HITP - 010

TEMPORARY PERMISSION Dec. 2009

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 12/14/09

or cash received on _____ in the amount of $ 250 00

from Chevron

for HITP-10

Submitted by: Lawrence Romero Date: 12/28/09

Submitted to ASD by: Kathleen Koziol Date: 12/28/09

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

December 11, 2009

Mr. K. D. Mathews
Chevron Pipe Line Company
4800 Fournace Place
Bellaire, Texas 77401

Re: Hydrostatic Test Water Discharge - Temporary Permission (HITP-010)
Chevron Pipe Line Company
Tatum Lateral Project
Location: Section 32, Township 15 South, Range 37 East, NMPM,
Lea County, New Mexico

Dear Mr. Mathews:

The Oil Conservation Division (OCD) has received Chevron Pipe Line Company's (CPL) notice of intent (NOI), dated December 10, 2009, to hydrostatically test an eight mile section of a 12-inch existing liquid petroleum gas transmission pipeline that is approximately 10 miles east of Lovington, New Mexico. The NOI indicates the CPL proposes to generate approximately 84,000 gallons of wastewater from a hydrostatic test of an existing pipeline. The hydrostatic test wastewater will be discharged into frac tanks for temporary storage, transferred from the frac tanks to an approved water hauler, and delivered to Chevron's Keystone Gas Storage facility, approximately 12 miles northeast of Kermit, Texas.

Based on the information provided in the request, the OCD hereby grants temporary permission for the collection and temporary storage of the hydrostatic test wastewater generated from the existing pipeline test with the following understandings and conditions:

1. no discharge will occur at the hydrostatic test wastewater collection/discharge location: Section 32, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico;
2. the source of the hydrostatic test water has been obtained from a private water source: W.L. Kid Fresh Water Station, Denver City, Texas;
3. approximately 84,000 gallons of hydrostatic test wastewater generated from the test will be slowly discharged into four (4) 500 barrel frac tanks for temporary storage, while awaiting testing and transfer to Chevron's Keystone Gas Storage facility;
4. the 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;
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 RCRA non-hazardous/non-exempt waste. If the hydrostatic test wastewater does not meet the RCRA non-hazardous criteria, the test water shall be sent to a RCRA permitted TSDF for disposal;

7. CPL will ensure the transfer the hydrostatic test wastewater via an approved water hauler to Chevron's Keystone Gas Storage facility;
8. all hydrostatic test wastewater will be removed from the discharge and/or collection/retention location by December 31, 2009 or within ten (10) calendar days from completion of the hydrostatic test;
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. CPL 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 be completed sometime during the period of December 12, 2009 through December 15, 2009. This temporary permission will expire within 30 days of the effective date of the letter. Temporary permission may be revoked or suspended for violation of any applicable provisions and/or conditions set forth within.

This approval is contingent upon OCD's receipt of CPL's payment of the required $100.00 filing fee and $150.00 temporary permission fee.

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

K. D. (Kent) Mathews
Environmental Specialist

Health, Environment & Safety
Chevron Pipe Line Company
4800 Fournace Place
Bellaire, TX 77401
Tel 713-432-3424
Fax 713-432-3477
kmhr@chevron.com

Dec. 10, 2009

Mr. Brad Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Chevron Pipe Line Co. Hydrostatic Test – Tatum Lateral

Dear Mr. Jones,

The following information provided below describes the hydrostatic test of a pipeline segment in Lea County, New Mexico operated by Chevron Pipe Line Company (CPL), movement and disposition of the hydrotest water. A check in the amount of $250.00 has been requested from Chevron's Financial Dept. and is expected to be delivered to me on Monday 12-14-2009. I will send a hard copy of this letter along with the check made out to the Water Quality Management Fund to your attention immediately upon receipt of the check.

1) **Name and address of pipeline operator:**
Chevron Pipe Line Company
4800 Fournace Pl.
Bellaire, TX 77401

2) **Description of activities:**
CPL is conducting a hydrostatic test of an LPG pipeline segment to qualify the line for PIM (pipeline integrity management). The segment of pipeline being hydrostatically tested is 6" OD carbon steel pipe, approximately eight miles in length in LPG (liquid petroleum gas) service. Approximately 2,000 bbls of fresh, potable water is used to fill the line and pressured up.

3) **Location of hydrostatic test:**
Please refer to the attached maps showing the location of the Tatum Lateral and discharge point.

4) **Legal description of discharge location:**
Section 32 / Township 15S / Range 37E
The landowner surrounding the immediate area of the hydrostatic test work and discharge location is Mr. Don Yarbro.

5) **Water source:**
Water came from Denver City, Texas
W.L. Kid Fresh water station, invoiced from K & T Farms LTD

6) **BMPs:**
The transfer of water from the pipe to frac tanks will be through a flexible hose connected between the piping valve and the frac tanks. The area where the transfer will occur will be bordered with hay bales lined with plastic sheeting to capture unexpected drips and leaks. The containment system will also be utilized when transferring the water from the frac tanks to tank trucks used to transport the water to the final disposal location.

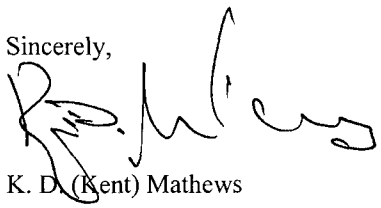
7) **Sampling and analysis of discharge water:**
Sampling will be performed by URS Corporation personnel using a clear bailing system once the water is contained in the frac tanks. One sample will be pulled from each of the four frac tanks. The samples will be transported to the TestAmerica Lab in Houston, TX. A 2-day turn-around time for lab results has been requested.

8) **Disposal location:**
Water will be transported by tanker truck from the hydrostatic test location to Chevron's Keystone Gas Storage facility located approx 12 miles northeast of Kermit, TX for re-use on-site.

9) **Estimated timing of events:**
Hydrostatic testing of the pipeline segment is completed
Sunday 12-13- 2009 - Hydrostatic test water will be pushed form the pipeline into frac tanks
Monday 12-14-2009 – Sampling by URS will be performed
Thursday 12-17-2009 – Lab results received
Friday/Saturday 12-18/19-2009 – Water transported by trucks to Chevron facility
Monday 12-21-2009 – Frac Tanks removed from location

If any additional information is needed to during your review process, please contact me at (713) 432-3424 or via email at kmhr@chevron.com.

