HITP - _15_

GENERAL CORRESPONDENCE

YEAR(S): _2010_

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 2/28/11

or cash received on _____ in the amount of $ 150 00

from Chevron

for HITP-15

Submitted by: Lawrence Romero Date: 3/3/11

Submitted to ASD by: [signature] Date: 3/3/11

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other Temp Permission Fee

Organization Code 521.07 Applicable FY 2010

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

Chevron

Global Gas

RECEIVED OCD

2011 MAR -2 P 1:23

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

March 1, 2011

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

Re: Temporary Permission Fee for Hydrostatic Test Water Discharge
Chevron Pipe Line Co. – DCP Artesia Lateral
Eddy County, New Mexico

Dear Mr. Jones,

Please see enclosed check in the amount of $150.00 for the temporary permission fee for the above referenced hydrostatic test (HITP-015).

Your assistance in the issuance of the temporary permission authorization is appreciated.

Sincerely,

K. D. (Kent) Mathews
Environmental Specialist

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division

February 28, 2011

Mr. Kent Mathews
Chevron Pipe Line Company
4800 Fournace Place W228A
Bellaire, Texas 77401

RE: Hydrostatic Test Discharge Permit - Temporary Permission HITP- 015
Chevron Pipe Line Company
DCP Artesia Lateral – southeast of Artesia, New Mexico
Location: SE/4 of Section 7, Township 18 South, Range 28 East, NMPM,
Eddy County, New Mexico

Dear Mr. Mathews:

The Oil Conservation Division (OCD) has received Chevron Pipe Line Company's (CPL) revised notice of intent, dated January 20, 2011, and supplemental information dated January 26, 2011 and February 22, 2011, for authorization to temporary store approximately 7350 gallons of wastewater generated from a hydrostatic test of approximately 1.9 miles of existing idle 4-inch natural gas transmission pipeline. The proposed collection location is within the SE/4 of Section 7, Township 18 South, Range 28 East, NMPN, Eddy County, New Mexico. No surface discharge is proposed by CPL. 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 Charter Waste Landfill located near City of Odessa, in Ector County, Texas (TCEQ Permit No. 2158) for solidification and disposal. The OCD acknowledges receipt of the filing fee ($100.00) with the October 20, 2010 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**.

Based on the information provided in the request, temporary permission 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. CPL will be testing approximately 1.9 miles of an existing 4-inch natural gas transmission pipeline (DCP Artesia Lateral), approximately 13 miles southeast of Artesia, New Mexico;

2. no discharge will occur at the hydrostatic test wastewater collection/discharge location: within DCP Midstream's Gas Plant boundary (GW-023) within the SE/4 of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico – approximately 12 miles east on Hwy 82 (Lovington Hwy) from the intersection of Highway 82 and Highway 285;
3. the source of the hydrostatic test water will be either a local municipal water supplies or third party;
4. approximately 7,350 gallons of hydrostatic test wastewater generated from the test will be slowly discharged into one (1) 21,000 gallon frac tank for temporary storage, while awaiting testing, transfer and disposal to Charter Waste Landfill located near the City of Odessa, in Ector County, Texas (TCEQ Permit No. 2158);
5. the temporary storage tank 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 or one-third greater than the total volume of all tanks that are inter-connected, whichever is greater;
6. no hydrostatic test wastewater generated from the test will be discharged to the ground or within the existing easement right-of-way;
7. the hydrostatic test wastewater will be analyzed to determine if it is a RCRA non-hazardous/non-exempt waste that Charter Waste Landfill located near the City of Odessa, in Ector County, Texas (TCEQ Permit No. 2158) may accept for disposal. CPL will expedite the laboratory analytical testing. If the hydrostatic test wastewater does not meet the criteria for Charter Waste Landfill (TCEQ Permit No. 2158) waste acceptance, the test water shall be sent to a RCRA permitted TSDF for disposal;
8. CPL will ensure the transfer the hydrostatic test wastewater via an OCD approved water hauler to Charter Waste Landfill located near the City of Odessa, in Ector County, Texas (TCEQ Permit No. 2158) for solidification and disposal;
9. all hydrostatic test wastewater will be removed from the discharge and/or collection/retention locations within fourteen (14) calendar days of the completion of the hydrostatic test;
10. any surface area impacted or disturb from the approved activities shall be restored.
11. 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;
12. best management practices must be implemented to contain the discharge and/or collection /retention onsite, not impact adjacent property, and to control erosion;
13. 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);

14. 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
15. 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 begin approximately March 2, 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**.

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

Attachment: Feb. 22, 2011 TCEQ approval letter for Special Waste Disposal at Charter Waste

Cc: OCD District II Office, Artesia

K. D. (Kent) Mathews
Environmental Specialist

Health, Environment & Safety
Chevron Pipe Line Company
4800 Fournace Place W228A
Bellaire, TX 77401
Tel 713-432-3424
Fax 713-432-3477
kentmathews@chevron.com

January 26, 2011

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

Re: NOI Supplement for Wellhead Protection Area Demonstration
Chevron Pipe Line Co. – DCP Artesia Lateral
Eddy County, New Mexico

Dear Mr. Jones,

This supplemental information is being provided to demonstrate that the proposed hydrostatic test water discharge at the DCP Artesia Plant will not affect a wellhead protection area. Additionally, Chevron Pipe Line is clarifying that the wastewater from the discharge will be sent to Charter Waste Landfill in Odessa, TX. Previous correspondence stated that an option for sending the water to DCP's wastewater treatment facilities was being evaluated. This option will not be pursued further and the water will be sent to Charter Waste.

Three stock tank wells in the area of the proposed discharge have been previously identified from the NMOSE Waters Database, and information provided to the NMOCD in the previous NOI submittals. Further information has been obtained verifying these wells are not within 1,000 feet of the proposed discharge. One of the stock wells is located in Section 7 T18S R28E, and two were shown to be in Section 8 T18S R28E (see attached reports from the NMOSE). All three wells are identified as owned by Bogle Farms. Mr. Aaron Bogle was initially contacted for verification of ownership. Mr. Bogle directed me to speak with Mr. Louis Derrick who has management responsibilities for Bogle Ltd. Co. Mr. Derrick confirmed the presence of two stock wells near the DCP Gas Plant. One is located to the west of the gas plant and the other is on the east side. Both well locations were stated as having adjacent windmills.

The attached topographic and aerial maps show the location of the two wells. A Google Earth map includes a 1,000 foot radius circle centered on the location where the discharge is proposed. Mr. Derrick did not have any information about a third well (two wells are identified in the NMOSE database for Section 8; it appears that the one well that does exist may possibly be located in Section 17). Mr. Mike Eaton, CPL Project Manager for the hydrostatic test and associated work on the pipeline connection, was present at the DCP Plant the week of January 24, 2011. Mr. Eaton was contacted to visually verify the location of the two Bogle Farm wells and to see if there were any other wells in the area. Mr. Eaton confirmed the presence and location of the two wells identified on the attached maps. He also verified that he did not observe any other wells within the vicinity of the gas plant.

Chevron Pipe Line believes that this information should satisfy the demonstration for protection of a wellhead protection area. Should any further information be required or if there are any questions regarding the proposed hydrostatic test, discharge, or information provided, please contact me either by phone at 713-432-3424 or via email at kentmathews@chevron.com. Thank you again for your assistance and attention to this NOI submittal.

