution pH 10	Plastic bottles in cabinet with a leak collection plate
Buffer Solution pH 7	Plastic bottles in cabinet with a leak collection plate
Buffer Solution pH 4	Plastic bottles in cabinet with a leak collection plate
Acetic Acid	Plastic bottles in cabinet with a leak collection plate
Cooling tower water treatment chemical	On pallet on concrete foundation within a building
Corrosion Inhibitor	Aboveground storage tanks within secondary containment.
Amine	Aboveground storage tank within secondary containment.
Waste Amine	Aboveground storage tank within secondary containment.
Soap	Plastic tanks stored on concrete surface in containment
Cleaning solvent	Aboveground storage tank within secondary containment.
Inlet gas treating chemicals (Powdersolv)	Aboveground storage tanks within secondary containment.
Antifoam	55-gallon drum on concrete foundation within building
Used Oil	Aboveground storage tanks within secondary containment.
Petroleum-Stained Soil	Stockpiled on liner and transferred to onsite permitted landfill

7 Sources and Quantities of Effluent and Waste Solids

There are no effluent or waste solids that are discharged on site so that they may move directly or indirectly into groundwater. All effluent and waste solids generated at the facility are removed from the facility for off-site disposal in accordance with applicable NMOCD, NMED, and EPA regulations.

Separators/Scrubbers
Effluent or waste solids generated from separators or scrubbers are not discharged on site so that they may move directly or indirectly into groundwater. They are routed to a salt water disposal line for offsite disposal by Rice Engineering.

Boilers and Cooling Towers/Fans
Effluent or waste solids generated from boilers or cooling towers are not discharged on site so that they may move directly or indirectly into groundwater. They are routed to a salt water disposal line for offsite disposal by Rice Engineering.

Process and Storage Equipment Wash Down
Process and equipment washdown are not discharged on site so that they may move directly or indirectly into groundwater. They are routed to aboveground storage tanks and then to a disposal line for offsite disposal by Rice Engineering.

Solvents/Degreasers
Solvent or degreasers are not discharged on site so that they may move directly or indirectly into groundwater. They are routed to aboveground storage tanks and then to a disposal line for offsite disposal by Rice Engineering.

Spent Acids
Spent acids are not discharged on site so that they may move directly or indirectly into groundwater. They are routed directly to a disposal line for offsite disposal by Rice Engineering.

Used Engine Coolants
Engine coolants are not discharged on site so that they may move directly or indirectly into groundwater. The engines are drained and the coolants are recycled back through the engines.

Waste Lubrication and Motor Oils
Lubricating and motor oils are not discharged on site so that they may move directly or indirectly into groundwater. Waste oils are stored on site within secondary containment and transported offsite for recycling or they are routed through an aboveground tank to the feed tank and then to the sales line for recycling.

Used Oil Filters
Used oil filters are not discharged on site so that they may move directly or indirectly into groundwater. Used oil filters are stored on site with secondary containment and transported offsite for disposal and/or recycling.

Solids and Sludges
Solids and sludges are not discharged on site so that they may move directly or indirectly into groundwater. Tank bottoms are hauled offsite for proper disposal.

Painting Wastes
Painting wastes are not generally generated at the facility and therefore not discharged on site so that they may move directly or indirectly into groundwater. If they were generated, they would be transported offsite by Safety Kleen for proper management and/or disposal.

Sewage
Domestic discharges are made through two septic tanks and the associated leach systems subject to the Environmental Improvement Board's Liquid Waste Disposal Regulations, 20.7.3 NMAC.

Lab Wastes
Lab wastes are not discharged on site so that they may move directly or indirectly into groundwater. Lab wastes generated at the facility are stored in 55-gallon drums within plant buildings on concrete floors and transported off-site for disposal.

Other Liquids and Solid Wastes
Other liquids or solid wastes are not discharged on site so that they may move directly or indirectly into groundwater.

8 Liquid and Solid Waste Collection / Storage / Disposal

Collection/Storage
All liquid and solid wastes are collected and stored in containers for off-site disposal. The table below provides a summary of storage and collection methods.

On November 19, 2008, DCP requested temporary permission for onsite storage of sulfur, due to a lack of availability of rail cars to transport the product to market. On November 20, 2008, OCD provided temporary permission for onsite storage of sulfur.

On-site Disposal
The facility has two NMED-permitted leach systems associated with the septic tanks, used for domestic waste only, and an onsite OCD-permitted landfarm.