Sincerely,



K. D. (Kent) Mathews

Mathews, Kent D

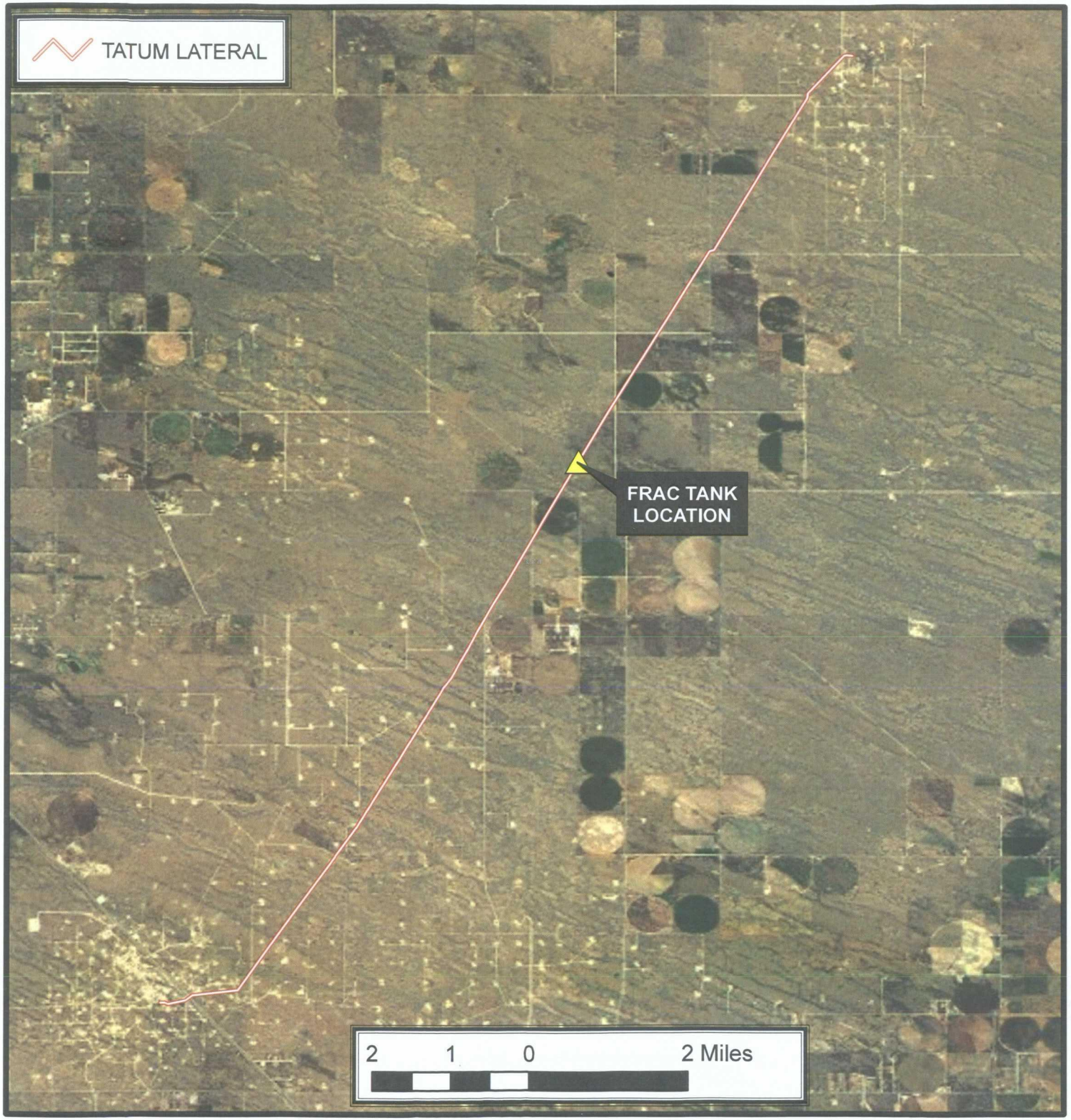
From: Mathews, Kent D
Sent: Friday, December 11, 2009 8:17 AM
To: brad.a.jones@state.nm.us
Cc: Williams, Jerry (WGER)
Subject: CPL Tatum Lateral
Attachments: CPL Tatum Lateral - Color Area Maps & USGS Topos.pdf

Mr. Jones,

Please supplement the previous hydrotest submittal (by email 10-10-09) with the attached area maps and USGS topographic maps. These are all in color and should provide clarity as to the location of the frac tanks and surrounding features. There do not appear to be any features of notable interest in the vicinity of the frac tanks. The pipeline Right of Way is a 40' width. The landowner is aware of CPL's activities onsite. Also, it may not have been clear in the previous submittal that there are four (4) 500 bbl frac tanks that will be used to receive the water from the pipeline. The frac tanks will hold the water while sampling and analysis is conducted, afterwards the water will be transferred to tank trucks for delivery to the Chevron location outside of Kermit, TX.

Kent D. Mathews
Environmental Specialist
MidContinent - Texas Operations

Chevron Pipe Line Company
4800 Fournace Place, Rm W228A
Bellaire, TX 77401
Tel 713 432 3424
Fax 713 432 3477
Mobile 713 397 1363
kmhr@chevron.com