Sincerely,

Kent Mathews
Environmental Specialist

New Mexico Office of the State Engineer
Wells Without Well Log Information

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

POD Number	Sub basin	Use	County	Source	q 64	q 16	q 4	Sec	Tws	Rng	X	Y
RA 08235		STK	ED					07	18S	28E	573537	3625134*

Record Count: 1

PLSS Search:

Section(s): 7 **Township:** 18S **Range:** 28E

***UTM location was derived from PLSS - see Help**

New Mexico Office of the State Engineer
Water Right Summary

WR File Number: RA 08235
Primary Purpose: STK 72-12-1 LIVESTOCK WATERING
Primary Status: DCL DECLARATION
Total Acres: 0
Total Diversion: 1.43
Owner: BOGLE FARMS

Documents on File

Doc	File/Act	Status 1	2	3	Transaction Desc.	From/To	Acres	Diversion	Consumptive
DCL	1991-07-10	DCL	PRC	ABS	RA 08235	T	0	1.43	

Point of Diversion

(NAD83 UTM in meters)

POD Number	Source	Q Q Q 64 16 4	Sec	Tws	Rng	X	Y	Other Location Desc
RA 08235			07	18S	28E	573537	3625134*	960' FSL, 2400' FWL

*An (*) after northing value indicates UTM location was derived from PLSS - see Help

Priority Summary

Priority	Status	Acres	Diversion	Pod Number	Source
12/31/1914	DCL	0	1.43	RA 08235	

Place of Use

Q Q Q Q 256 64 16 4	Sec	Tws	Rng	Acres	Diversion	CU	Use	Priority	Status	Other Location Desc
							STK		DCL	NO PLACE OF USE GIVEN

Source

Acres	Diversion	CU	Use	Priority	Source	Description
0	1.43		STK	12/31/1914	GW	SHALLOW

New Mexico Office of the State Engineer
Wells Without Well Log Information

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

POD Number	Sub basin	Use	County	Source	q 64	q 16	q 4	Sec	Tws	Rng	X	Y
RA 08236		STK	ED		3	3		08	18S	28E	574557	3624563*
RA 08237		STK	ED		3	3		08	18S	28E	574557	3624563*

Record Count: 2

PLSS Search:

Section(s): 8 **Township:** 18S **Range:** 28E

***UTM location was derived from PLSS - see Help**

New Mexico Office of the State Engineer
Water Right Summary

WR File Number: RA 08236
Primary Purpose: STK 72-12-1 LIVESTOCK WATERING
Primary Status: DCL DECLARATION
Total Acres: 0
Total Diversion: 1
Owner: BOGLE FARMS

Documents on File

Doc	File/Act	Status 1	2	3	Transaction Desc.	From/To	Acres	Diversion	Consumptive
DCL	1991-07-10	DCL	PRC	ABS	RA 08236	T	0	1	

Point of Diversion

(NAD83 UTM in meters)

POD Number	Source	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Other Location Desc
RA 08236			3	3	08	18S	28E	574557	3624563*	

*An (*) after northing value indicates UTM location was derived from PLSS - see Help

Priority Summary

Priority	Status	Acres	Diversion	Pod Number	Source
12/31/1914	DCL	0	1	RA 08236	

Place of Use

Q 256	Q 64	Q 16	Q 4	Sec	Tws	Rng	Acres	Diversion	CU	Use	Priority	Status	Other Location Desc
										STK		DCL	NO PLACE OF USE GIVEN

Source

Acres	Diversion	CU	Use	Priority	Source	Description
0	1		STK	12/31/1914	GW	SHALLOW

New Mexico Office of the State Engineer
Water Right Summary

WR File Number: RA 08237
Primary Purpose: STK 72-12-1 LIVESTOCK WATERING
Primary Status: DCL DECLARATION
Total Acres: 0
Total Diversion: 1.47
Owner: BOGLE FARMS

Documents on File

Doc	File/Act	Status 1	2	3	Transaction Desc.	From/To	Acres	Diversion	Consumptive
DCL	1991-07-10	DCL	PRC	ABS	RA 08237	T	0	1.47	

Point of Diversion

(NAD83 UTM in meters)

POD Number	Source	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Other Location Desc
RA 08237			3	3	08	18S	28E	574557	3624563*	

*An (*) after northing value indicates UTM location was derived from PLSS - see Help

Priority Summary

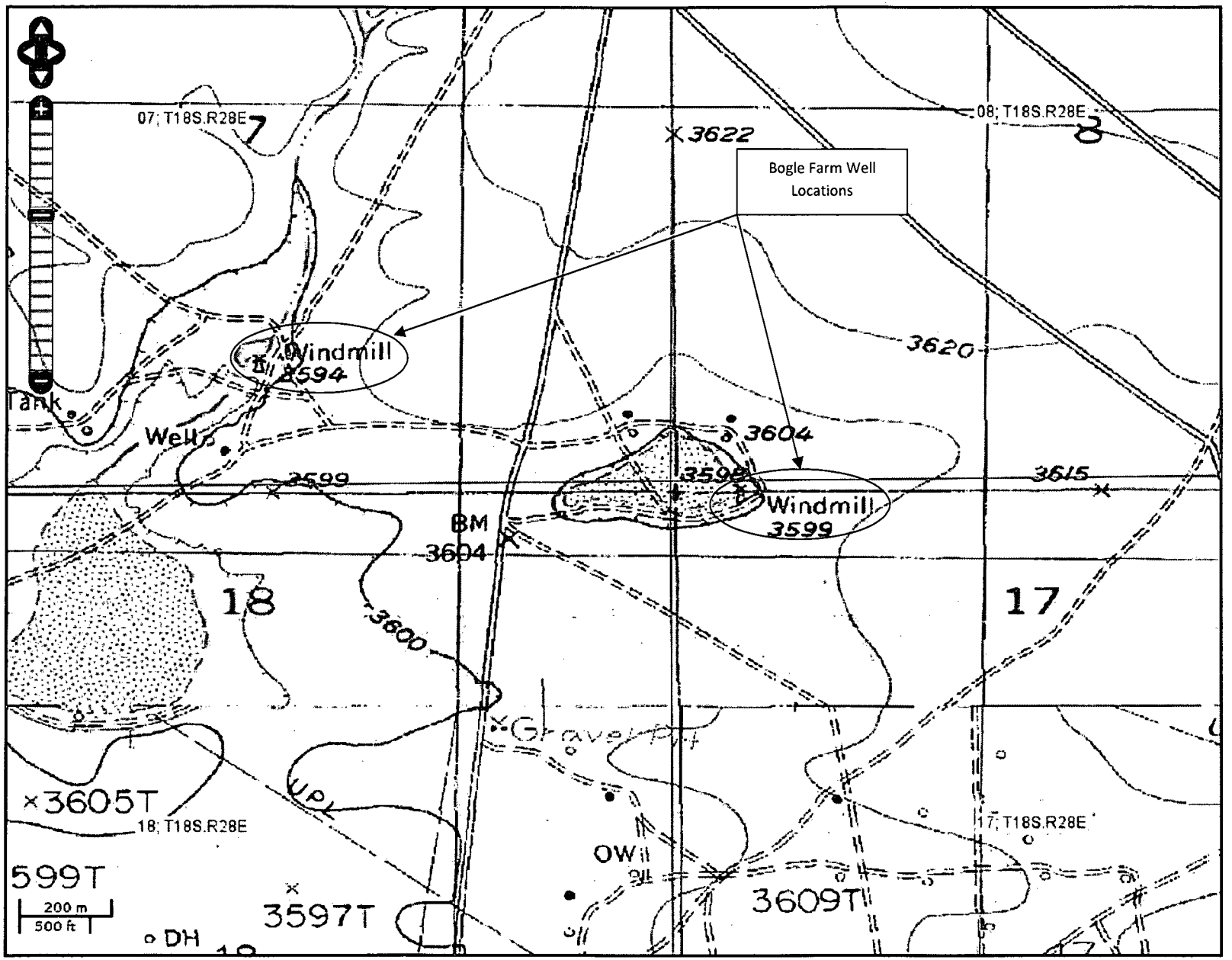
Priority	Status	Acres	Diversion	Pod Number	Source
12/31/1914	DCL	0	1.47	RA 08237	