Off-site Disposal
All liquid and solid wastes are disposed off site. The following table provides information regarding wastes collected and stored for off site disposal and/or recycling.

WASTE	COLLECTION & STORAGE METHOD	FINAL DISPOSITION	RECEIVING FACILITY
Produced water	Aboveground storage tank within secondary containment	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
Boiler blowdown	Below-ground storage tank within secondary containment.	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
Cooling tower blowdown	Below ground storage tank within secondary containment	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
RO Reject Water	Below ground storage tank within secondary containment	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
RO Backwash Water	Below ground storage tank within secondary containment	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
Process and Storage Equipment Washdown	Below ground storage tank within secondary containment	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
Storm water from process skids	Belowground storage tank within secondary containment	Off-site disposal facility	Controlled Recovery Inc.
Spent acids	Used as treating chemical for cooling tower water only. Below ground storage tank within secondary containment.	Off-site Class II injection wells	Rice Engineering SWD Wells permitted class II injection well
Used amine	Recycled; If not, stored in aboveground storage tank within containment	Off-site disposal facility	Controlled Recovery Inc. when tank is cleaned out.
Used oil filters	Recycling dumpster	Off-site recycling	Thermofluids, Inc.
Used amine filters	Recycling dumpster	Off-site recycling	Thermofluids, Inc.
Used engine coolants	Coolant is drained and reused.	NA	NA
Used Inlet Filters	Recycling dumpster	Off-site recycling	Thermofluids, Inc.
Waste Lubrication/Used Oil	Contained in double-walled sumps	Hauled by truck to off-site recyling or stabilized and sold with NGLs (<1%)	Thermofluids, Inc./Controlled Recovery Inc.

WASTE	COLLECTION & STORAGE METHOD	FINAL DISPOSITION	RECEIVING FACILITY
Painting wastes	If generated, would go to central collection area with secondary containment.	If generated would go to off-site disposal. Transported by Safety Kleen	Off-site permitted disposal facility
Lab wastes	55-gallon drum within secondary containment	Off-site disposal. Transported by Safety-Kleen	Off-site permitted disposal facility
Unused Laboratory Chemicals and Reagents	55-gallon drum within secondary containment	Off-site disposal. Transported by Safety-Kleen	Off-site permitted disposal facility
Sewage	Underground septic tanks	On-site leach field	NMED permitted on-site leach field
Spent solvent	Parts washer. Re-used, then transported off-site by Safety Kleen	Off-site recycling	Safety Kleen
Spent sulfur catalyst	Temporary aboveground roll-off container	Off-site OCD permitted facility for Exempt Wastes	Controlled Recovery Inc.
Charcoal filter media	Temporary aboveground roll-off container	Off-site OCD permitted facility for Exempt Wastes	Controlled Recovery Inc.
Molecular sieve	Temporary aboveground roll-off container	Off-site OCD permitted facility for Exempt Wastes	Controlled Recovery Inc.
Used light bulbs	Cardboard boxes	Off-site recycling	Safety-Kleen
Used batteries	On-site collection point on pallets	Off-site recycling	Battery Technologies
Asbestos	Plastic bags and/or drums	Off-site disposal	Asbestos Removal Inc.

WASTE	COLLECTION & STORAGE METHOD	FINAL DISPOSITION	RECEIVING FACILITY
Municipal trash	Trash cans/bins, dumpsters	Off-site disposal	Waste Management Inc.
Soil contaminated with condensate, lube oil, glycol, and/or methanol	Stockpiled onsite and transferred to on-site permitted landfarm	Following achievement of acceptable remediation levels, soil is used for new construction, fill material, construction of secondary containment, and/or repairing access roads	NA
Amine contactor tower cleaning fluids	Job specific rental tanks	Off-site disposal	Controlled Recovery Inc.
Liquids from scrubber dumps of Acid Gas Injection	Aboveground storage tank within secondary containment	Off-site disposal	Rice Engineering SWD Wells permitted class II injection well
Inlet Water Wash removed liquids	Aboveground storage tank within secondary containment	Off-site Class II injection well	Off-site permitted disposal well

9 Proposed Modifications

DCP will provide a request a permit modification for installation of a new reverse osmosis belowground tank.

10 Inspection, Maintenance, and Reporting

Routine inspections and maintenance are performed to ensure proper collection, storage, and off-site disposal of all wastes generated at the facility.