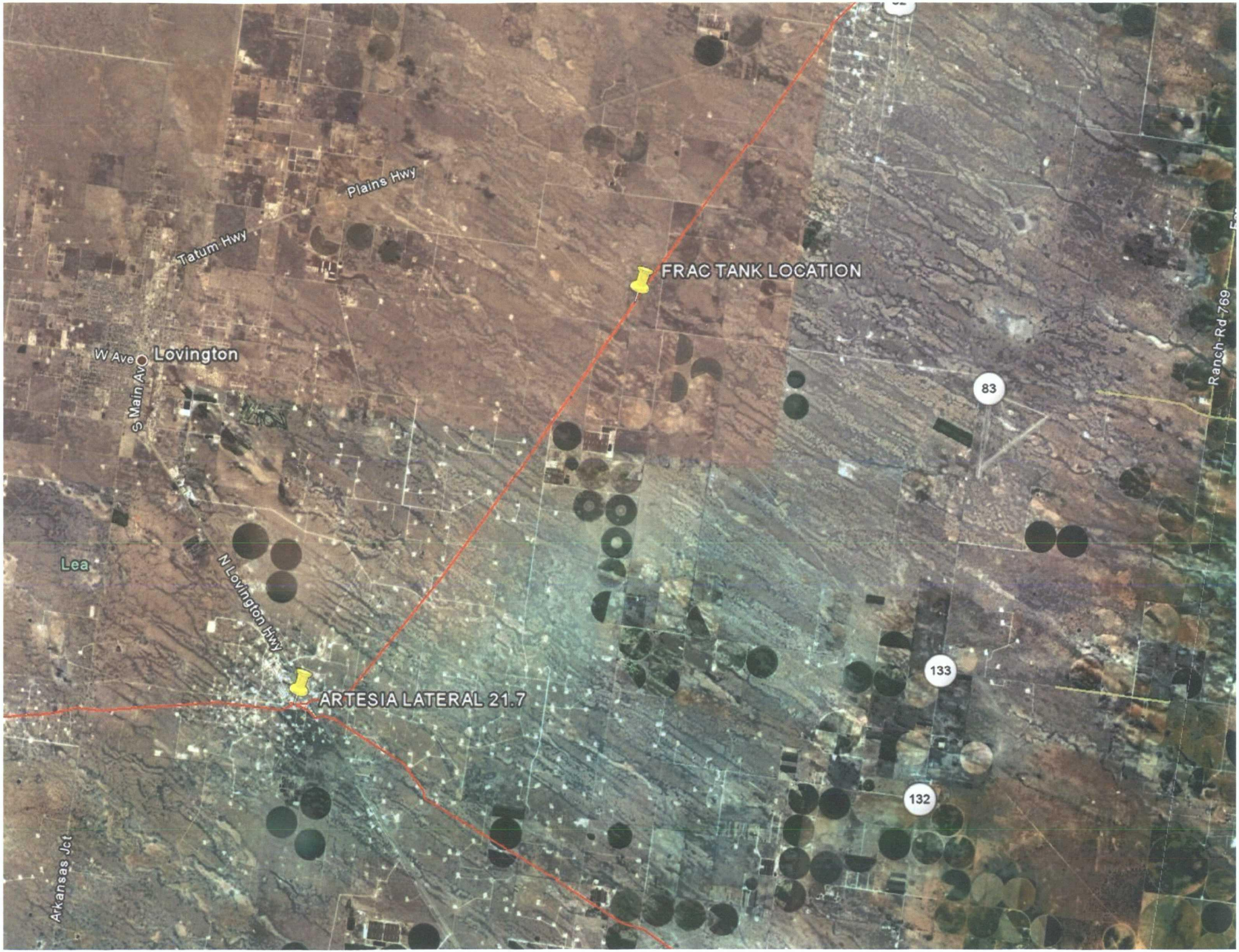
CHEVRON PIPE LINE COMPANY

Chevron

TATUM LATERAL

Lea, NM

Author: Phil Hernandez
Date: 12/10/2009
Requestor: J. Williams
Geodesy: GCS NAD 1983


FRAC TANK LOCATION
ARTESIA LATERAL 21.7
Plains Hwy
Tatum Hwy
W Ave
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Lea
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Arkansas Jct
Ranch Rd 769
83
133
132