Place of Use

Q 256	Q 64	Q 16	Q 4	Sec	Tws	Rng	Acres	Diversion	CU	Use	Priority	Status	Other Location Desc
										STK		DCL	NO PLACE OF USE GIVEN

Source

Acres	Diversion	CU	Use	Priority	Source	Description
0	1.47		STK	12/31/1914	GW	SHALLOW


Bogle Farm Well Locations
07; T18S.R28E
08; T18S.R28E
18; T18S.R28E
17; T18S.R28E
Windmill
3594
Windmill
3599
Tank
Well
3622
3620
3604
3599
3615
BM
3604
3600
18
17
Gravel Pit
UP
OW
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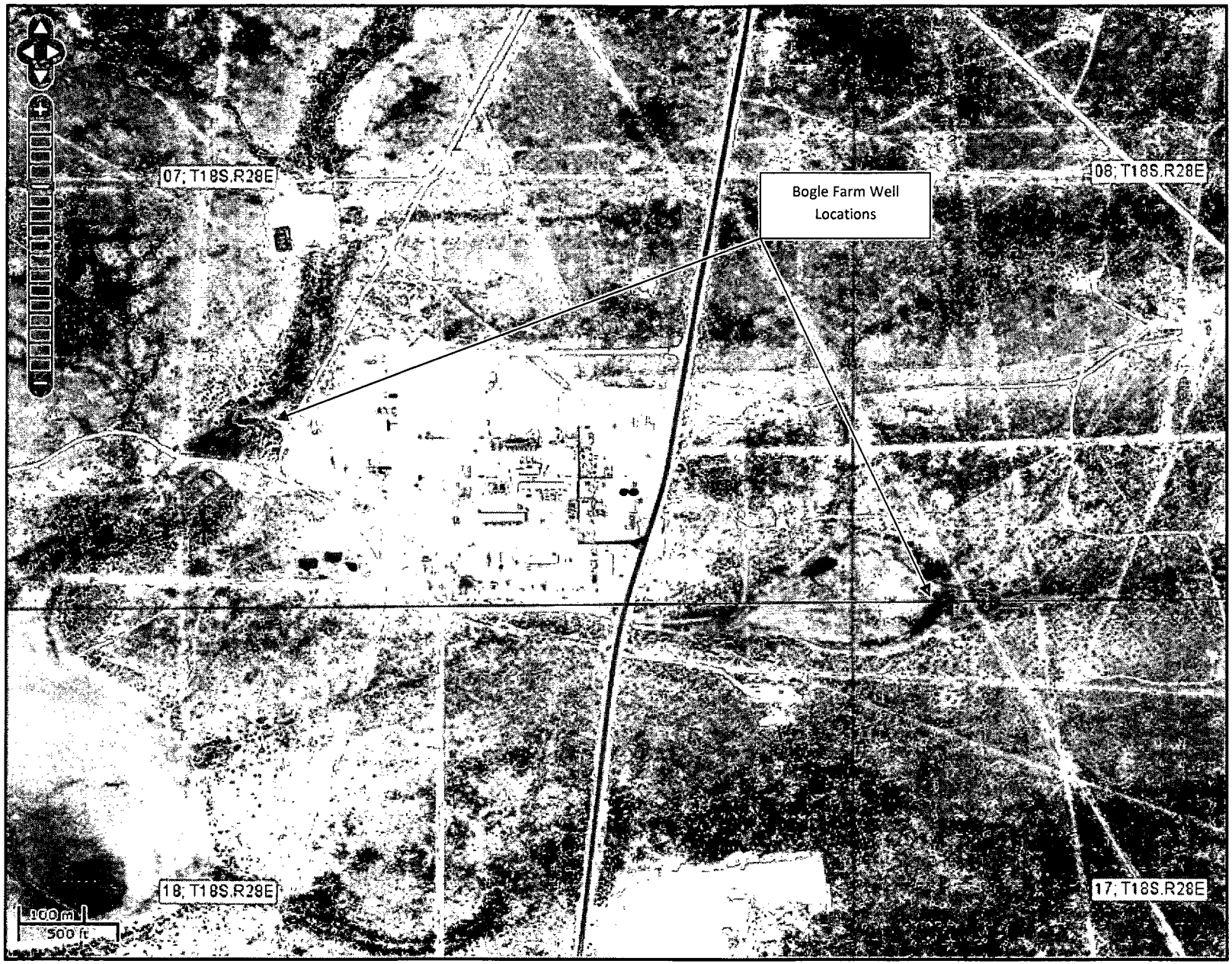
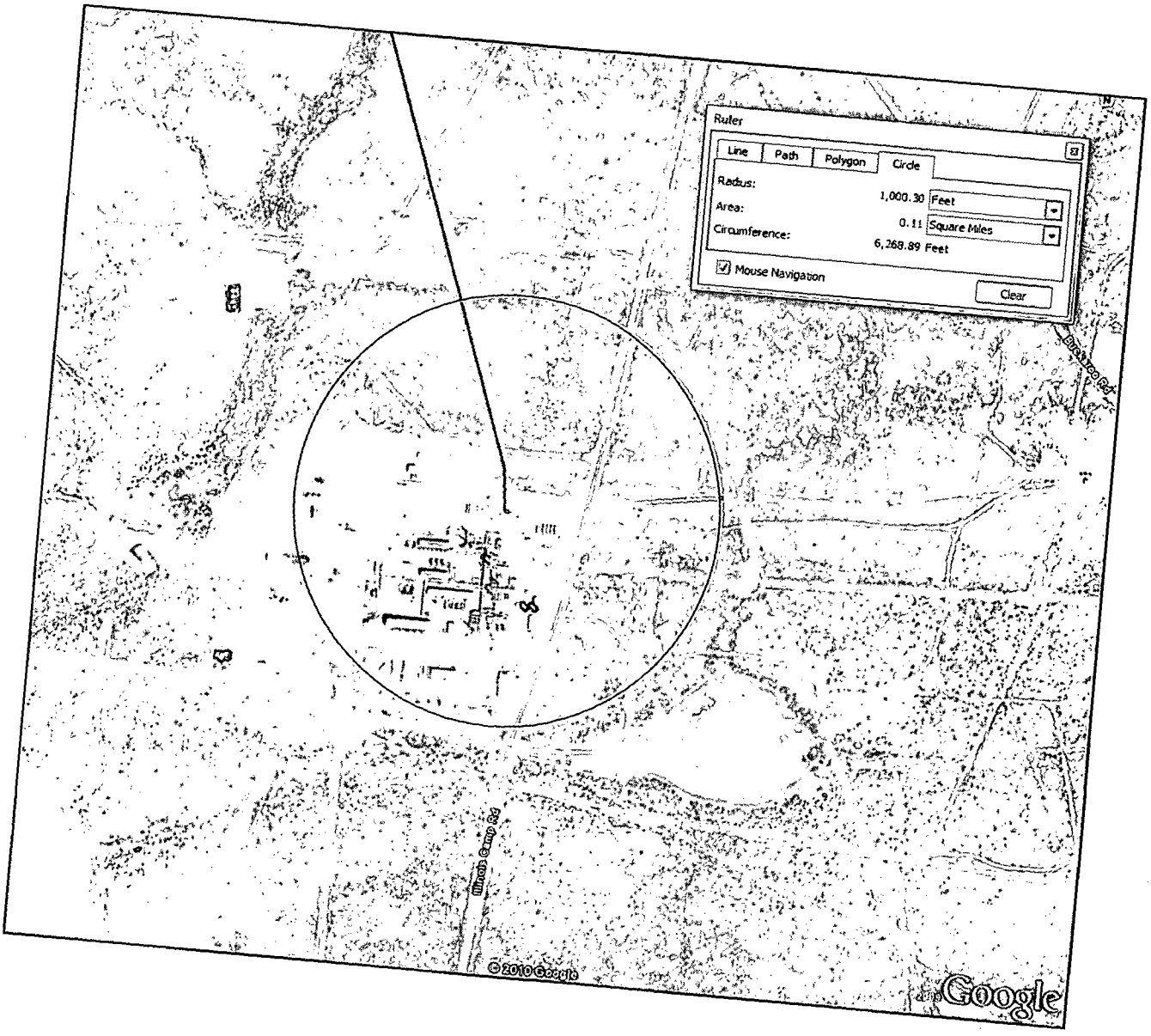
599T
3597T
3609T
DH
200 m
500 ft


