HITP - _22_

GENERAL CORRESPONDENCE

YEAR(S): _2011_

August 17, 2011

UPS NEXT DAY AIR *(Tracking Number 1Z F46 915 01 9568 9151)*

Mr. Brad Jones
New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Subject: Notice of Intent to Perform a Hydrostatic Test
Antelope Ridge NGL Pipeline Project
Lea County, New Mexico

Mr. Jones,

Enclosed for your consideration is a Notice of Intent (NOI) prepared by DCP Midstream, LP (DCP) for completion of a hydrostatic test of our Antelope Ridge NGL Pipeline project. Approximately 100,000 feet of 3-inch steel pipeline was recently hydrostatic tested to determine the maximum allowable operating pressure of the line. The pipeline is used to transmit natural gas liquids (NGL) from our Antelope Ridge Gas Plant to a sales point owned and operated by Chevron approximately five miles south of Eunice, New Mexico. DCP recently completed capital improvements at the Antelope Ridge Gas Plant that are expected to increase the amount of NGL produced, thereby increasing the amount of NGL being delivered to the sales point.

As a result of poor communication with field personnel, the hydrostatic test was recently completed, and the test water was transferred to temporary storage tanks before submission of this completed NOI. Upon receipt of New Mexico Oil Conservation Division (NMOCD) approval, the test water will be withdrawn from the temporary storage tanks via vacuum trucks and hauled for disposal. The test water is currently being stored in temporary storage tanks within a temporary secondary containment structure at a Targa Resources compressor station facility adjacent to the Chevron sales point. DCP is storing approximately 1,000 barrels of water in two 500-barrel frac tanks while completing a waste characterization of the test water.

Upon receipt of analytical results, the waste characterization will be finalized and the test water will be hauled to Sundance Services Inc.'s state permitted waste management facility in Eunice, New Mexico for disposal, provided the water is determined to be non-hazardous. DCP anticipates completion of the waste characterization by Monday August 22, 2011, and will dispose of the test water within 10 days of completion of the test. In the unlikely event the water is determined to be hazardous, an alternate disposal facility authorized to accept the water will be utilized.

This NOI was prepared following the information included in the New Mexico Oil Conservation Division (NMOCD) "*Guidelines for Hydrostatic Test Dewatering*", dated January 11, 2007, and following guidance provided by you during recent telephone conversations. A check for $250.00 to cover the filing fee ($100.00) and the temporary permission fee ($150.00) is included with this correspondence.

Please contact me at (303) 605-1936 if you have questions regarding this Notice of Intent or any of the information provided herein.

Sincerely,
DCP Midstream, LP

Keith Warren, P.E.
Senior Environmental Engineer

Enclosures

cc: Jim Allred, DCP Midstream, LP
John Cook, DCP Midstream, LP
Johnnie Bradford, DCP Midstream, LP

DCP Midstream, LP
Notice of Intent to Perform a Hydrostatic Test
Project Name: Antelope Ridge NGL Pipeline Hydrostatic Test

Project Background Information
DCP Midstream (DCP) recently completed hydrostatic testing on 100,848 feet of 3 inch steel pipeline in south central Lea County, New Mexico. The testing was performed to determine the maximum allowable operating pressure of the line. The pipeline segment tested is used to transmit natural gas liquids (NGL) from DCP Midstream's Antelope Ridge Gas Plant to an NGL sales point operated by Chevron. The sales point is located adjacent to a Targa Resources compressor station facility, approximately 5 miles south of Eunice, New Mexico. DCP recently completed capital improvements at the Antelope Ridge Gas Plant that are expected to increase the amount of NGL produced, thereby increasing the amount of NGL being delivered to the sales point.

During the hydrostatic test, DCP generated approximately 1,000 barrels (42,000 gallons) of wastewater. The water generated is temporarily being stored in two 500-barrel frac tanks located inside the Targa Resources facility awaiting New Mexico Oil Conservation Division (NMOCD) approval of the test and disposal. A temporary secondary containment structure has been erected to prevent an unintentional discharge of the water prior to disposal. It is DCP's intention to dispose of the test water using a state approval waste management facility located in Eunice, New Mexico, such that no water will be intentionally discharged to the surface of the land.

DCP prepared this Notice of Intent (NOI) in accordance with the NMOCD's "*Guidelines for Hydrostatic Test Dewatering*", dated January 11, 2007.