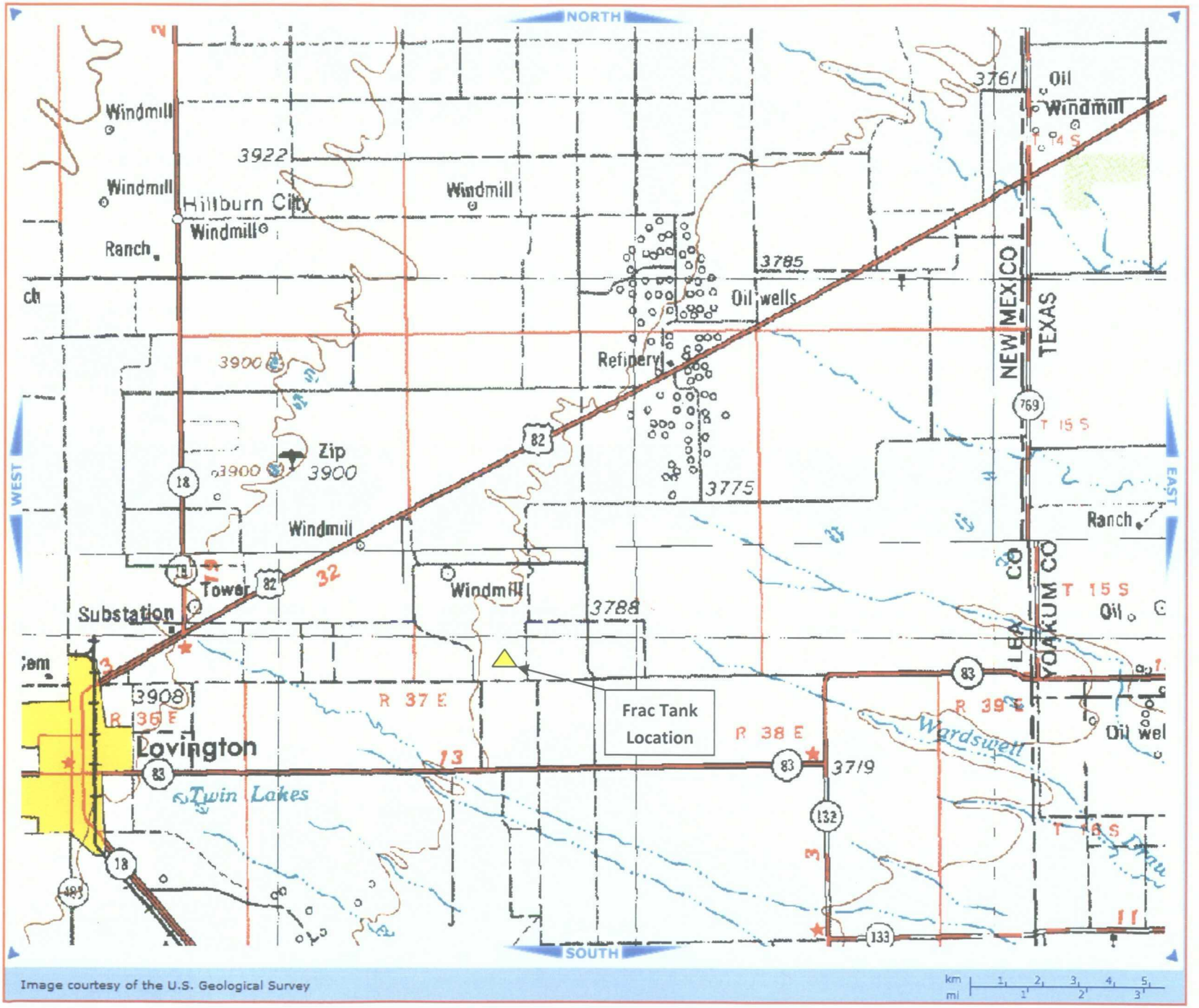
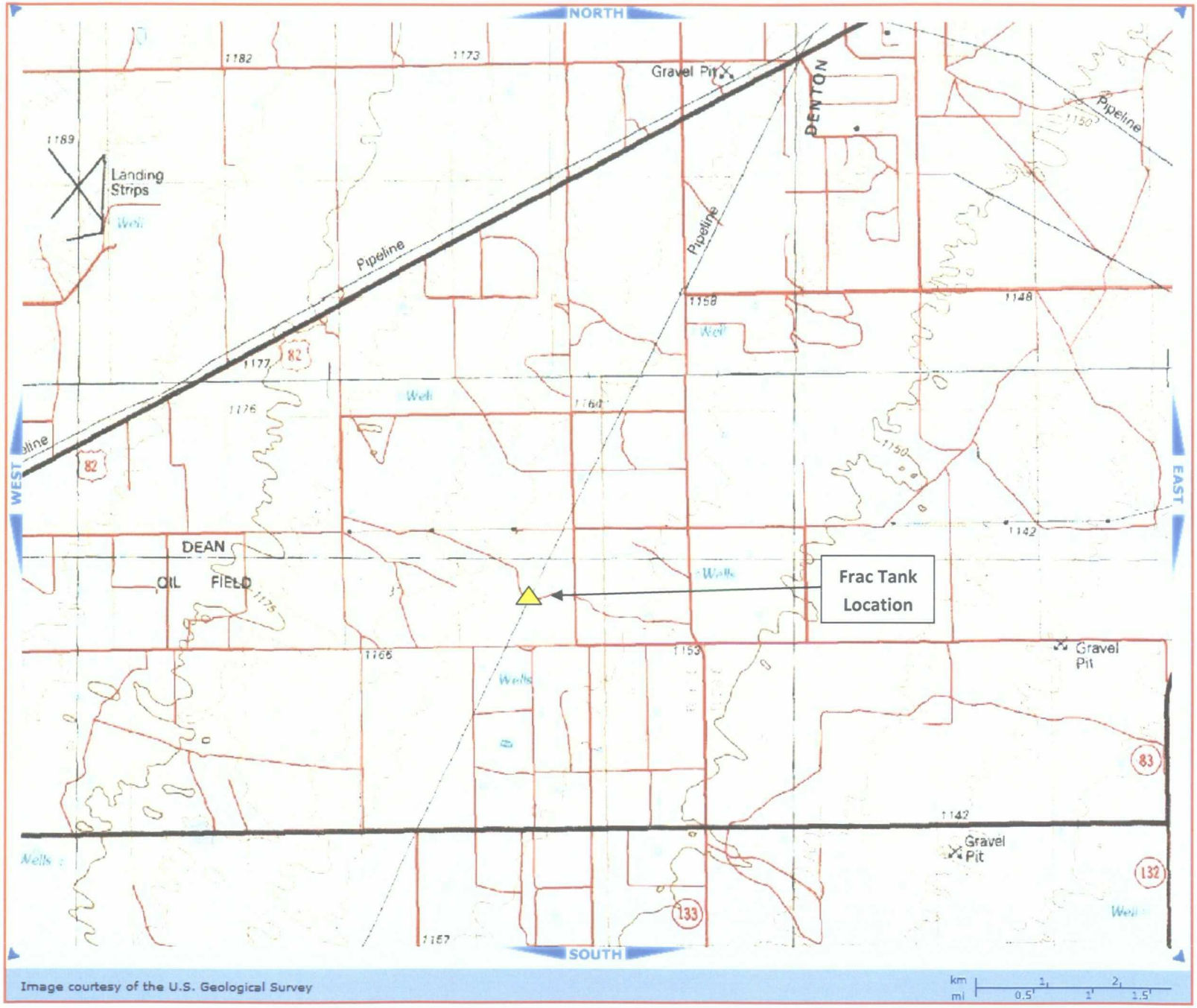