07; T18S,R28E
08; T18S,R28E
Bogle Farm Well Locations
18; T18S,R28E
17; T18S,R28E
100 m
500 ft


Ruler
Line
Path
Polygon
Circle
Radius:
1,000.30 Feet
Area:
0.11 Square Miles
Circumference:
6,268.89 Feet
Mouse Navigation
Clear
Broadway
Main St
©2010 Google
Google

K. D. (Kent) Mathews
Environmental Specialist

Health, Environment & Safety
Chevron Pipe Line Company
4800 Fournace Place W228A
Bellaire, TX 77401
Tel 713-432-3424
Fax 713-432-3477
kentmathews@chevron.com

January 20, 2011

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

Re: Revised NOI to Discharge Hydrostatic Test Water from LPG Pipeline Segment
Chevron Pipe Line Co. – DCP Artesia Lateral
Eddy County, New Mexico

Dear Mr. Jones,

Chevron Pipe Line Company (CPL) is providing the following revisions to the initial NOI to Discharge Hydrostatic Test Water, dated October 20, 2010. The enclosed revisions are in response to issues discussed during our phone conversation on January 6, 2011.

The information provided below describes the proposed hydrostatic test of a pipeline segment in Eddy County, New Mexico owned by West Texas LPG Pipeline LP and operated by Chevron Pipe Line Company. The hydrostatic test is projected to commence in February 2011 with an expected duration of approximately one week from mobilizing equipment to demob from the site. Please note that CPL intends to dispose of the test water either in the DCP Gas Plant wastewater treatment facility (location where the testing and discharge will be conducted) or at a permitted waste landfill in Odessa, Texas, and has no plans to discharge the water to the ground. The discharge should therefore, not affect any surface water or ground water sources.

A check in the amount of $100.00 made out to the Water Quality Management Fund was submitted with the initial NOI dated October 20, 2010 to cover the filing fee. CPL understands that a permit fee will be required prior to issuance of the discharge permit and will wait until further notification from OCD in regard to the permit fee amount.

Should any further information be required or if there are any questions regarding the proposed hydrostatic test, discharge, or information provided, please contact me either by phone at 713-432-3424 or via email at kentmathews@chevron.com. Thank you again for your assistance and attention to this NOI submittal.

Sincerely,

Kent Mathews
Environmental Specialist

DCP Artesia Lateral Notice of Intent

Item a. ***Name and address of proposed discharger;***

Chevron Pipe Line Company (Operator)
4800 Fournace Place
Bellaire, TX 77401

Mr. Mike Eaton (Project Coordinator)
Chevron Pipe Line Co.
15 Smith Rd., Claydesta Plaza
Midland, TX 79705

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

DCP Gas Plant
1925 Illinois Camp Rd.
Artesia, NM 88210

The DCP Gas Plant is located approximately 13 miles SE of Artesia, NM. Driving directions to the DCP Plant are as follows: From the intersection of Highway 82 and Highway 285 (1st Street) in Artesia, heading east on Hwy 82 (Lovington Hwy) approximately 12-miles, turn south on County Rd. 206 (Illinois Camp Rd.). The DCP Gas Plant is located on the west side of County Rd. 206 approximately 2.8 miles from the turn from Hwy 82. The pipeline segment to be tested and CPL operational control terminates in the northeast portion of the plant. (See Figures 1a and 1b for a general aerial map location of the DCP Gas Plant relative to the city of Artesia and surrounding highways and roads).

Item c. ***Legal description of the discharge location;***

The discharge of water from the pipeline tested will be at the southern end of 4" pipeline segment located at the DCP Gas Plant: Sec. 7, T18S, R28E

Item d. ***Maps (site specific and regional) indicating the location of the pipelines to be tested and the proposed discharge location;***

Figure 2 is a regional aerial view showing the location of the pipeline segment to be tested, the Artesia Lateral LPG Pipeline and the discharge location at the DCP Gas Plant. Figure 3 shows the location of the DCP Gas Plant and surrounding topographic and geographic features. Figure 4 is a detailed plot plan of the DCP Gas Plant. The location of the pipeline termination and frac tank staging location have been identified on the plot plan. Additional maps are provided as discussed in the siting criteria in Item e.

Item e. ***Demonstration of compliance to the following siting criteria or justification for any exceptions:***

- ***i. Within 200 feet of a watercourse, lakebed, sinkhole or playa lake;***
- ***ii. Within an existing wellhead protection area or 100-yr floodplain;***
- ***iii. Within, or within 500 feet of a wetland;***
- ***iv. Within the area overlying a subsurface mine; or***
- ***v. Within 500 feet from the nearest permanent residence, school, hospital, institution or church;***

It has been determined from review of various databases, mapping services, verbal discussions with local DCP Gas Plant personnel and an on-site visit that the location where the hydrostatic test water will be discharged from the pipeline into a frac tank will be in compliance with the siting criteria identified above.