Required Information

a. Operator/discharger name and address
Responsible Party
Mr. Jim Allred
DCP Midstream, LP
1625 West Marland
Hobbs, NM 88240
Office - (575) 397-5543

Operator
Mr. Kelly Jamerson
DCP Midstream, LP
1625 West Marland
Hobbs, NM 88240
Office - (575) 397-5539

b. Location of the discharge, including a street address, if available, and sufficient information to locate the facility with respect to surrounding landmarks

The location of the hydrostatic test water withdrawal and temporary storage is in the southeastern corner of a Targa Resources compressor station facility located at the intersection of King Road and Highway 18, approximately five miles south of Eunice, New Mexico. The street address associated with this facility is unknown. The location is one mile north of the intersection of Highway 18 and County Round 207. An aerial photograph of the Targa Resources facility, showing the withdrawal and storage locations, is provided as Appendix B.

The hydrostatic test water will not be discharged to the ground surface, but will be disposed of into a waste management facility owned and operated by Sundance Services, Inc. in Eunice, New Mexico. The waste management facility is authorized by the State of New Mexico under permit NM 01-0003.

c. Legal description (Section/Township/Range) of the discharge location
Dewatering of the pipeline and temporary storage of the test water will occur at the following location:

SW ¼, Section 27, Township 22 South, Range 37 East

d. Maps (site-specific and regional) indicating the location of the pipelines to be tested
Appendix A contains a regional map of the area surrounding the water withdrawal and temporary storage location. Appendix B contains an aerial photograph showing the water withdrawal and temporary storage location.

e. A demonstration of compliance to the following siting criteria or justification for any exceptions
Since disposal of the hydrostatic test water will be to a state permitted waste management facility and not to the ground surface, demonstration of compliance with the siting criteria identified is not required, per Brad Jones.

f. A brief description of the activities that produce the discharge
Hydrostatic testing of the 3-inch steel piping will generate the wastewater in question. The pipeline segment being tested is owned by DCP Midstream, and will be used for transmitting NGL from DCP's Antelope Ridge Gas Plant to a sales point operated by Chevron.

The water used for the hydrostatic test was acquired from the Madera Water Station, located approximately 15 miles west of Jal, New Mexico on Highway 128, and from the Lime Stone Livestock Water Station, located approximately 26 miles west of Eunice, New Mexico on Delaware Basin Road. The hydrostatic test water will not be discharged to the ground surface. Following completion of the test, the water was withdrawn from the pipeline and placed into two 500-barrel frac tanks. Upon receipt of NMOCD approval and completion of waste characterization, DCP will haul the water from the frac tank location to Sundance Services' waste management facility (Permit #NM 01-0003) using trucks operated by Lobo Trucking Services. The water will be sent for disposal within 10 days of receiving NMOCD authorization.

g. The method and location for collection and retention of fluids and solids

Water from the hydrostatic test was transferred directly from the pipeline to the two frac tanks via a system of flexible hoses, a pump, and temporary piping at the withdrawal point. Collection pans were placed below the connection points to prevent test water from reaching the ground surface. DCP construction personnel were present throughout the water transfer operation to ensure no water was discharged to the ground surface. Solids were not observed during the water transfer to the frac tanks.

Upon NMOCD approval, DCP will use a similar method for transferring the water from the frac tanks to the trucks operated by Lobo Trucking Services for disposal.

h. A brief description of best management practices to be implemented to contain the discharge onsite and to control erosion

It is anticipated that the hydrostatic test water will be properly disposed of in the permitted waste management facility identified in b) above. Construction personnel will be onsite during the duration of all water transfer operations. Drip collection trays will be placed below hose and piping connections to prevent hydrostatic test water from making contact with the ground surface from incidental leaks during transfer operations. A secondary containment structure has been constructed around the temporary storage tanks to prevent an unintentional discharge of the test water to the surrounding land surface. Since there will not be an intentional surface discharge, erosion control measures are not currently installed at this location.

i. A request for approval of an alternative treatment, use, and/or discharge location (other than the original discharge site), if necessary

Sundance Services Inc. has agreed to accept and dispose of the hydrostatic test water at its waste management facility identified in b) above provided the water is not characterized as hazardous waste. Based on this agreement, no alternative discharge location was identified.