Image courtesy of the U.S. Geological Survey



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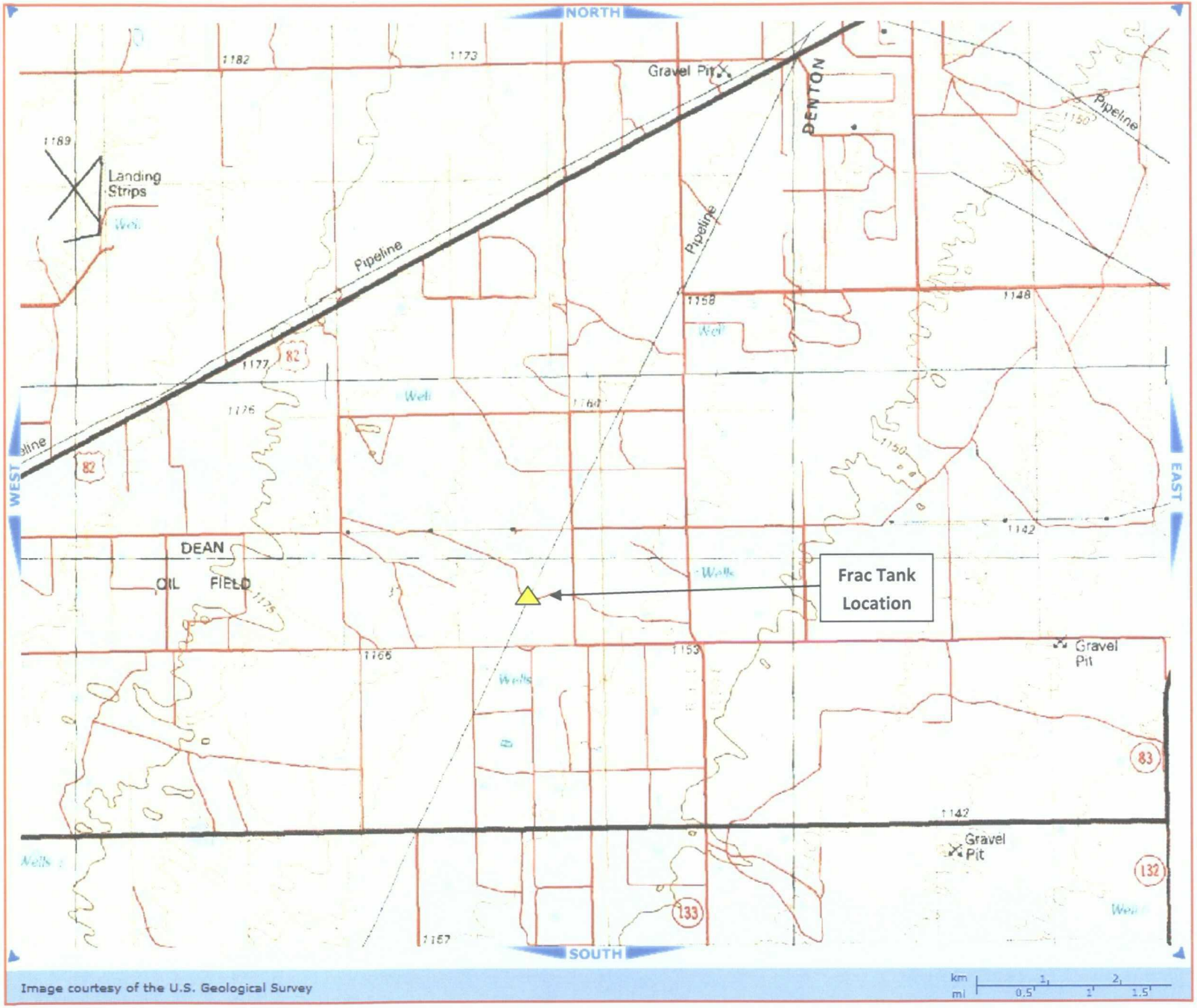
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Wells
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Frac Tank Location
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Gravel Pit
Wells
Image courtesy of the U.S. Geological Survey
km
mi

Jones, Brad A., EMNRD

From: Mathews, Kent D [KentMathews@chevron.com]
Sent: Thursday, December 10, 2009 4:00 PM
To: Jones, Brad A., EMNRD
Cc: Williams, Jerry (WGER)
Subject: Chevron Pipe Line Tatum Lateral Hydrostatic Test
Attachments: CPL Tatum Lateral Hydrostatic Test.pdf

Mr. Jones,

Please see the attached information for the hydrostatic test discussed on the phone earlier this morning. I was hoping to get this to you sooner today but was delayed while waiting for the map. Please advise if any questions. As mentioned in the letter, I am expecting a check on Monday and will get a hard copy of the attached, color maps, and the check sent out immediately. Your attention to this is much appreciated.

Kent D. Mathews
Environmental Specialist
MidContinent - Texas Operations

Chevron Pipe Line Company
4800 Fournace Place, Rm W228A
Bellaire, TX 77401
Tel 713 432 3424
Fax 713 432 3477
Mobile 713 397 1363
kmhr@chevron.com

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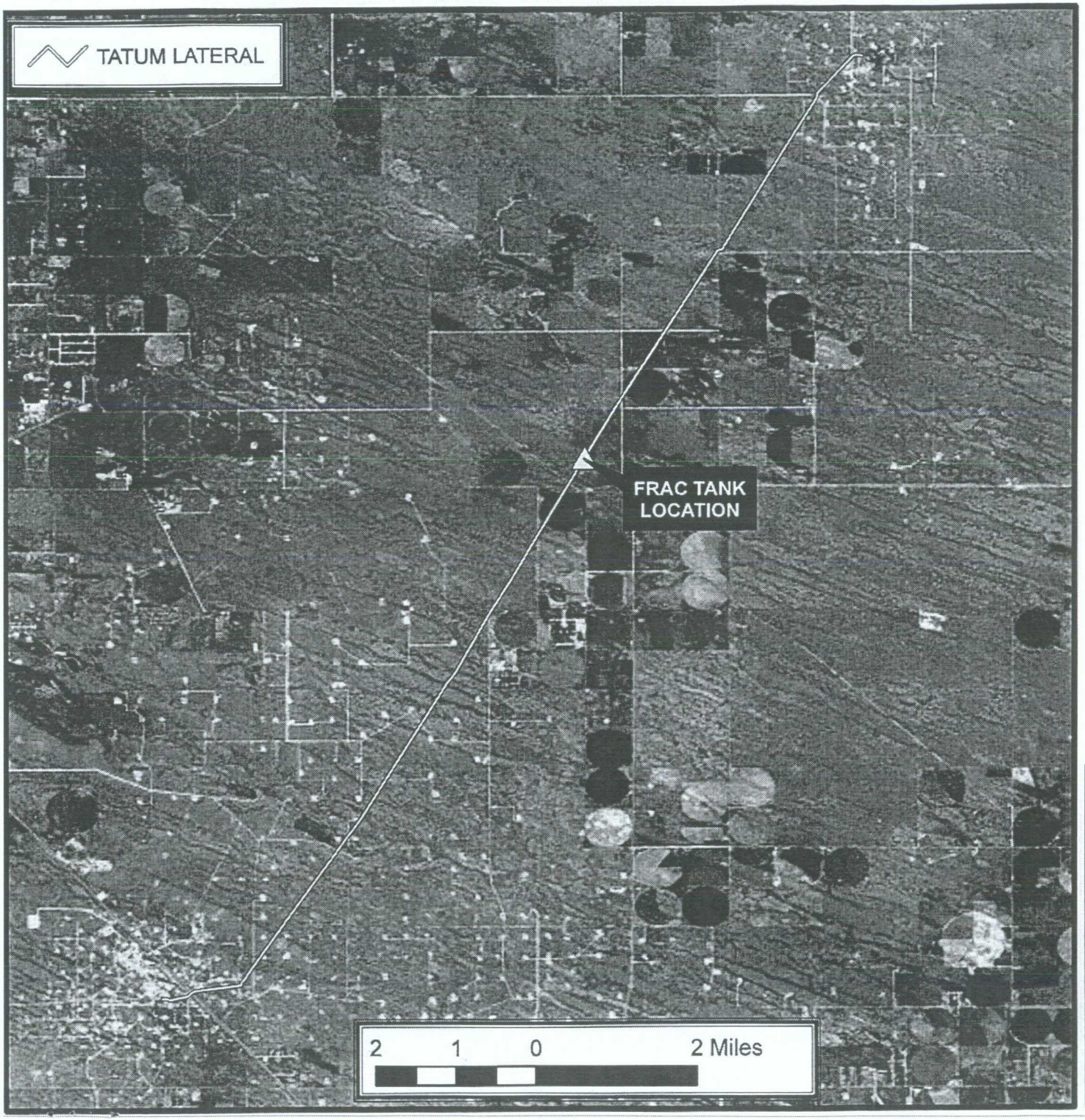