Figure 5 is an aerial map obtained from the New Mexico Pit Rule Mapping Portal with surface water and wetland map layers identified. A 500' radius circle is centered on the location where the discharge from the 4" pipeline will be pushed into one frac tank set up adjacent to the pipeline terminus. As seen from Figure 5, there are no watercourses, lakebeds, sinkholes, or playa lakes within 200 feet of the discharge location. This has also been verbally verified from DCP plant personnel familiar with their facility and surrounding location. The pipeline segment to be tested does traverse two intermittent watercourses. One is approximately 2,500 ft to the north-northwest from the discharge location and the second approximately 2,000 ft south-southeast from the pipeline tie-in. These watercourses would only be potentially affected if there was a failure of the pipeline in the near vicinity of these features during the hydrostatic test.

A 1,000' radius circle centered on the discharge location is included in Figure 5. A fresh water well or spring would have to be located on or within the 1,000' radius in order for the proposed discharge to be within a wellhead protection area. The NMOSE Waters Database was reviewed for all wells located in Eddy County. One stock well is identified from the database in Section 7 T18S R28E. Information from the NMOSE Waters Database notes that the location given for the stock well is a default value at the centroid of Section 7. The actual location is unavailable. The location given from the Waters Database is marked on Figure 5.

Two additional stock wells are located in the SW ¼ of the SW ¼ of Section 8 T18S R28E. However, because the 1,000' radius around the discharge location does not extend outside of Section 7, any wellhead protection area centered outside of Section 7 will not be impacted by the discharge. Copies of the NMOSE Waters reports are provide in the attachments. Figure 6 shows the location of OSE wells from the New Mexico Pit Rule Mapping Portal. The closest well shown is approximately 2-miles to the southwest of the DCP Gas Plant. Figure 7 is a flood insurance rate map obtained from the FEMA Map Service that demonstrates the discharge location is not within the 100-yr floodplain.

Figures 3 and 5 show the location of wetlands identified from the New Mexico Pit Rule Mapping Portal by selecting the wetlands map layer, as well as the U.S. Fish and Wildlife Wetland Mapper Application. As demonstrated in the figures, the proposed discharge location is not within, nor within 500 feet of a wetland area.

Figure 8 shows the location of mines in the area surrounding the discharge location, obtained from the New Mexico Pit Rule Mapping Portal. There are no mines identified within the near vicinity of the

proposed discharge location. Additionally, Ms. Zoe Isaacson, with the New Mexico Abandoned Mine Lands Program was contacted for information on possible abandoned mines. According to the AML Program data, there is no indication that the area of the DCP Gas Plant is overlying an abandoned subsurface mine. (See Attachment 2 for email correspondence from Ms. Isaacson).

As demonstrated from the enclosed Figures 4 and 5, there are no structures of any kind (including permanent residence, school, hospital, institution or church) within 500 feet of the discharge location that is not part of the DCP Gas Plant. This has also been verbally verified from DCP plant personnel familiar with their facility and surrounding location.

Item f. ***Brief description of the activities that produce the discharge;***

CPL proposes to conduct a hydrostatic test of a currently idled 4" diameter, 1.9 mile long carbon steel pipeline segment to qualify the line for PIM (pipeline integrity management) and re-commission the line for active service. The segment of pipeline was previously in LPG (liquefied petroleum gas) service before being idled prior to 1999. The pipeline has been under a nitrogen blanket since it was idled. The pipeline will be returned to LPG (liquefied petroleum gas) service after completion of the hydrostatic test.

Before filling with fresh potable water, the pipeline segment will be pressurized with air to verify that a closed system exists. Water will be introduced into the pipeline directly from a water supply truck and the air will be bled out. After being filled with water, a constant predetermined pressure will be held according to the hydrostatic test plan to determine the maximum allowable operating pressure. If there is a failure of the pipeline during the test (i.e., loss of pressure signifying a breach or hole in the pipeline), the pipeline pressure is reduced and the section of pipeline will be repaired or replaced, and then retested. Upon completion of the hydrostatic test the water will be discharged from the pipe and the pipeline dried prior to re-commissioning.

Item g. ***Method and location for collection and retention of fluids and solids;***

The source of hydrostatic test water has not been determined at this time. However, fresh, potable water will be obtained from either a local municipal supply or third party and delivered to the DCP Gas Plant site via tanker truck. Access to the work location will be from the public roadway directly into the DCP Plant property. Hoses will be connected from the tank truck directly to a pipeline fitting for filling. Following the completion of the hydrostatic testing of the pipeline, the contained water will be pushed from the pipe into one 500-barrel frac tank through temporary hoses. The frac tank will be located adjacent to the discharge location at CPL's meter site within DCP Gas Plant property. The DCP Gas Plant has provided permission for the frac tank to be located in the general vicinity of the pipeline (see Figure 4). An email confirmation of DCP's acknowledgement of the proposed hydrostatic test activities, access and use of their property, and no objections to the use for these purposes is included in the attachments to this NOI. CPL will locate the frac tank within 50' of the pipeline. The water will be held in the tank only as long as necessary for sampling, estimated to be no longer than one week, before being transferred to tank trucks for disposal off-site.

Item h. ***Brief description of best management practices to be implemented to contain the discharge onsite and to control erosion;***

Hydrostatic test water will not be discharged to the ground at the discharge location, therefore, no BMPs for sediment and erosion control are planned to be implemented. CPL will locate the frac tank on a spill liner for secondary containment. Temporary hoses to transfer the water from the pipe to the frac tank, and from the frac tank to a tanker truck will be in good condition and inspected prior to use to prevent leakage from hose breaks. Drip pans and/or buckets will be used as necessary at hose connections to capture any leakage and drips during hose disconnecting. CPL conducts daily JSAs (job site safety analyses), hazard assessments, and safe work permitting prior to performing any work to promote incident free operations.

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

There are no alternative treatments or discharge locations proposed. The discharge location is at the most practicable, available pipeline valve station along the pipeline segment to be tested, and since there will be no test water discharged to the ground to affect surface or subsurface water, alternatives are deemed to be unnecessary. However, in the situation where the water is determined to be hazardous waste, CPL will obtain a temporary hazardous waste generator identification number and dispose of the test water at a RCRA permitted disposal facility. The name and address of the disposal facility and documentation for the proper disposal of the water will be provided to the NMOCD in this situation.

Item j. ***Proposed hydrostatic test wastewater sampling plan;***

One composite sample of the hydrostatic test water will be pulled by a third party from the frac tank located at the discharge location. CPL will have the sample tested by a certified laboratory for RCRA characteristics of hazardous waste and any other parameter necessary to meet the requirements of the disposal facility.

Item k. ***Proposed method of disposal of fluids and solids after test completion, including closure of any pits, in case the water generated from 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);***

The test water will be considered non-exempt oil and gas waste since it will be generated from a transportation pipeline – it is not upstream oil & gas waste that is eligible for the E&P exemption from RCRA regulation. Two options are being considered for disposal of the test water. CPL and DCP are considering an option to transfer the water to DCP's on-site wastewater treatment facility (NMOCD Order No. R-7876, approved May 9, 1985). Alternatively, the hydrostatic test water will be transferred directly from the frac tank to a tanker truck for off-site disposal at Charter Waste Landfill in Odessa, Texas. Basic Energy Services is a Chevron approved vendor for transportation and is an authorized transporter for hauling water in New Mexico (Order No. C133-14). An alternative hauler for the water will be Key Energy Services, LLC (Order No. C133-134).