j. A proposed hydrostatic test wastewater sampling plan

DCP Midstream will perform a hazardous waste characterization of the test water prior to disposal. As part of this waste characterization, DCP has collected grab samples of the test water from each of the two frac tanks and is having them analyzed for toxicity, corrosivity, and ignitability. As part of the toxicity determination, DCP will be testing the water samples for BTEX constituents (benzene, toluene, ethyl benzene, and xylenes using EPA Test Method 8021), metals constituents (using the appropriate total metals analysis for each of the eight RCRA metals), and other constituents identified in RCRA under the toxicity characteristic that may potentially be present in the pipeline, prior to hauling the water for disposal. The receiving facility stated that submission of the above-mentioned analytical results is sufficient for their acceptance of the water and has not requested any further analytical information.

In the unlikely event the analytical results indicate the water exhibits hazardous characteristics, the water will be sent to a transportation, storage and disposal facility (TSDF) properly authorized to accept the waste. DCP will also ensure that the waste hauler used in the transportation of said water will have the appropriate permits issued by the State of New

Mexico and the Environmental Protection Agency before allowing the water to be removed from the temporary storage tanks.

k. A proposed method of disposal of fluids and solids after test completion, including closure of any pits, in case the water generated from the test exceeds the 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)

As mentioned in j) above, DCP Midstream will be analyzing the hydrostatic test water prior to disposal in Sundance Services' permitted waste management facility. In the event the analytical results indicate the water is a hazardous waste, an alternative disposal location will have to be identified. Based on experience, DCP has no reason to believe the test water analytical results will indicate the water is hazardous for any toxicity characteristic. Solids were not observed during the transfer of the test water to the frac tanks.

l. A brief description of the expected quality and volume of the discharge

Approximately 1,000 barrels (42,000 gallons) of water was generated during the hydrostatic test and is temporarily being stored in frac tanks awaiting disposal authorization. The water generated is expected to be non-hazardous, and characterization will be completed upon receipt of analytical test results for grab samples collected from the water within the frac tanks.

As stated previously, no water will be discharged to the surface of the ground.

m. Geological characteristics of the subsurface at the proposed discharge site

Regional Features

The withdrawal and temporary storage location is located within the Permian Basin. Within this structural unit, it lies on a shelf of sedimentary deposits that surround the carbonate Permian Captian Reef Complex and the Delaware Basin (located to the south of the location).

Site Geology

The withdrawal and temporary storage location is located on the south side of Mescalero Ridge, a prominent escarpment that runs northeast to southwest across Lea County New Mexico (although on the east side of Lea County, where the discharge site is located, dunes largely cover this ridge). The area south of the ridge lies on the eastern flank of the Pecos River valley. Surface geology in the area is characterized by interlayered eolian sands and piedmont-slope deposits that are typically capped by thin eolian deposits (NMBGMR, 2003). These thin Quaternary deposits unconformably overlie Triassic sedimentary rock of the Dockum Group.

Regional Hydrology

The withdrawal and temporary storage location lies east of Monument Draw. This drainage is approximately 35 miles long, is typically dry, but is subject to infrequent peak flows from precipitation events.

Local Groundwater Hydrology

The withdrawal and temporary storage location is located within the Capitan Underground Water Basin (UWB). Shallowest groundwater beneath the proposed discharge site is unconfined and approximately 50-60 feet below the surface in alluvium and underlying Dockum Group sandstone and shales. Groundwater in this area can have specific conductance values up to 1,500 µmhos/cm (OSE, 1999).

References:
NMBGMR (New Mexico Bureau of Geology and Mineral Resources). 2003. *Geologic Map of New Mexico.* Scale 1:500,000. (http://geoinfo.nmt.edu/publications/maps/geologic/state/home.cfm).
OSE (New Mexico Office of the State Engineer). 1999. Regional Water Plans: Region 16 – Lea County. (http://www.ose.state.nm.us/isc_regional_plans16.html)

n. The depth to and total dissolved solids concentration of the ground water most likely to be affected by the discharge

According to information available from the New Mexico Office of the State Engineer, depth to water in wells closest to the pipeline withdrawal and temporary water storage location is greater than 50 feet below ground surface (bgs). The well closest to the location has a reported water depth of 54 feet bgs. Three wells are listed within one mile of the withdrawal and temporary storage location, and the average of these reported depths to water in these wells is 57 feet.

