

HITP - 7

**TEMPORARY
PERMISSION**



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



August 19, 2008

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

Re: Hydrostatic Test Water Discharge - Temporary Permission (HITP-007)
Public Service Company of New Mexico
Corto Mainline Project
Location: Section 13, Township 28 North, Range 11 West, NMPM
San Juan County, New Mexico

Dear Ms. Fiedler:

The New Mexico Oil Conservation Division (OCD) has received Public Service Company of New Mexico's (PNM) notice of intent (NOI), dated May 7, 2008, to hydrostatically test a 11,500 foot section of 12-inch natural gas pipeline that is approximately 4 miles southeast of the City of Bloomfield, New Mexico. The NOI indicates the PNM proposes to generate approximately 70,500 gallons of wastewater from a hydrostatic test of used pipeline. The hydrostatic test wastewater will be discharged into frac tanks for temporary storage, transferred from the frac tanks to vacuum trucks, and delivered to Key Energy Services for injection and disposal into a Class I well.

Based on the information provided in the request, temporary permission is hereby granted for the disposal of the hydrostatic test water generated from the new pipeline test with the following understandings and conditions:

1. no discharge will occur at the hydrostatic test wastewater collection/discharge location: Section 13, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico;
2. the source of the hydrostatic test water will be potable water obtained the City of Bloomfield;
3. approximately 70,500 gallons of hydrostatic test wastewater generated from the test will be slowly discharged into five (5) 20,000 gallon frac tanks for temporary storage, while awaiting transfer and disposal into a Class I well at Key Energy Services;
4. the 5 temporary storage tanks shall have impermeable secondary containment (e.g., liners - visquene and berms - hay bales), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks;
5. no hydrostatic test wastewater generated from the test will be discharged to the ground or within the existing easement right of right;
6. the hydrostatic test wastewater will be analyzed to determine if it is a non-hazardous/non-exempt waste that Key Energy Services may accept for disposal. If the hydrostatic test



- wastewater does not meet the criteria for Key Energy Services waste acceptance, the test water shall be sent to a RCRA permitted TSD for disposal;
7. Key Energy Services will transfer the hydrostatic test wastewater via fluid extraction (vacuum) trucks to their Class I well for injection and disposal;
 8. all hydrostatic test wastewater will be removed from the discharge and/or collection/retention location by December 19, 2008;
 9. any surface area impacted or disturb from the approved activities shall be restored.
 10. no collection or retention of hydrostatic test wastewater shall occur:
 - a. within any lake, perennial stream, river or their respective tributaries that may be seasonal;
 - b. where ground water is less than 10 feet below ground surface;
 - c. within 200 feet of a watercourse, lakebed, sinkhole or playa lake;
 - d. within an existing wellhead protection area;
 - e. within, or within 500 feet of a wetland; or
 - f. within 500 feet from the nearest permanent residence, school, hospital, institution or church;
 11. best management practices must be implemented to contain the discharge and/or collection/retention onsite, not impact adjacent property, and to control erosion;
 12. the discharge and/or collection/retention does not cause any fresh water supplies to be degraded or to exceed standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC (the New Mexico Water Quality Control Commission Regulations);
 13. the landowner(s) of the proposed discharge and/or collection/retention or alternative discharge location must be properly notified of the activities prior to the proposed hydrostatic test event; and
 14. PNM shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC).

It is understood that the hydrostatic test will occur sometime during the period of October 13, 2008 through December 19, 2008. This temporary permission will expire in 120 days of the effective date of the letter.

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

If there are any questions regarding this matter, please do not hesitate to contact Brad A. Jones at (505) 476-3487 or brad.a.jones@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation.

Sincerely,



Wayne Price
Environmental Bureau Chief

LWP/baj
cc: OCD District III Office, Aztec

PNM Resources
Alvarado Square
Albuquerque, NM 87158-2104
www.pnmresources.com
505.241.2031
Fax: 505.241.2384

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 9, 2008

Brad Jones
State of New Mexico - Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: PNM Corto Hydrostatic Test
Temporary Permission fee for Hydrostatic Test Discharge Permit – HTP-007

Dear Mr. Jones,

Enclosed is a check in the amount of \$150 for PNM's Temporary Permission to Hydrostatic Test Discharge for the Corto Mainline Project. PNM received the temporary permission to discharge on August 19, 2008

Sincerely,

A handwritten signature in black ink, appearing to read "Marcelle Fiedler".

Marcelle Fiedler
Senior Environmental Scientist
Attachment: check
Cc: DCC