11 Spill / Leak Prevention and Reporting (Contingency Plans)

DCP will respond to and report spills as outlined in the DCP Environmental Compliance Manual and in accordance with the requirements of NMOCD [19.15.29.8 NMAC] and WQCC regulation [20.6.2.1203 NMAC].

12 Site Characteristics

No Changes.

13 Additional Information

All unauthorized releases and discharges will be reported to the NMOCD in accordance with 19.15.29 NMAC and WQCC regulation, 20.6.2.1203 NMAC.

FIGURES

FIGURE 1. Site Location Map – Linam Ranch Gas Plant

Linam Ranch Gas Plant

Lea County, New Mexico
Zone 13 UTMH 660738m UTMV 3618808m
Lat. 32° 41' 43" Long. 103° 17' 07"

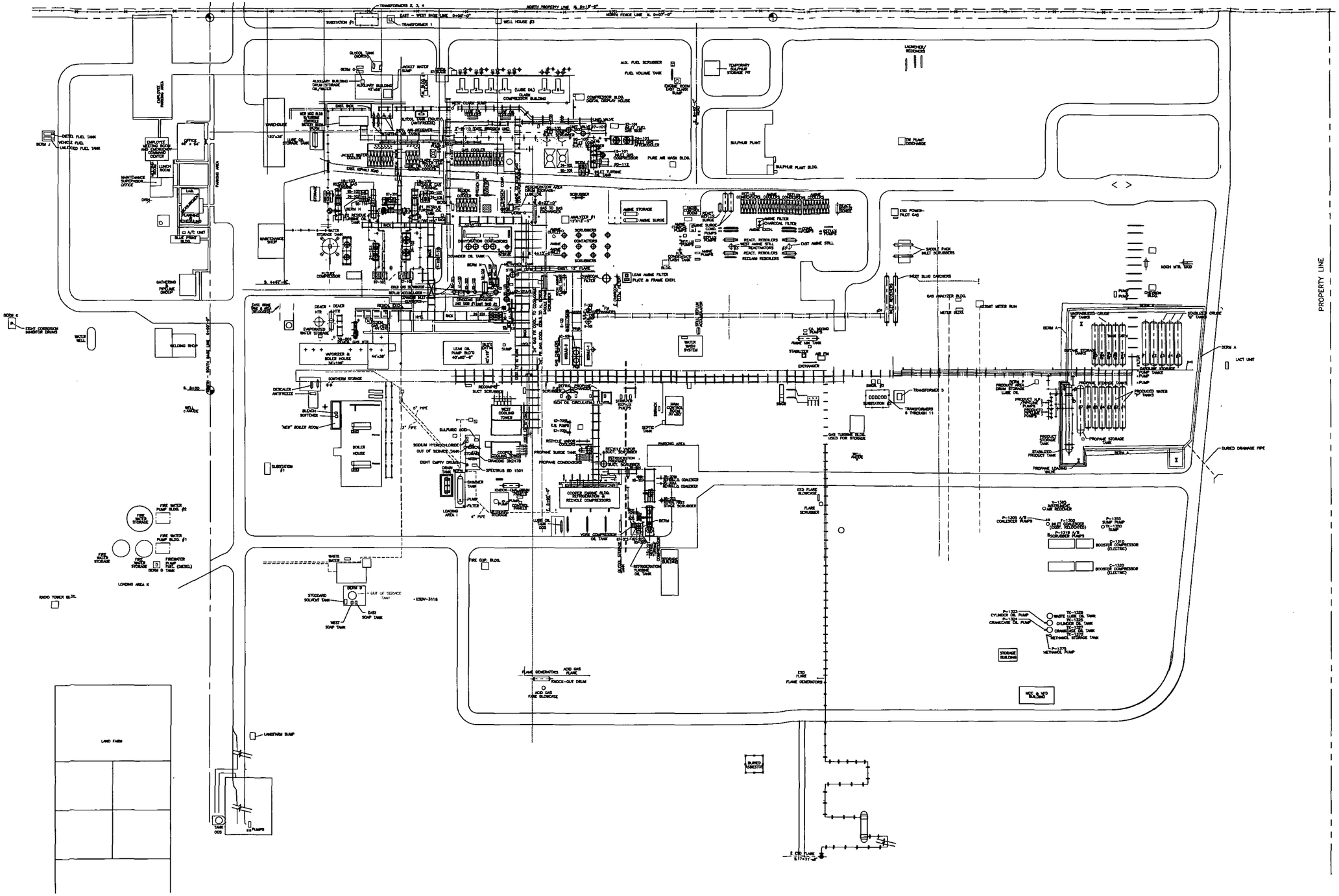
PHOTO VERIFIED

VICINITY

NEW MEXICO

32103F3 Monument North
Source: USGS 1:24,000 scale
Drawn by: JRE
Revised by: JRE
Date 1-11-06
ENVIRONMENTAL AFFAIRS DEPARTMENT