As mentioned in m) above, specific conductance values up to 1,500 µmhos/cm have been reported in groundwater from this formation. TDS concentrations have not been reported. Inquiries made to the Ground Water Quality Bureau of the New Mexico Environment Department and to the United States Geological Survey did not result in any TDS concentration data for the area under consideration.

o. Identification of landowners at and adjacent to the discharge and collection/retention site

The landowner associated with the hydrostatic test withdrawal and temporary water storage location was identified as Targa Resources. Frank Brainard (Area Operations Supervisor) of Targa Resources is kept aware of all hydrostatic test and temporary water storage activity via personal meetings or through telephone conversations with DCP Construction personnel.

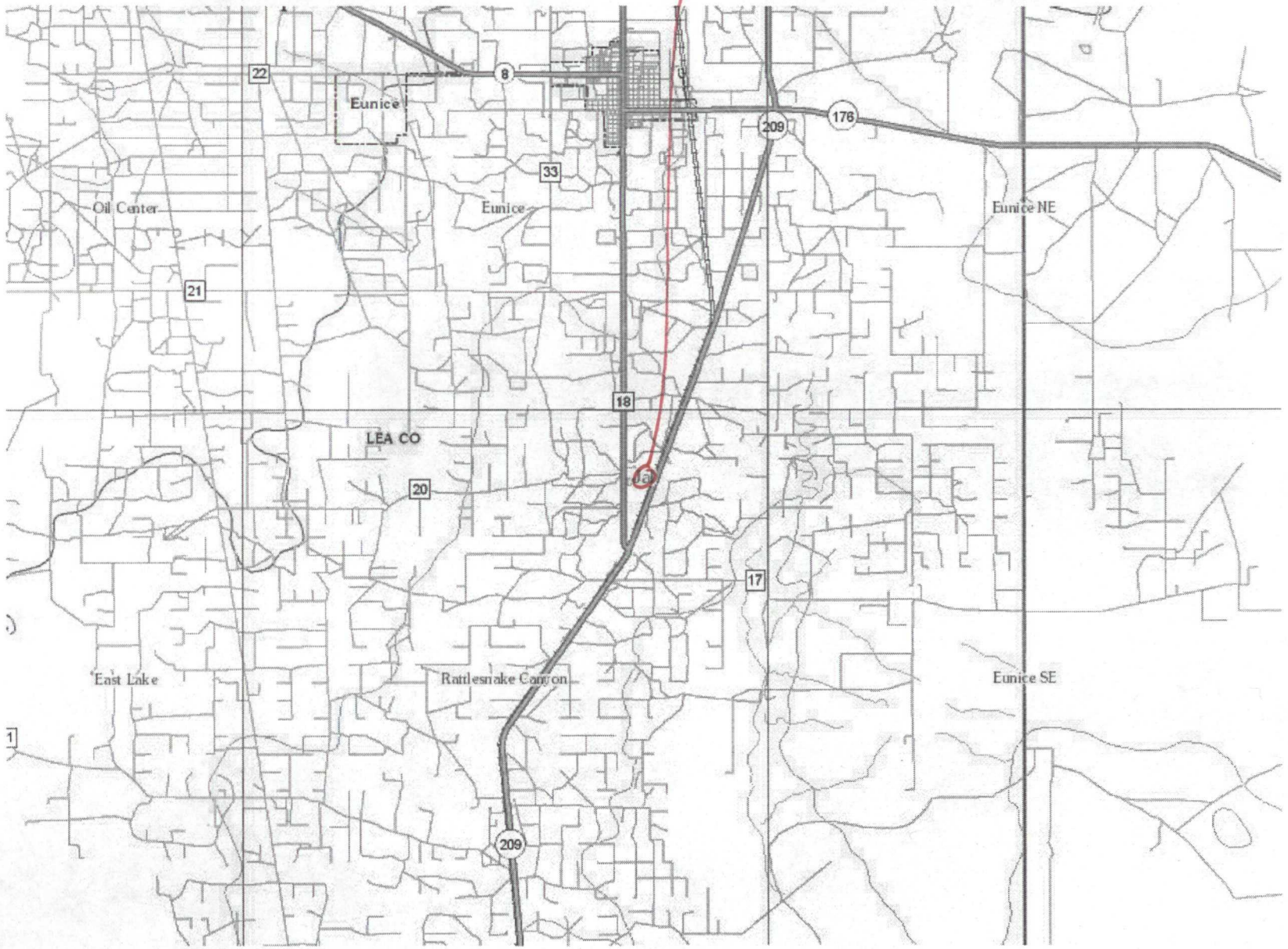
APPENDIX A
REGIONAL MAP OF AREA SURROUNDING HYDROSTATIC TEST WATER WITHDRAWAL AND TEMPORARY STORAGE LOCATION