Item l. ***Brief description of the expected quality and volume of the discharge;***

Based on the diameter and length of the pipeline segment, approximately 175 bbls (7,350 gal) of water is expected to be used during the test and will be disposed of off-site on completion of the test. Based on previous analyses of hydrostatic test water from various pipelines in LPG service, the discharge is expected to have measurable but minimal hydrocarbon contamination. None of the previous test waters have exhibited hazardous waste characteristics. Benzene concentrations have ranged from less than 0.01 mg/l to ~ 0.1 mg/l. Total petroleum hydrocarbons are expected to range from 1 – 5 mg/l. Suspended solids are expected due to internal pipeline scale/rouge dislodged during the filling and discharge of the hydrostatic test water.

Item m. ***Geological characteristics of the subsurface at the proposed discharge site;***

The proposed hydrostatic test water discharge is located regionally in the western edge of the Permian Basin, a downwarp feature which developed as a shallow sea in the Paleozoic Era. The area southeast of Artesia, NM is near the junction of the Northwest Shelf (characterized by shelf edge reefs and shelf carbonates) and the Delaware Basin (composed of basinal deposits of laminated siltstone and sandstone). Much of the southeast New Mexico region is underlain by bedded salt with the Salado Formation being the most wide-spread and thickest at approximately 2,400' near the center of the Delaware Basin, with gradual thinning to the margins of the basin. Near the discharge location, the Salado is approximately 700' to 900' thick. The Salado Formation is an evaporite sequence recognized as an abundant source of potassium salts that have been extensively mined in the region. The Salado Formation is overlain by the Rustler Formation consisting of approximately 50% halites and anhydrites with the balance of dolomites and clastics. Rustler Formation thickness in the vicinity of the hydrostatic test water discharge ranges from approximately 110' to 285'. The Dewey Lake Redbeds which are predominantly siltstones overlie the Rustler and represents the end of evaporite deposition in the region, although still of Permian age.

At the surface above the Dewey Lake Formation are recent sedimentary deposits of unconsolidated fine to medium grained sands. The deposits are believed to be derived from alluvial processes bringing sediment from upland plains and piedmont areas. Calcic soils and eolian deposits from high plain regions contribute to the regional surface features. The recent deposits which vary laterally in thickness, generally form the pediments, playa deposits and dunes that characterize the region.

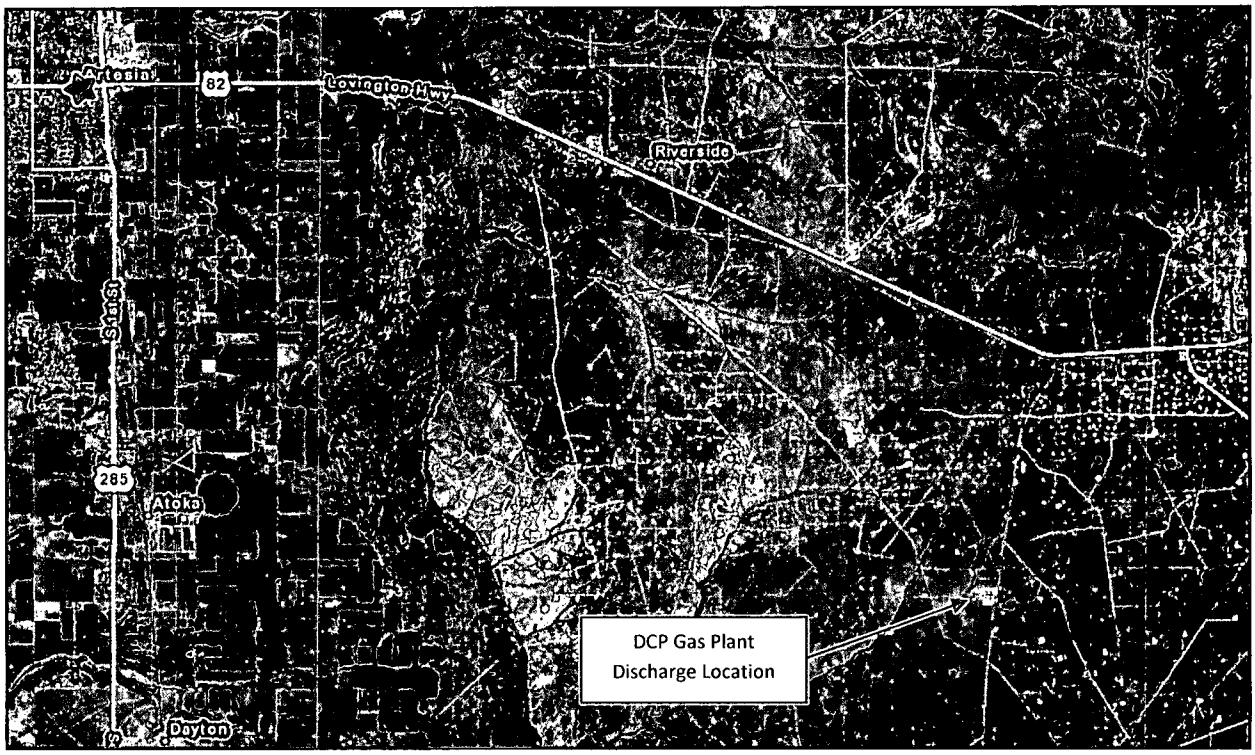
Item n. ***The depth to and total dissolved solids concentration of the ground water most likely to be affected by the discharge;***