FIGURE 2. Facility Plot Plan – Linam Ranch Gas Plant



PLOT PLAN

REV	DATE	REVISION	BY	CHK'D	ENGR.	ENGR. MGR.
0	3-9-05	DRAWN FROM DEFS (FROM OLD GPM SKETCH) SPCC DWG	J.R.E.	L.K.M.		
1	8-30-07	REVISIONS PER: J.R. FIELD SKETCH	J.R.E.	J.R.		
2	8-6-08	UPDATES PER: W.R.T. SKETCH	J.R.E.	L.C.W.		
3	12-23-08	UPDATES PER: D.E.K. FIELD SKETCH	J.R.E.	D.E.K.		

REV	DATE	REVISION	BY	CHK'D	ENGR.	ENGR. MGR.

dcp Midstream

LINAM RANCH GAS PLANT
LINAM GATHERING SYSTEM

Lea County
NEW MEXICO

\data\EhsDrawings\Mapping\NewMexico\Linam\LinamRanch_Diane

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

March 9, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Ms. Karin Char Kimura
Duke Energy Field Services
370 17th Street, Suite 2500
Denver, Colorado 80202-9732

RE: Discharge Permit Renewal GW-015
Duke Energy Field Services
Linam Ranch Gas Plant
Lea County, New Mexico

Dear Ms. Kimura:

The ground water Discharge Permit GW-015 renewal for the Duke Energy Field Services Linam Ranch Gas Plant located in the NE/4 of Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge plan consists of the original application dated March 16, 1982 approved April 25, 1984, the renewal application dated November 17, 2003 and the attached stipulations of approval. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 days of receipt of this letter.**

The Discharge Permit application was submitted pursuant to 20 NMAC 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to 20 NMAC 3109.A. Please note 20 NMAC 3109.E and 20 NMAC 3109.F, which provide for possible future amendments or modifications of the permit. Please be advised that approval of this permit does not relieve Duke Energy Field Services of liability should operations result in pollution of surface water, ground water, or the environment.

Please be advised that all exposed pits, including lined pits and open tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that 20 NMAC 3104 of the regulations provides: "When a permit has been approved, discharges must be consistent with the terms and conditions of the permit." Pursuant to 20 NMAC 3107.C., Duke Energy Field Services is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to 20 NMAC 3109.G.4., this permit is for a period of five years. This approval will expire on **April 25, 2009**, and Duke Energy Field Services should submit an application in ample time before this date. Note that under 20 NMAC 3106.F. of the regulations, if a discharger submits a Discharge Permit application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge permit facilities will be required to submit the results of an underground drainage testing program as a requirement for Discharge Permit.

The Discharge Permit application for the Duke Energy Field Services Linam Ranch Gas Plant is subject to WQCC Regulation 3114. Every billable facility submitting a discharge permit application will be assessed a fee equal to the filing fee of $100 plus a flat fee of $4,000.00 for gas processing plants. The OCD has received the filing fee.

Please make all checks payable to: Water Management Quality Management Fund
C/o: Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505.

If you have any questions please contact Mr. W. Jack Ford at (505) 476-3489. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Roger C. Anderson
Chief, Environmental Bureau
Oil Conservation Division

RCA/wjf
Attachment

xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PERMIT GW-015
DUKE ENERGY FIELD SERVICES
LINAM RANCH GAS PLANT
DISCHARGE PERMIT APPROVAL CONDITIONS
(March 9, 2004)

1. Payment of Discharge Permit Fees: The $100.00 filing fee has been received by the OCD. The $4,000.00 required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.

2. Duke Energy Field Services Commitments: Duke Energy Field Services will abide by all commitments submitted in the Discharge Permit renewal application dated November 17, 2003.

3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste characterization per 40 CFR Part 261.

4. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

6. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.

9. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to Discharge Permit. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.

11. Class V Wells: Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. All Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Closure of Class V wells must be in accordance with a plan approved by the Division's Santa Fe Office. The OCD allows industry to submit closure plans that are protective of human health, the environment and groundwater as defined by the WQCC, and are cost effective. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

12. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

13. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Hobbs District Office.

14. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge permit. A written commitment to comply with the terms and conditions of the previously approved discharge permit must be submitted by the purchaser and approved by the OCD prior to transfer.

15. Storm Water Plan: Duke Energy Field Services shall maintain storm water runoff controls. As a result of Duke Energy Field Services' operations any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any storm water runoff then Duke Energy Field Services shall notify the OCD within 24 hours, modify the plan within 15 days and submit for OCD approval. Duke Energy Field Services shall also take immediate corrective actions pursuant to Item 12 of these conditions.

16. Closure: The OCD will be notified when operations of the Linam Ranch Gas Plant are discontinued for a period in excess of six months. Prior to closure of the Linam Ranch Gas Plant a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

17. Certification: Duke Energy Field Services, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Duke Energy Field Services further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

DUKE ENERGY FIELD SERVICES

by_____
Title

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 16, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z-357-870-066

Mr. Mel Driver, P.E.
GPM Gas Corporation
P.O. Box 50020
Midland, Texas 79710-0020

RE: Discharge Plan Renewal GW-015
GPM Gas Corporation
Linam Ranch Gas Plant
Lea County, New Mexico

Dear Mr. Driver:

The ground water discharge plan renewal GW-015 for the GPM Gas Corporation Linam Ranch Gas Plant located in the NE/4 of Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge plan renewal consists of the renewal application letter dated December 23, 1998 from GPM Gas Corporation as well as the following OCD approvals; discharge plan approved April 25, 1984, renewal of discharge plan GW-015 approval dated August 15, 1989, modification approval dated November 14, 1991, renewal of discharge plan GW-015 approval dated April 4, 1994 and the attached conditions of approval. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 10 working days of receipt of this letter.**

The discharge plan renewal application was submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Section 3109.A. Please note Sections 3109.E and 3109.F, which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve GPM Gas Corporation of liability should operations result in pollution of surface water, ground water, or the environment.

Please be advised that all exposed pits, including lined pits and open tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations provides: "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C., GPM Gas Corporation is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.G.4., this renewal plan is for a period of five years. This renewal will expire on **April 25, 2004**, and GPM Gas Corporation should submit an application in ample time before this date. Note that under Section 3106.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit the results of an underground drainage testing program as a requirement for discharge plan .

The discharge plan renewal application for the GPM Gas Corporation Linam Ranch Gas Plant is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan application will be assessed a fee equal to the filing fee of $50. There is a flat fee assessed equal to one-half of the original flat fee. The renewal flat fee for the Linam Ranch Gas Plant will be $1,667.50. The OCD has not received the filing fee and is due upon receipt of this discharge plan approval.

On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Chief, Environmental Bureau
Oil Conservation Division

RCA/wjf
Attachment

xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-015
GPM GAS CORPORATION
LINAM RANCH GAS PLANT
DISCHARGE PLAN APPROVAL CONDITIONS
(February 16, 1999)

1. Payment of Discharge Plan Fees: The $50.00 filing fee has not been received by the OCD. There is a required renewal flat fee for gas processing plants equal to one-half of the original flat fee. The Linam Ranch Gas Plant renewal flat fee is $1,667.50. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the initial payment due upon receipt of this approval.

2. GPM Gas Corporation Commitments: GPM Gas Corporation will abide by all commitments submitted in the discharge plan renewal application letter dated December 23, 1998 and these conditions for approval.

3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste characterization per 40 CFR Part 261.

4. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

6. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.

9. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity a minimum of every 5 years. The permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.

11. Class V Wells: Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. All Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Closure of Class V wells must be in accordance with a plan approved by the Division's Santa Fe Office. The OCD allows industry to submit closure plans which are protective of human health, the environment and groundwater as defined by the WQCC, and are cost effective. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

12. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

13. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Aztec District Office.

14. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

15. Closure: The OCD will be notified when operations of the Linam Ranch Gas Plant are discontinued for a period in excess of six months. Prior to closure of the Linam Ranch Gas Plant a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

16. Certification: GPM Gas Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. GPM Gas Corporation further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

GPM GAS CORPORATION

by M. S. Nault
Title
Asset Manager

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

April 4, 1994

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

CERTIFIED MAIL
RETURN RECEIPT NO. P 176 012 067

Mr. Michael Kneese
Environmental Field Technician
Enron Gas Processing Company
11525 West Carlsbad Highway
Hobbs, NM 88240

Re: Discharge Plan GW-015
Hobbs Gas Processing Plant
Lea County, New Mexico

Dear Mr. Kneese,

The groundwater discharge plan GW-015 for the Enron Gas Processing Company (Enron) Hobbs Gas Processing Plant, located in the NE/4 of Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge plan consists of the application dated December 22, 1993 and the response to OCD comments dated March 11, 1994.