CHEVRON PIPE LINE COMPANY

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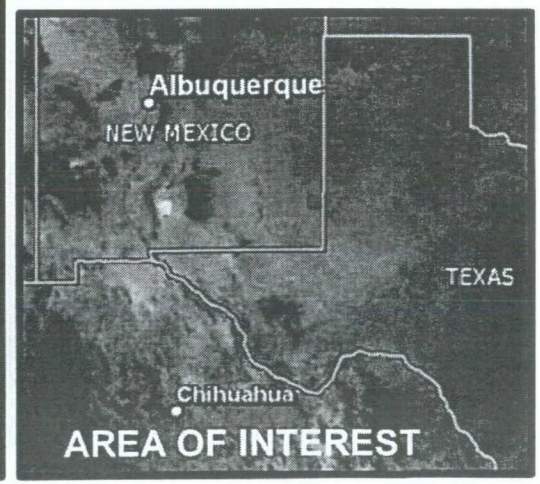


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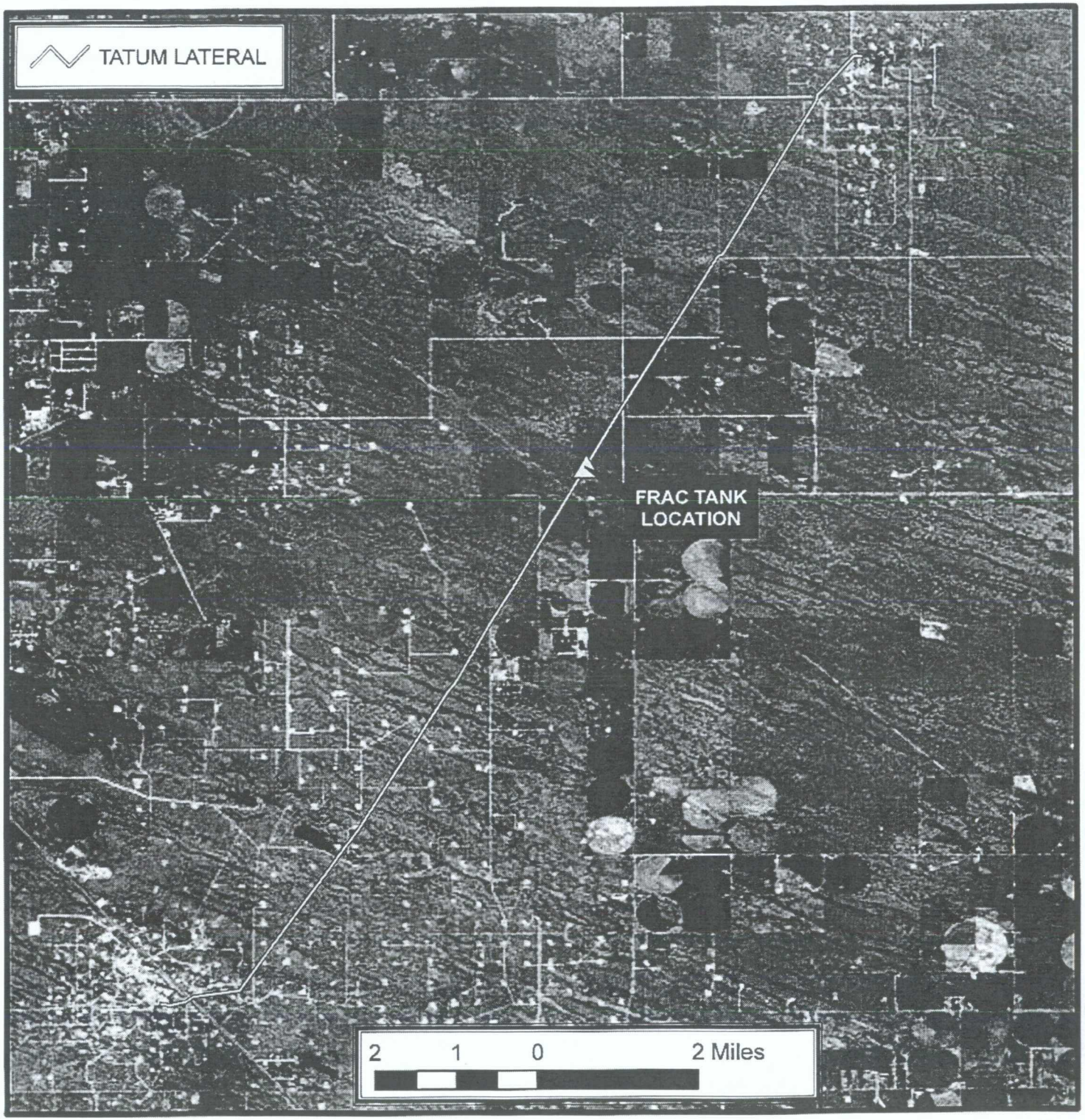

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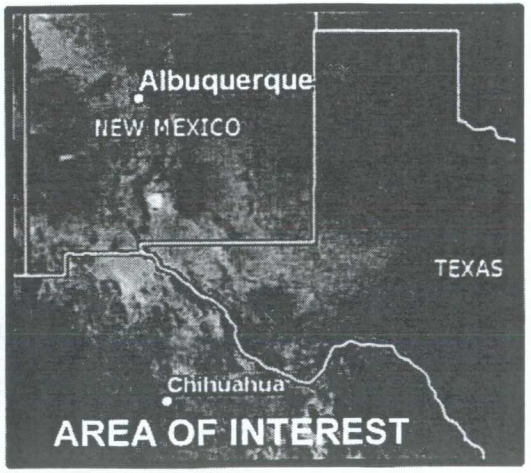