USGS science for a changing world

The National Map Viewer

Hydrotest withdrawal and Temporary Storage Location

NGL Hydrotest Withdrawal Location



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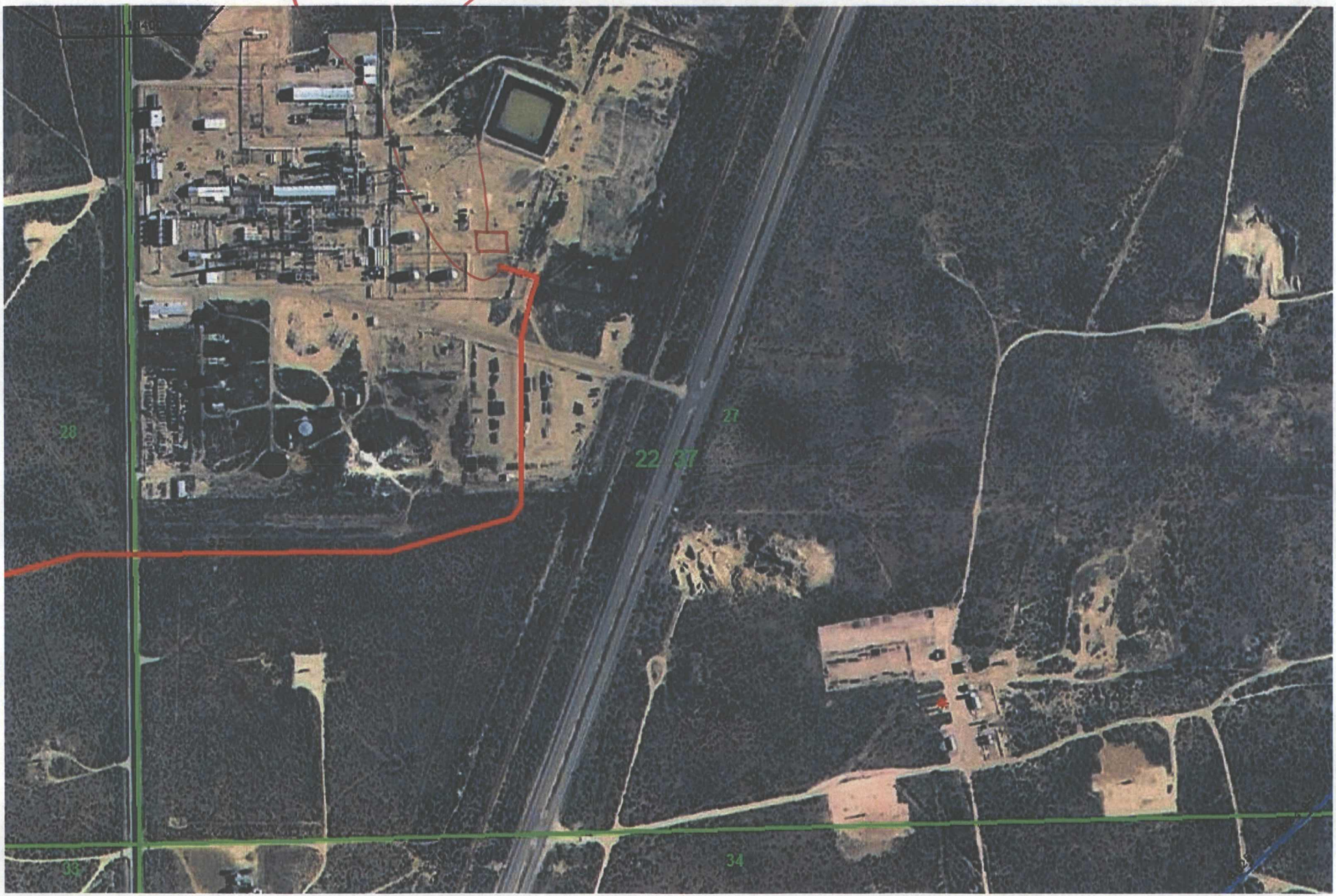
APPENDIX B
AERIAL PHOTOGRAPH OF HYDROSTATIC TEST WATER WITHDRAWAL AND TEMPORARY STORAGE LOCATION