The discharge plan was submitted pursuant to section 3-106 of the Water Quality Control Commission Regulations. It is approved pursuant to section 3-109.A.. Please note Section 3-109.F., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve you of your liability should your operation result in actual pollution of surface or ground waters or the environment which may be actionable under other laws and/or regulations.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3-104 of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C. you are required to notify the Director of any facility

expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4., this approval is for a period of five years. This approval will expire March 25, 1999, and you should submit an application for renewal in ample time before that date.

The discharge plan application for the Enron Hobbs Gas Processing Plant is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty (50) dollars plus the flat rate of one thousand six hundred sixty-seven dollars and fifty cents ($1667.50) for gas processing plant discharge plan renewal. The fifty (50) dollar filing fee and the one thousand six hundred sixty-seven dollars and fifty cents ($1667.50) flat fee have not been received by the Oil Conservation Division. The fifty (50) dollar filing fee shall be submitted upon receipt of this discharge plan approval. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

William J. LeMay
Director

WJL/rlm
Attachments

xc: OCD Hobbs Office

* Should be April 25, 1999
-see original approval.
6-16-97

ATTACHMENT TO THE DISCHARGE PLAN GW-015 APPROVAL
ENRON GAS PROCESSING COMPANY
HOBBS GAS PROCESSING PLANT
DISCHARGE PLAN REQUIREMENTS
(April 4, 1994)

1. Enron shall submit to the OCD the fifty (50) dollar filing fee upon receipt of this discharge plan approval. The flat fee for an approved discharge plan (one thousand six hundred sixty-seven dollars and fifty cents ($1667.50) for gas processing plant discharge plan renewal) may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

2. Withdrawal of New Water Well Plans: As requested in the March 11, 1994 Enron response to OCD comments, item 3, plans for the new water well for the land farm operations shall not be implemented.

3. Drum Storage: All chemical and lubrication drums shall be stored on pad and curb type containment.

4. Below-Grade Tank and Sump Integrity Test Methods: All existing sumps and below-grade tanks shall be tested annually for mechanical integrity. Tanks and sumps with open tops shall be isolated, drained and visually inspected for leaks. All closed-top tanks shall be isolated, drained, filled with water and the level held for a period of at least one hour.

   Any new sumps or below-grade tanks will incorporate leak detection in their design, which shall be approved by the OCD prior to installation.

5. Amine Tank Containment: Soil samples shall be taken from within the wall containing the amine tanks, and if necessary, a remedial action plan submitted to the OCD prior to remediation of any contamination beneath these tanks. Once the remedial issue is satisfied, a concrete floor shall be poured to contain amine spills.

6. Curbing for the Glycol Injection Pump and Product Mix Tank Pump Pads: Curbing or strapping shall be install around the existing glycol injection pump and product mix tank pump pads to contain leaks or spill by the end of the second quarter, 1994. Soils around the pads for which there is currently oil stains shall be raked or tilled to increase aerobic activity for remediation.

7. New Three-Phase Separator Sample Analysis: A copy of the

sample analysis for the new three-phase separator shall be submitted to the OCD when available. The analysis shall include TDS, TPH, BTEX, RCRA Metals, Chlorinated Solvents and pH.

8. Buffalo Wash Groundwater Remediation: Enron shall submit by August 1, 1994 the sample analyses for the water wells GW 1-8 so that each of the wells has been sampled for TPH, BTEX, PAH's, heavy metals, organics and major anions/cations. Also by August 1, 1994, Enron shall submit a proposal for the remediation of the groundwater and contaminated soils at this site.

9. Pressure Testing: Positive pressure testing of the plant drain system shall be performed before December 16, 1997 according to the procedures outlined in the attachment to the response to OCD comments dated March 11, 1994.