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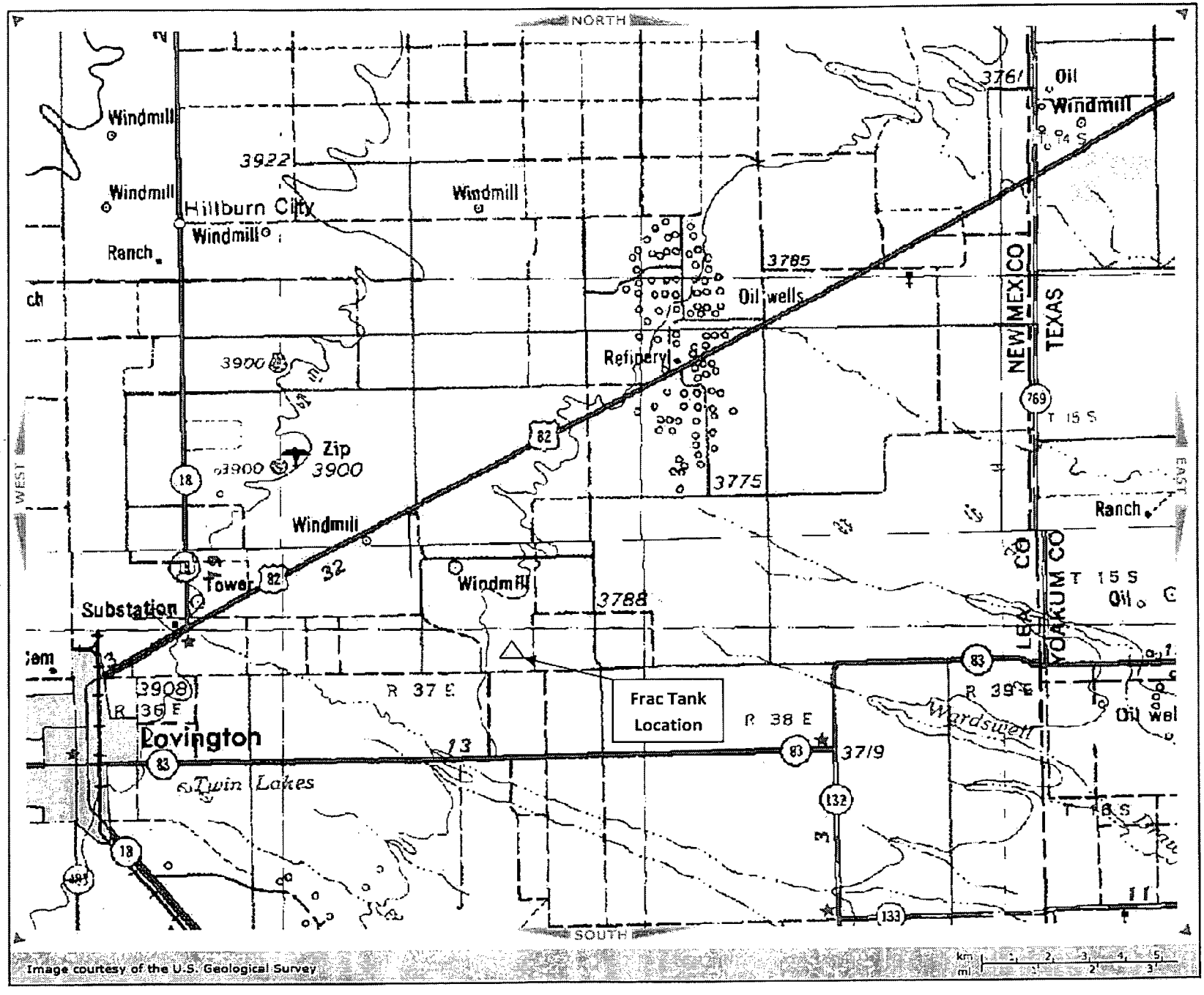
NORTH
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Windmill
Windmill
Windmill
Hillburn City
Windmill
Ranch
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Zip
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Windmill
Tower
Substation
Windmill
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R 37 E
R 38 E
Frac Tank
Location
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Refinery
3775
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Oil
Windmill
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T 15 S
Ranch
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Image courtesy of the U.S. Geological Survey