WATER WITHDRAWAL LOCATION
FRAC TANK LOCATION
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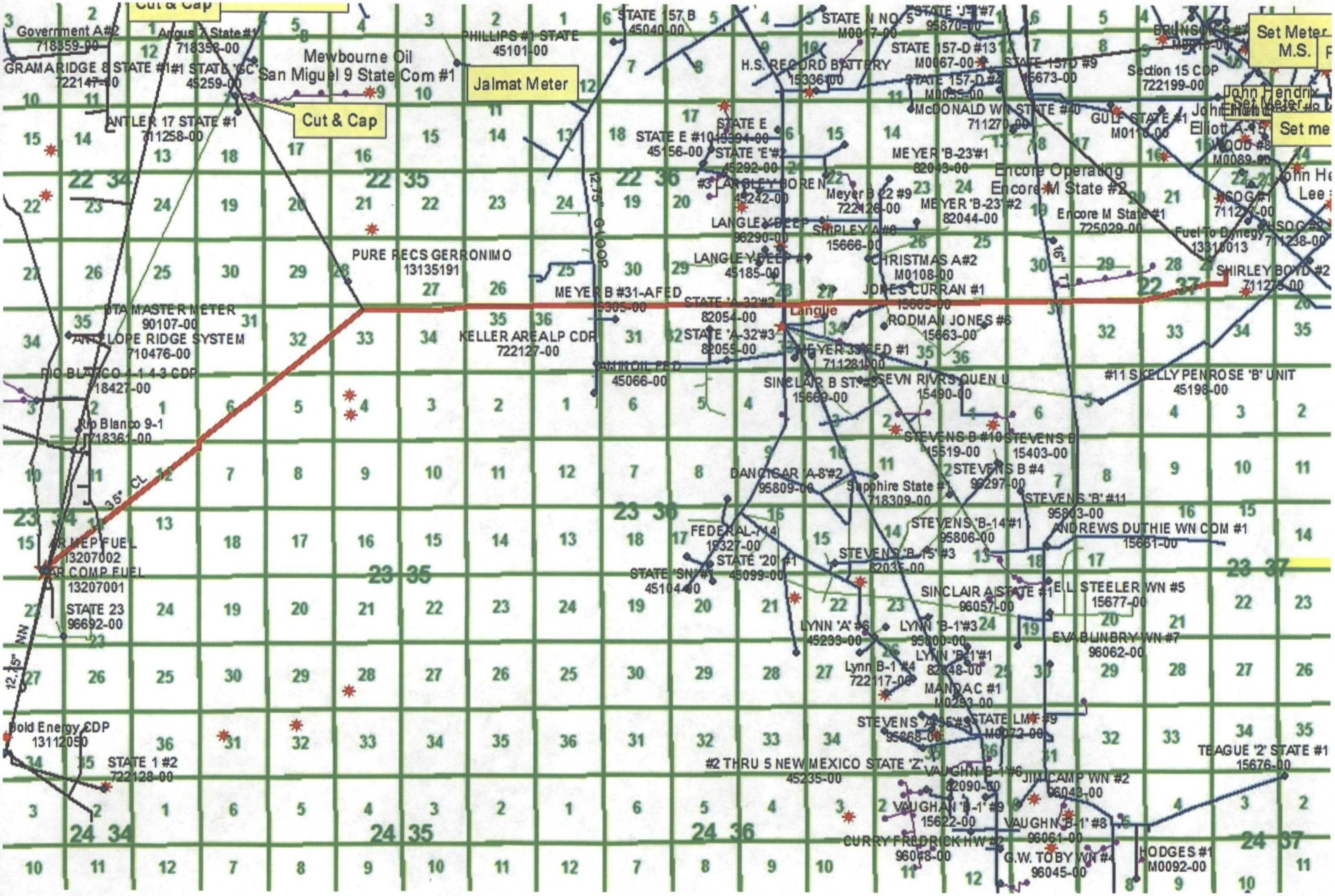
APPENDIX C
PLAT MAP OF PIPELINE SEGMENT TO BE TESTED



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STATE 157-D #9
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STATE 157-D #2
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