10. Spills: All spills and/or leaks shall be reported to the OCD district office pursuant to WQCC Rule 1-203 and OCD Rule 116.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

April 25, 1984

Northern Natural Gas Company
Star Route A Box 338
Hobbs, New Mexico 88240

Re:. GWR-15
Discharge Plan

Gentlemen:

The discharge plan submitted pursuant to the Water Quality Control Commission Regulations for the controlled discharge of waste water and associated fluids from the Hobbs Gasoline Plant located in Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved with the following requirements:

1. Maintain at least a six inch freeboard in the evaporation pit.

2. Check the pit monitoring sump once every seven days and report results to the Hobbs District Office.

3. Complete the pit closure plan by August 1, 1984.

The discharge plan was submitted pursuant to Section 3-106 and is approved pursuant to Section 3-109 of the Water Quality Control Commission Regulations. The plan is approved on April 25, 1984, and is in effect for five years.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 15, 1989

CERTIFIED MAIL
RETURN RECEIPT NO. P-106-675-107

Mr. E. D. Berdine, Vice President
NORTHERN NATURAL GAS COMPANY
P. O. Box 1188
Houston, Texas 77251-1188

RE: Discharge Plan GW-15
Hobbs Gasoline Plant
Lea County, New Mexico

Dear Mr. Berdine:

The ground water discharge plan (GW-15) renewal for the Northern Natural Gas Company's Hobbs Gasoline Plant located in the NE/4, Section 6, Township 19 South, Range 39 East, NMPM, Lea County, New Mexico, is hereby approved with the following conditions:

1. Northern Natural Gas Company submit a final analysis of the cooling jacket water quantifying the amount residual chromates remaining in the system. This analysis is needed to evaluate the effectiveness of the cleaning and flushing of the system.

2. Northern Natural Gas Company will evaluate their spill response and remediation program *six (6) months* after implementation to determine its effectiveness. At that time Northern will notify OCD of the results of the evaluation and institute a program for paving and curbing those areas in the process area where the program was shown to be ineffective in prevention of spills or leaks.

The original discharge plan was approved on April 25, 1984 and expired on April 25, 1989. The renewal application consists of the original discharge plan as approved April 25, 1984, the renewal application dated May 12, 1989 and materials dated June 15, 1989 and June 28, 1989 submitted as supplements to the renewal application.

The discharge plan renewal was submitted pursuant to Section 3-106 of the New Mexico Water Quality Control Commission Regulations. It is renewed pursuant to Section 3-109.F., which provides for the possible future amendments of the plan. Please be advised that the approval of this plan does not relieve you of liability should your operation result in actual pollution of the environment which may be actionable under other laws and/or regulations.

There will be no routine monitoring or reporting requirements.

Please note that Section 3-104 of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C., you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4, this plan approval is for a period of five (5) years. This approval will expire April 25, 1994 and you should submit an application for renewal in ample time before that date. It should be noted that all gas processing plants and oil refineries in excess of twenty-five years of age will be required to submit plans for, or the results of an underground drainage testing program as a requirement for discharge plan renewal.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

William J. LeMay
Director

WJL/RCA/sl

cc: OCD Hobbs Office

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 16, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z-357-870-066

Mr. Mel Driver, P.E.
GPM Gas Corporation
P.O. Box 50020
Midland, Texas 79710-0020

RE: Discharge Plan Renewal GW-015
GPM Gas Corporation
Linam Ranch Gas Plant
Lea County, New Mexico

Dear Mr. Driver:

The ground water discharge plan renewal GW-015 for the GPM Gas Corporation Linam Ranch Gas Plant located in the NE/4 of Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge plan renewal consists of the renewal application letter dated December 23, 1998 from GPM Gas Corporation as well as the following OCD approvals; discharge plan approved April 25, 1984, renewal of discharge plan GW-015 approval dated August 15, 1989, modification approval dated November 14, 1991, renewal of discharge plan GW-015 approval dated April 4, 1994 and the attached conditions of approval. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 10 working days of receipt of this letter.**

The discharge plan renewal application was submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Section 3109.A. Please note Sections 3109.E and 3109.F, which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve GPM Gas Corporation of liability should operations result in pollution of surface water, ground water, or the environment.

Please be advised that all exposed pits, including lined pits and open tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations provides: "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C., GPM Gas Corporation is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.G.4., this renewal plan is for a period of five years. This renewal will expire on **April 25, 2004**, and GPM Gas Corporation should submit an application in ample time before this date. Note that under Section 3106.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit the results of an underground drainage testing program as a requirement for discharge plan .