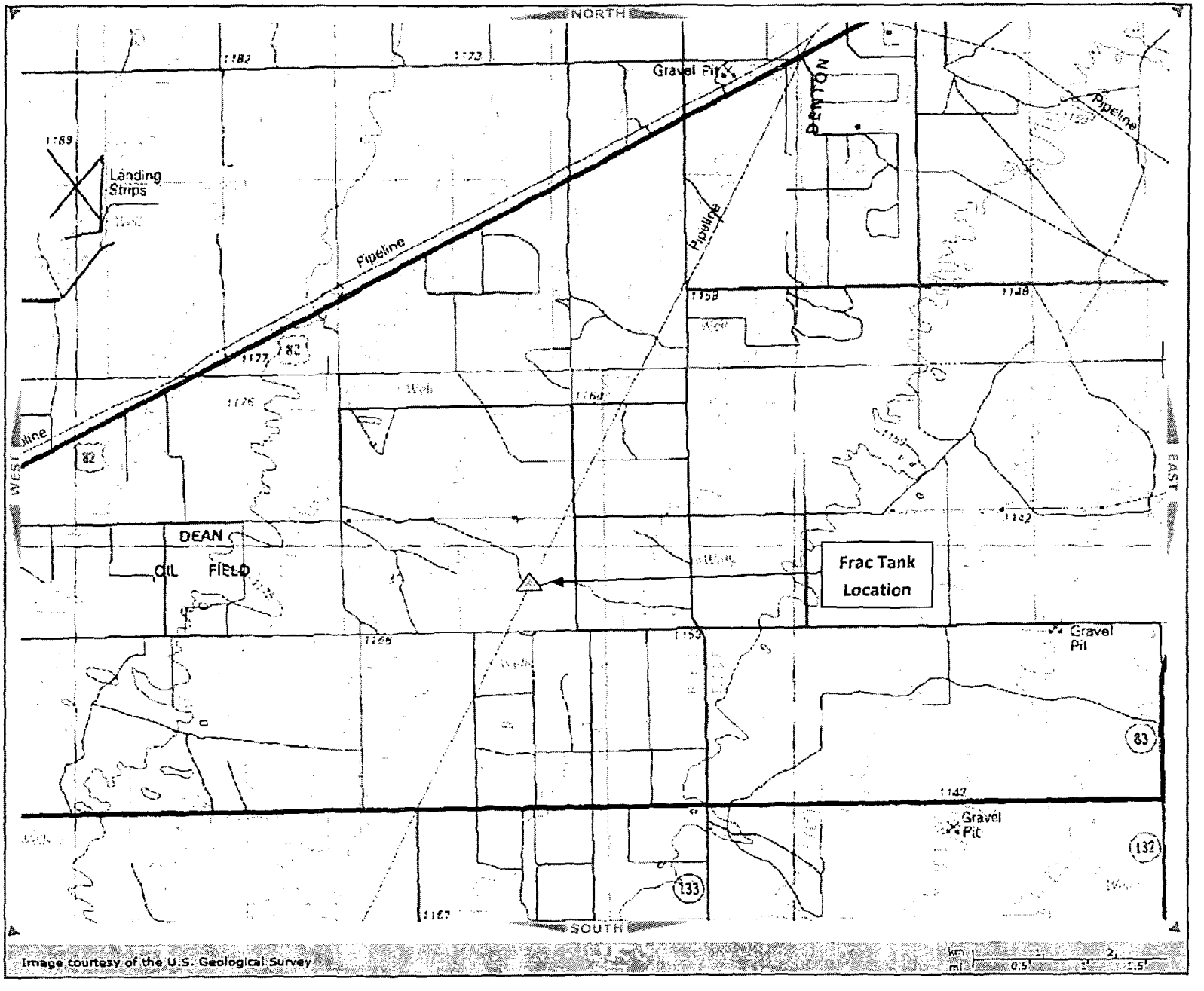
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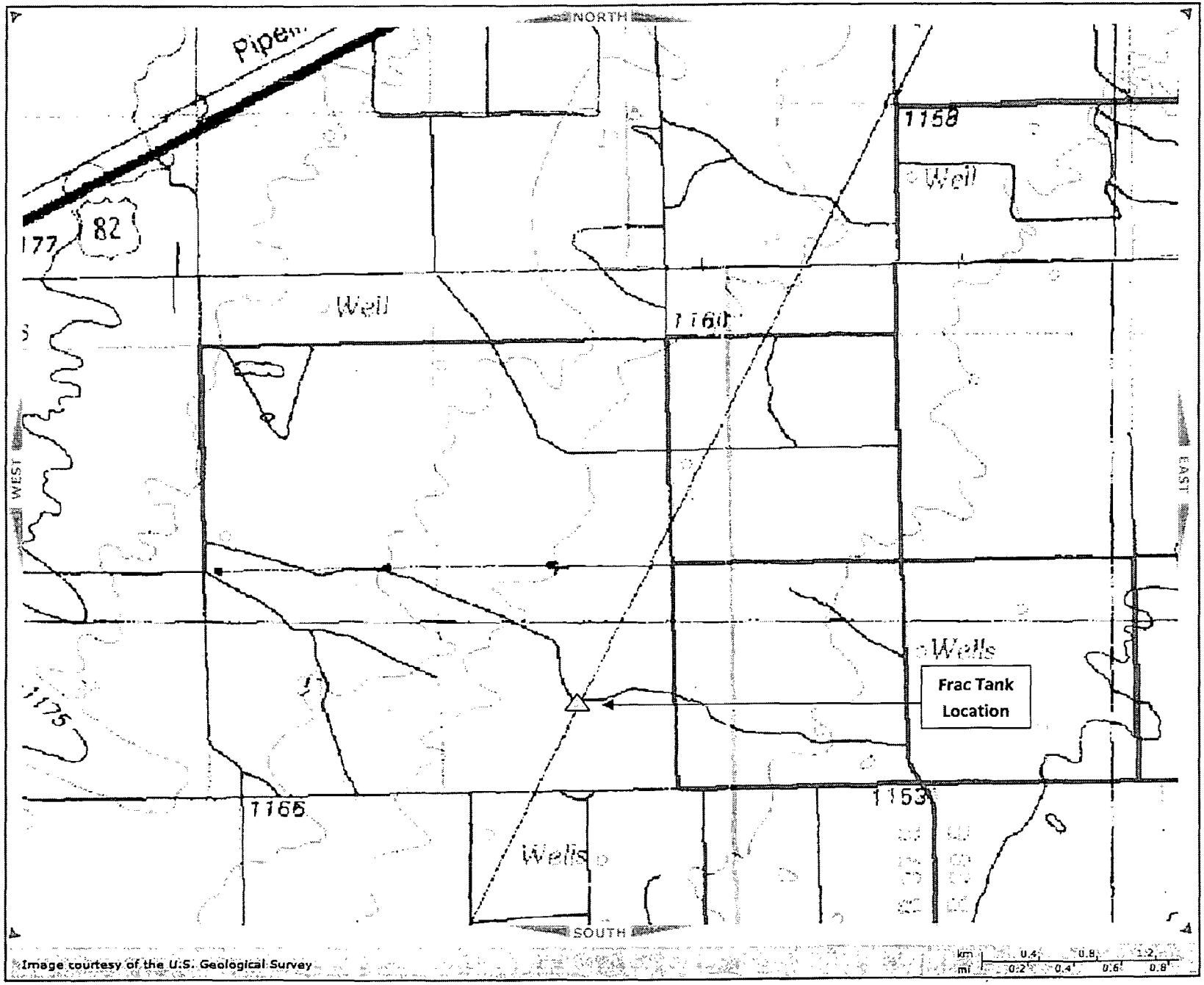
Image courtesy of the U.S. Geological Survey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EAST
Wells
Frac Tank
Location
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1165
1153
Wells
SOUTH
Image courtesy of the U.S. Geological Survey
km 0.4 0.8 1.2
mi 0.2 0.4 0.6 0.8