

HIP- _____ 115 _____

**PERMITS,
RENEWALS, &
MODS**



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



February 25, 2010

Mr. Richard Duarte
El Paso Natural Gas Company
8725 Alameda Park Drive NE
Albuquerque, New Mexico 87120

Re: Hydrostatic Test Discharge Permit HIP-115
El Paso Natural Gas Company
Pipeline Number 3201.
Locations: N/2 of the N/2, Section 14, Township 29 North, Range 11 West and the
SE/4 of the NE/4 of Section 1, Township 29 North, Range 13 West, NMPM
San Juan County, New Mexico

Dear Mr. Duarte:

The New Mexico Oil Conservation Division (OCD) has received El Paso Natural Gas Company's (EPNG) revised notice of intent, dated January 28, 2010, for authorization to temporary store approximately 140,500 gallons of wastewater generated from a hydrostatic test of approximately 8,560 feet of an existing 20-inch natural gas transmission pipeline (EPNG 3201), within municipal limits of the City of Farmington, New Mexico and to temporary store approximately 1,000 gallons of cleaning solution wastewater generated from pre-cleaning the pipeline prior to the hydrostatic test of the 20-inch natural gas transmission pipeline (EPNG 3201), east and southeast of Bloomfield, New Mexico. The proposed collection locations are at EPNG's Blanco "A" compressor station located in the N/2 of the N/2, Section 14, Township 29 North, Range 11 West for the cleaning solution and within EPNG's pipeline easement right-of-way at MP-12 in the SE/4 of the NE/4 of Section 1, Township 29 North, Range 13 West for the hydrostatic test wastewater. No surface discharge is proposed by EPNG: The hydrostatic test wastewater will be discharged into a frac tank for temporary storage, transferred from the frac tank to an OCD approved water hauler, and delivered to Key Energy Services for injection and disposal into a Class I well and the cleaning solution wastewater will be transported to a recycling facility.

Based on the information provided in the request, a permit is hereby granted for the collection, retention, and disposal of the hydrostatic test water generated from the pipeline test with the following understandings and conditions:

1. EPNG will be testing approximately 8,560 feet of an existing 20-inch natural gas transmission pipeline (EPNG 3201), within municipal limits of the City of Farmington, New Mexico;



2. EPNG will clean the pipeline using approximately 1,000 gallons of an aqueous and non-hazardous cleaning fluid, N-Spec 120;
3. no discharge will occur at the hydrostatic test wastewater collection/discharge locations: EPNG's Blanco "A" compressor station located in the N/2 of the N/2, Section 14, Township 29 North, Range 11 West, NMPM for the cleaning solution and within EPNG's pipeline easement right-of-way at MP-12 in the SE/4 of the NE/4 of Section 1, Township 29 North, Range 13 West, NMPM for the hydrostatic test wastewater, San Juan County, New Mexico;
4. approximately 1,000 gallons of cleaning solution wastewater generated from the pre-cleaning activities will be discharged into one (1) 21,000 gallon frac tank for temporary storage, while awaiting testing and transfer to the Mesa Environmental regional processing facility in Belen, NM or Thermo Fluids, Inc. in Albuquerque, NM for recycling and disposal;
5. the source of the hydrostatic test water will be a municipal water source obtained from the City of Farmington;
6. approximately 140,500 gallons of hydrostatic test wastewater generated from the test will be slowly discharged into seven (7) 21,000 gallon frac tanks for temporary storage, while awaiting testing, transfer and disposal into a Class I well at Key Energy Services;
7. the temporary storage tanks shall have impermeable secondary containment (e.g., liners - geomembrane and berms - hay bales), which will contain a volume of at least one-third greater than the total volume of the largest tank;
8. no hydrostatic test wastewater generated from the test will be discharged to the ground or within the existing easement right of right;
9. the hydrostatic test wastewater will be analyzed to determine if it is a RCRA 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 TSDf for disposal;
10. EPNG will ensure the transfer the hydrostatic test wastewater via an OCD approved water hauler to Key Energy Services Class I well for injection and disposal;
11. all hydrostatic test wastewater will be removed from the discharge and/or collection/retention locations within two weeks of the completion of the hydrostatic test;
12. any surface area impacted or disturb from the approved activities shall be restored.
13. 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;
14. best management practices must be implemented to contain the discharge and/or collection /retention onsite, not impact adjacent property, and to control erosion;
15. 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);
16. 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

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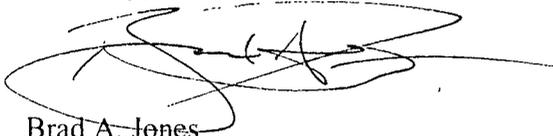
17. EPNG shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Rule 29 (19.15.29 NMAC).

It is understood that the hydrostatic test will begin approximately March 1, 2010. This permit will expire in 120 calendar days. This permit may be revoked or suspended for violation of any applicable provisions and/or conditions of the permit.

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

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Brad A. Jones
Environmental Engineer

BAJ/baj

cc: OCD District III Office, Aztec