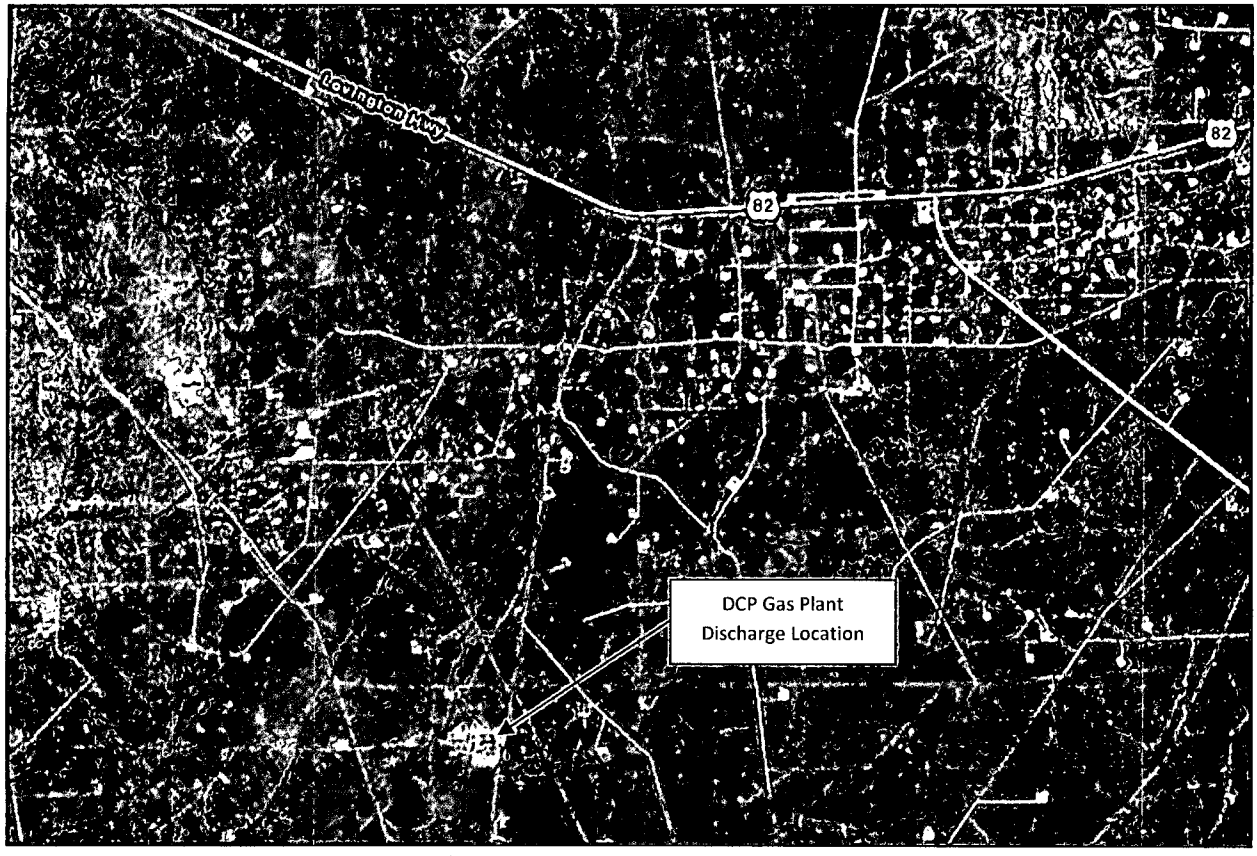
The depth to groundwater is approximately 50 feet below the ground surface in the area of the DCP Gas Plant. A total dissolved solids concentration of 909 mg/l has been reported for groundwater in the Artesia, NM area, obtained from the Artesia Rural Water Co-Op. No other data for total dissolved solids in the immediate area of the proposed discharge is available.

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

DCP Midstream is the landowner where the discharge will occur, and immediately adjacent to the discharge location. The State of New Mexico is the landowner that the pipeline segment traverses from the north of the discharge location to the tie-in.

FIGURES





Figures 1a and 1b.

General Aerial Map Location of the DCP Gas Plant

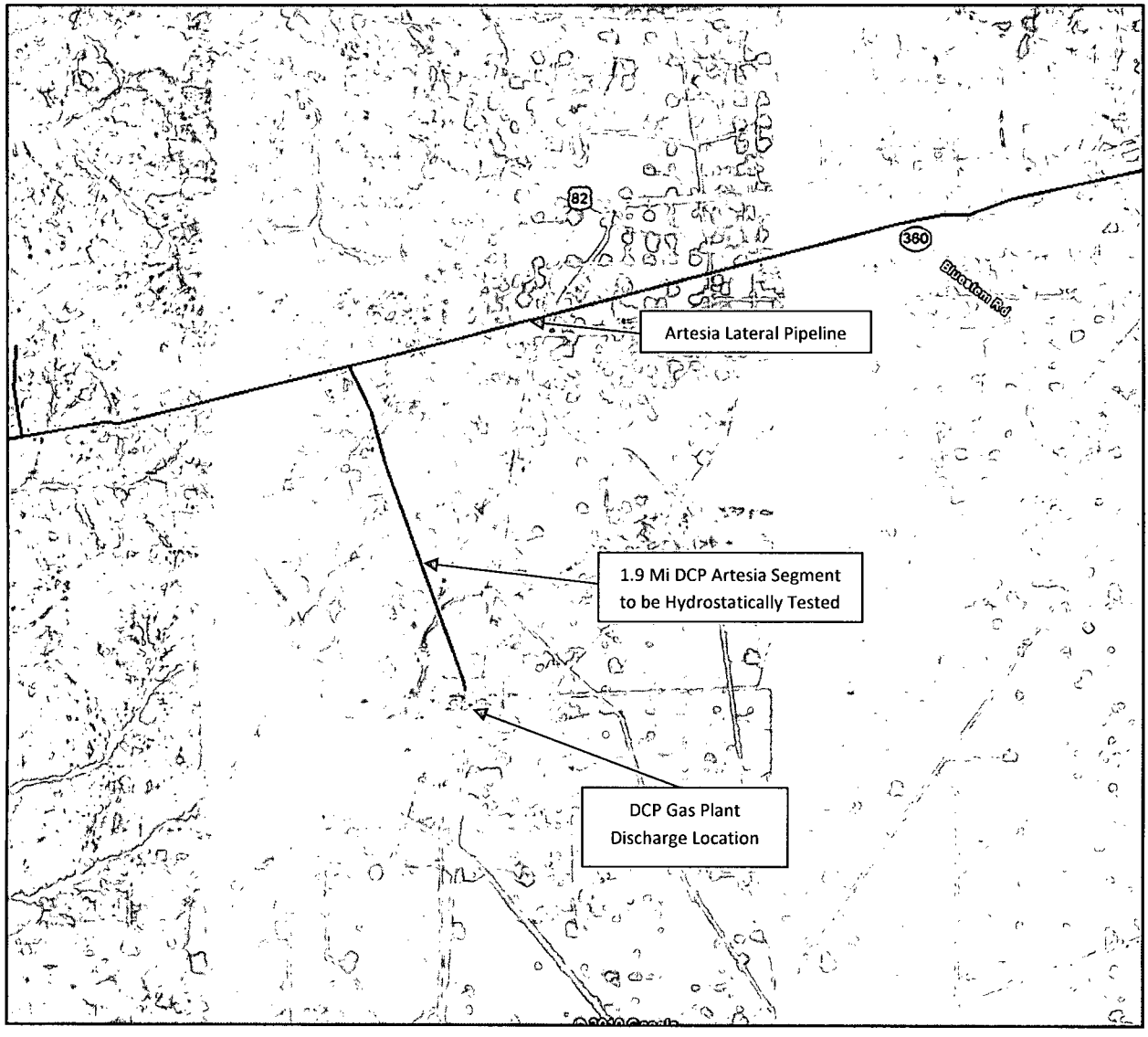


Figure 2.

