HIP - __131__

GENERAL CORRESPONDENCE

YEAR(S): 2013

Jones, Brad A., EMNRD

From: Anderson, Alan <Alan.Anderson@magellanlp.com>
Sent: Tuesday, July 16, 2013 1:59 PM
To: Jones, Brad A., EMNRD
Cc: Blackshare Derek T.; Sigmon, Nicole; Clemons, Grant; Melton Robert
Subject: Magellan hydrotest water discharge

Brad, I had a call this morning from John Hall which served as a reminder to me that I had not informed you of our current plans.

Magellan is no longer planning to discharge pipeline or tank hydrotest water at the Union Pacific Strauss Facility in Dona Ana County, New Mexico. We plan on discharging it in Texas at the other end of our new pipeline.

Please disregard our previous letters.

Sent from my iPhone

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May 23, 2013

Ms. Cheryl Thacker
New Mexico Office of the State Engineer
1680 Hickory Loop, Suite J
Las Cruces, NM 88005-6598

Subject: Magellan-Strauss Pipeline Hydrostatic Test Plan

Dear Ms. Thacker:

Magellan Pipeline Company L.P. (Magellan) is planning construction of its 36.7-mile pipeline from Fort Bliss, Texas to the Strauss Terminal in New Mexico. Magellan will also construct and operate two aboveground tanks for diesel fuel storage at the Strauss Terminal (being constructed and operated by Union Pacific Railroad (UPRR). In order for Magellan to bring the pipeline and tanks into operation, hydrostatic testing will be required with the intention to discharge hydrostatic test waters into the on-site retentions ponds located at the UPRR Strauss Terminal.

Magellan understands that The State Engineer's Office approved the UPRR retention ponds with the criteria that the ponds drain in 96 hours and the impounded storm water is not be used for beneficial use. UPRR also received New Mexico Environment Department (NMED) approval for the retention pond dry wells and no discharge permit was required. Doña Ana County approved the retention ponds with the grading and drainage permit and a Drainage Maintenance Agreement for the ponds was signed by UPRR and the Doña Ana County.

Recently, Magellan submitted its hydrostatic discharge plan for review by Doña Ana County and received approval pending notification to UPRR and agreement between both parties. Therefore, Magellan has entered into a cooperative agreement with UPRR to utilize the on-site retention ponds at the Strauss Terminal for hydrostatic water discharge and disposal. Magellan is now seeking concurrence from the State Engineer's Office and other State Agencies, as appropriate, to proceed with its plan. The hydrostatic test and discharge plan is summarized as follows:

Hydrostatic testing of the tanks will be performed first; followed by hydrostatic testing of the pipeline. Following each test, Magellan intends to discharge the test water to the on-site retention ponds where they would be allowed to drain and evaporate. Magellan would not utilize the test waters for beneficial use.

Storage Tank Testing

Testing of the storage tanks would involve moving the water from one tank to the other as each tank is tested independently. Each tank measures 90 feet in diameter by a 50-foot shell height and has a capacity of approximately 57,000 barrels. Therefore, the total volume of fresh water needed for the hydrostatic test of the storage tanks is approximately 2,394,000 gallons. The test water for the storage tanks would be fresh water purchased by Magellan and pumped from Doña Ana County's on-site water line. The storage tanks would be entirely new material and would be manually cleaned using pressure washers. Workers would enter the tanks through man-ways under confined space safety protocol and perform manual cleaning of the tank interior walls and floor.

Pipeline Testing

The total length of the pipeline will be 36.7 miles with a diameter of 8 inches. Magellan estimates the hydrostatic test of the pipeline will require 5000 barrels (approximately 210,000 gallons) of fresh water, as the pipeline will be tested in segments. The test water for the pipeline would be fresh water provided by Magellan's El Paso Station from the El Paso city water system and would enter the pipeline at the El Paso Station. Testing of the line will require splitting it into four sections due to elevation changes and logistics. After the pipe has been installed and above grade facilities completed, each section of the pipeline would be hydrostatically tested for 8 hours. Each section of the pipeline would be pressure-sealed, the water pushed westward, and ultimately discharged under controlled conditions to the on-site retention ponds at the Strauss Terminal.

The pipe used for the pipeline would be new materials (i.e. pipe, valves). Approximately 9.4 miles of the proposed pipeline is existing, has been previously used, and therefore would require additional cleaning prior to hydrostatic testing. Cleaning pigs will be used throughout the entire length of the pipeline to remove any grit, dust, rust, and welding debris. Typically, hydrostatic test water will pick up some iron oxide (rust) from new pipe, depending on the total duration the water remains in the pipeline. The quantity is generally small and may give the discharge water a slight red color. The water may also pick up some sand or dirt left over from the installation of the line. No painting or oil would be applied to the pipe – other than the referenced section. The new pipeline will be new, clean pipe welded together and buried or bored underground.

Pre-discharge Sampling

Following successful testing of the pipeline, visual samples of the test water would be collected and inspected for suspended solids, clarity, and the presence of oil sheen. If the water is determined to be clean, it will be discharged directly to the on-site ditches and retention ponds.

Should it be determined that the water is not suitable for immediate discharge, it would be routed to a mobile filter or to the on-site industrial wastewater treatment plants (IWTP) operated by UPRR. The UPRR facility has two IWTP's located at the west fueling area and the east fueling area. After treatment separating the oils, etc. the effluent would be discharged to Doña Ana County's sanitary sewer system for final treatment. The County has approved the discharge with a utility agreement.

Similarly, following the hydrostatic testing of the second storage tank, visual samples will be collected to determine the need for pretreatment.

Discharge Locations and Procedures

Magellan intends on discharging to Pond Numbers 4 and 5, which are nearest the storage tank area and would likely be the optimum discharge locations. Magellan understands that each of the ponds is equipped with dry (injection) wells to facilitate infiltration in order that the ponds drain in 96 hours. The storage capacities of Ponds 4 and 5 are 4.7 acre-feet (1,531,501 gallons) and 3.2 acre-feet (1,042,724 gallons), respectively. Given 100 percent available capacity of both ponds at the time of planned discharge, the test waters from the pipeline would be discharged to one of the ponds at a rate of 500 gallons per minute (gpm) over the course of 7 hours. Similarly, the test waters from the storage tanks would be discharged in four separate slugs (598,500 gallons to either of the ponds) over the course of 20 hours for each slug. This will ensure that the discharges will meet the 96-hour drainage design of the ponds and that the waters will be entirely contained within the UPRR property.

Given the short distance from both ponds to the storage tank area, Magellan would discharge hydrostatic test water directly into the local surface drainage outside the tank containment and allow the test waters to naturally flow to the respective ponds. The test waters would be discharged in a manner that precludes erosion by utilizing a temporary sediment basin or structure consisting of both hay bales and/or silt fence for dispersion and sediment control. Any contaminants in the discharge water would likely be below the required minimums. To ensure this condition, water would be collected and visually inspected at prescribed intervals during the discharge events.

Further, Magellan understands that any damage to on-site facilities resulting from Magellan's hydrostatic testing and discharge operations is the sole responsibility of Magellan. Any damage to drainage areas, pond side slopes, pond bottoms, and dry wells will be repaired by Magellan. Magellan will also ensure that flow pathways in drainage areas will be maintained to establish preexisting surface conditions and that all construction activities will adhere to UPRR's EPA construction general permit.

Magellan appreciates your cooperation in this matter. If you have any questions or concerns, please contact me at (918) 574-7366.

Sincerely,
Magellan Midstream Partners, L.P.

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Engineer Principal
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cc: Mr. John Hall, NMED
Mr. Brad Jones, NMOCD