The discharge plan renewal application for the GPM Gas Corporation Linam Ranch Gas Plant is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan application will be assessed a fee equal to the filing fee of $50. There is a flat fee assessed equal to one-half of the original flat fee. The renewal flat fee for the Linam Ranch Gas Plant will be $1,667.50. The OCD has not received the filing fee and is due upon receipt of this discharge plan approval.

On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Chief, Environmental Bureau
Oil Conservation Division

RCA/wjf
Attachment

xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-015
GPM GAS CORPORATION
LINAM RANCH GAS PLANT
DISCHARGE PLAN APPROVAL CONDITIONS
(February 16, 1999)

1. Payment of Discharge Plan Fees: The $50.00 filing fee has not been received by the OCD. There is a required renewal flat fee for gas processing plants equal to one-half of the original flat fee. The Linam Ranch Gas Plant renewal flat fee is $1,667.50. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the initial payment due upon receipt of this approval.

2. GPM Gas Corporation Commitments: GPM Gas Corporation will abide by all commitments submitted in the discharge plan renewal application letter dated December 23, 1998 and these conditions for approval.

3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste characterization per 40 CFR Part 261.

4. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

6. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.

9. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity a minimum of every 5 years. The permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.

11. Class V Wells: Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. All Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Closure of Class V wells must be in accordance with a plan approved by the Division's Santa Fe Office. The OCD allows industry to submit closure plans which are protective of human health, the environment and groundwater as defined by the WQCC, and are cost effective. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

12. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

13. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Aztec District Office.

14. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

15. Closure: The OCD will be notified when operations of the Linam Ranch Gas Plant are discontinued for a period in excess of six months. Prior to closure of the Linam Ranch Gas Plant a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

16. Certification: GPM Gas Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. GPM Gas Corporation further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

GPM GAS CORPORATION

by_____
Title

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 1, 1999

CERTIFIED MAIL
RECEIPT NUMBER Z-357-870-055

Mr. Mel P. Driver, P.E.
Environmental Engineer
GPM Gas Corporation
4044 Penbrook
Odessa, Texas 79762

RE: LINAM RANCH GAS PLANT/COMPRESSOR STATION, GW-015
LEA COUNTY, NEW MEXICO

Dear Mr. Driver:

The OCD is in receipt of a request, dated October 5, 1998, for closure of a 2.5 acre lined evaporation pond formally used to collect non-contact cooling tower blow down water discharge at the Linman Ranch Gas Plant Facility located in the NE/4 of Section 6, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Based upon information supplied to OCD with the request letter and subsequent investigative procedures performed the **closure of the evaporation pond is hereby approved.**

Please be advised that the closure of the evaporation pond does not alter the discharge plan nor relieve GPM Gas Corporation of liability should any remaining contaminants associated with the operations of this facility by GPM Gas Corporation result in pollution of surface water, ground water, or the environment. In addition, this approval does not release GPM Gas Corporation of responsibility for compliance with other federal, state and local laws and regulations.

If you have any questions please feel free to call me at (505) 827-7156.

Sincerely,

W. Jack Ford, C.P.G.
Geologist
Environmental Bureau
Oil Conservation Division

cc: Hobbs OCD District Office

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 4-20-94,

or cash received on April 28, 1994 in the amount of $ 1717.50

from Enron Corp

for Hobbs Gas Plant (Facility Name) GW-015 (DP No.)

Submitted by: _____ Date: _____

Submitted to ASD by: Robert Myers II Date: 4-28-94

Received in ASD by: C Trujillo Date: 4-28-94

Filing Fee X New Facility ___ Renewal X

Modification ___ Other _____ (specify)

Organization Code 521.07 Applicable FY 94

To be deposited in the Water Quality Management Fund.

Full Payment X or Annual Increment ___

CHECK NO. [redacted]

DATE OF CHECK
04-20-94

ENRON CORP

TRANSWESTERN PIPELINE COMPANY
P.O. BOX 1188
HOUSTON, TEXAS 77251-1188

This check is VOID unless printed on BLUE background

AMOUNT OF CHECK

EXACTLY $*****1,717 DOLLARS 50 CENTS $*****1,717.50

PAY TO THE ORDER OF

NMED-WATER QUALITY MANAGEMENT
OIL CONSERVATION DIVISION
P O BOX 2088
SANTA FE, NM
87504-2088

BY _____
"AUTHORIZED REPRESENTATIVE"

NORWEST BANK GRAND JUNCTION

[redacted]