

HITP - 024

**TEMPORARY
PERMISSION
2011-2012**

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 312858 dated 12/1/11

or cash received on _____ in the amount of \$ 150⁰⁰

from DCP Midstream LP

for HITP-24

Submitted by: Lawrence Reverso Date: 12/5/11

Submitted to ASD by: Lawrence Reverso Date: 12/5/11

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other TEMP PERMISSION FEE

Organization Code 521.07 Applicable FY 2011

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

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



November 30, 2011

Mr. Jim Allred
DCP Midstream, L.P.
1625 West Marland
Hobbs, New Mexico 88240

**Re: Hydrostatic Test Individual Temporary Permission HITP-024
DCP Midstream, L.P.
Magnum to Pecos Diamond 10-inch Pipeline Project
Collection Location: Section 19, Township 18 South, Range 28 East, NMPM
Eddy County, New Mexico**

Dear Mr. Allred:

The Oil Conservation Division (OCD) has received DCP Midstream, L.P.'s (DCP) notice of intent, dated November 29, 2011, for authorization to temporary store approximately 81,900 gallons of wastewater generated from a hydrostatic test of approximately 19,300 feet of new 10-inch natural gas transmission pipeline (Magnum to Pecos Diamond Pipeline), located approximately 3.5 miles southeast of the Pecos Diamond Gas Plant. The proposed collection location is within DCP's pipeline easement right-of-way in Section 19, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, approximately 12.5 miles southeast of the City of Artesia, New Mexico. No surface discharge is proposed by DCP. The hydrostatic test wastewater will be discharged into frac tanks for temporary storage, transferred from the frac tanks to an OCD approved water hauler, and delivered to Judah Oil, LLC's Red Lake State Well No. 1 SWD Class II injection well for disposal. OCD acknowledges the receipt of the filing fee (\$100.00) with the November 29, 2011 notice of intent. This approval will not become effective until OCD receives the temporary permission fee of \$150.00 pursuant to 20.6.2.3114 NMAC. Please make the check payable to the **Water Quality Management Fund** and submit to OCD.

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

1. DCP will test approximately 19,300 feet of new 10-inch natural gas transmission pipeline (Magnum to Pecos Diamond Pipeline), located approximately 3.5 miles southeast of the

Pecos Diamond Gas Plant: approximately 12.5 miles southeast of the City of Artesia, New Mexico;

2. DCP shall ensure no discharge will occur at the hydrostatic test wastewater collection location: within DCP's pipeline easement right-of-way in Section 19, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, approximately 12 miles east from the City of Artesia, NM on the Lovington Highway to Illinois Camp Road, then approximately 4 miles south;
3. DCP will acquire the hydrostatic test water from the Haldeman Fresh Water Station, located approximately 2 miles east of Artesia, New Mexico on Highway 82. The water originates from the Artesia Municipal Water System;
4. DCP will generate approximately 81,900 gallons of hydrostatic test wastewater from the test event and will be slowly discharged the wastewater from the pipeline into five (5) 21,000 gallon frac tanks for temporary storage, while awaiting testing, transfer and disposal by injection at Judah Oil, LLC's Red Lake State Well No. 1 SWD Class II injection well (API# 30-015-22893);
5. DCP shall ensure that the temporary storage tanks 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 or one-third greater than the total volume of all tanks that are inter-connected, whichever is greater;
6. DCP will have personnel on-site to oversee and control the transfer and utilize collection pans placed below the collection points to prevent an unauthorized release;
7. DCP will not discharge any hydrostatic test wastewater generated from the test event to the ground;
8. DCP will not be analyzing the hydrostatic test wastewater because of the following: there will be no discharge the wastewater to the surface or surface water; the wastewater has been demonstrated to be RCRA exempt waste; and the proposal is to dispose of the wastewater into a Class II injection well;
9. DCP shall remove all hydrostatic test wastewater from the collection/retention location within ten (10) calendar days of the completion of the hydrostatic test;
10. DCP will ensure the transfer the hydrostatic test wastewater via an OCD approved C-133 water hauler to Judah Oil, LLC's Red Lake State Well No. 1 SWD Class II well (API# 30-015-22893) for injection and disposal;
11. DCP shall restore any surface area impacted or disturb from the approved activities;
12. DCP shall implement best management practices to prevent unauthorized releases during the transfer/collection activities;

Mr. Allred
DCP Midstream, L.P.
Permit H1TP-024
November 30, 2011
Page 3 of 3

13. DCP shall ensure that the transfer/collection activities do 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);
14. DCP must properly notify the landowner(s) of the proposed collection/retention of the approved activities prior to the hydrostatic test event; and
15. DCP shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to OCD Rule 29 (19.15.29 NMAC).

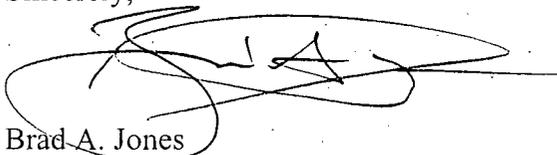
It is understood that the hydrostatic test will begin sometime between December 5, 2011 and December 12, 2011. This temporary permission will expire within 120 calendar days of its issue date. Temporary permission may be revoked or suspended for violation of any applicable provisions and/or conditions.

This approval will not become effective until OCD receives the temporary permission fee of \$150.00 pursuant to 20.6.2.3114 NMAC. Please make the check payable to the **Water Quality Management Fund** and submit to OCD.

Please be advised that approval of this request does not relieve DCP of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve DCP 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 II Office, Artesia

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 78217 dated 11/17/11

or cash received on _____ in the amount of \$ 100⁰⁰

from DCP & Kristina LP

for HITP-24

Submitted by: Lawrence Fazio Date: 12/1/11

Submitted to ASD by: Yvonne Jones Date: 12/1/11

Received in ASD by: _____ Date: _____

Filing Fee New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2011

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____