Regional Aerial View of Pipelines and Discharge Locations

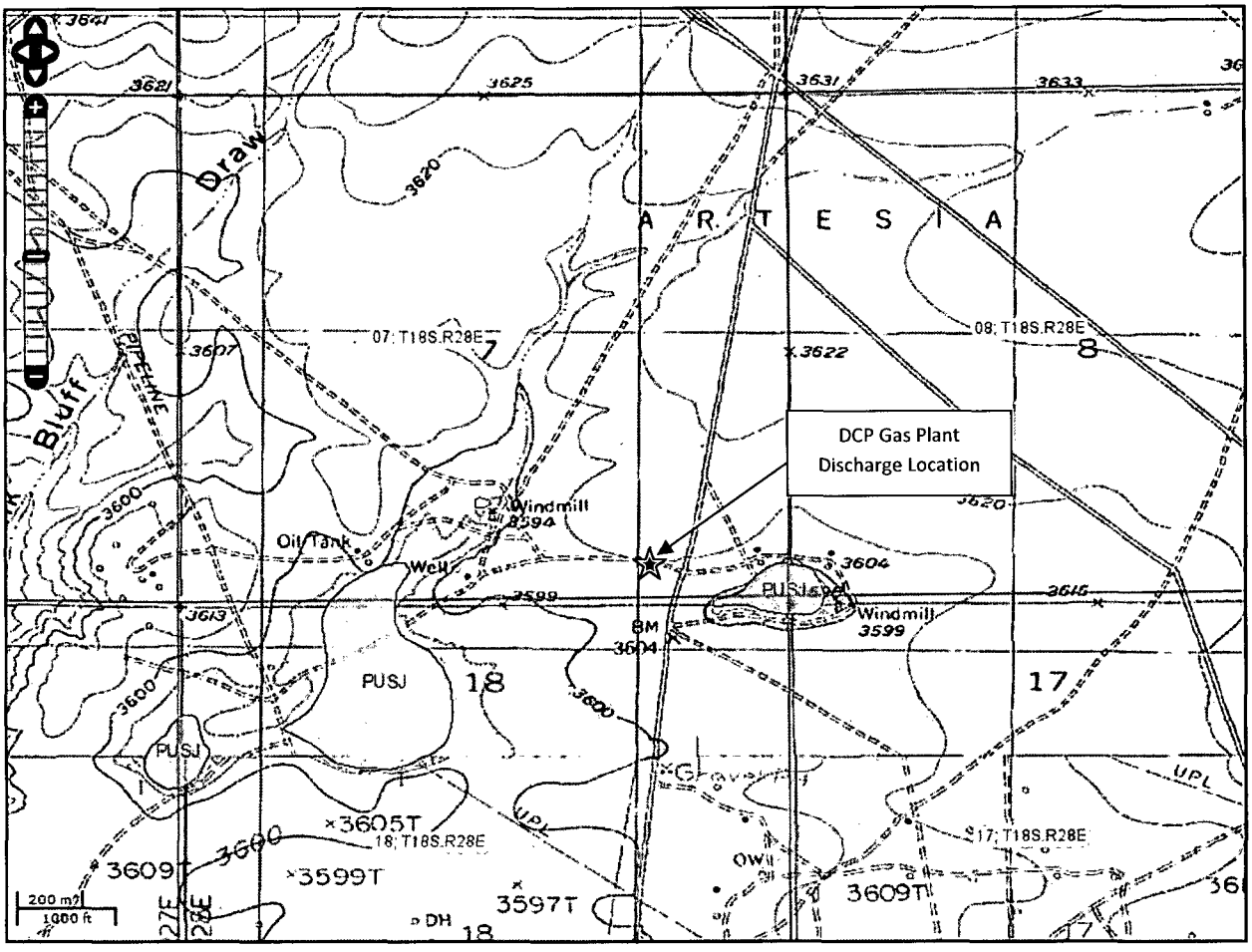


Figure 3.

Topographic Map of Regional Area
Surrounding the Discharge Locations

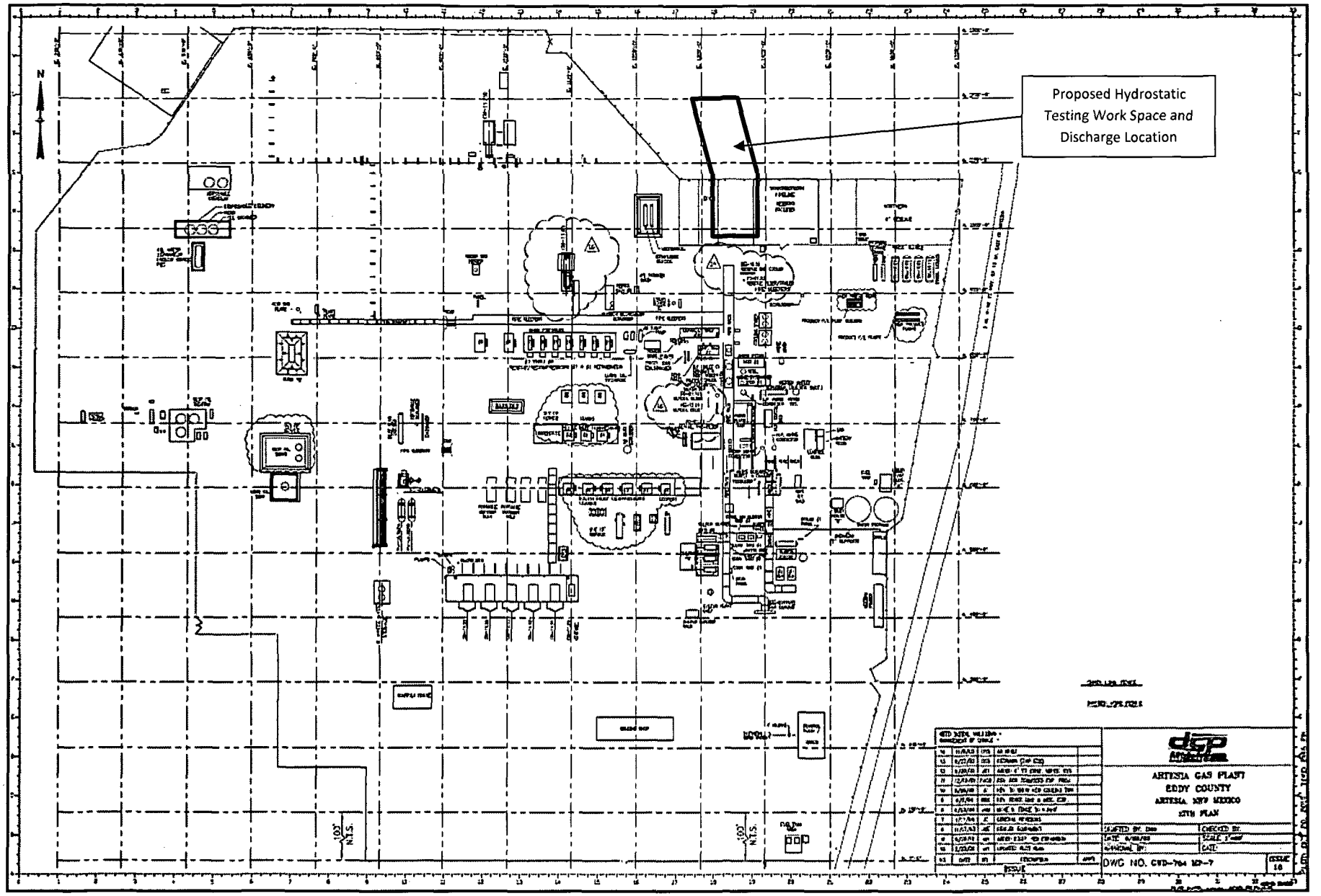


Figure 4.

DCP Gas Plant Plot Plan

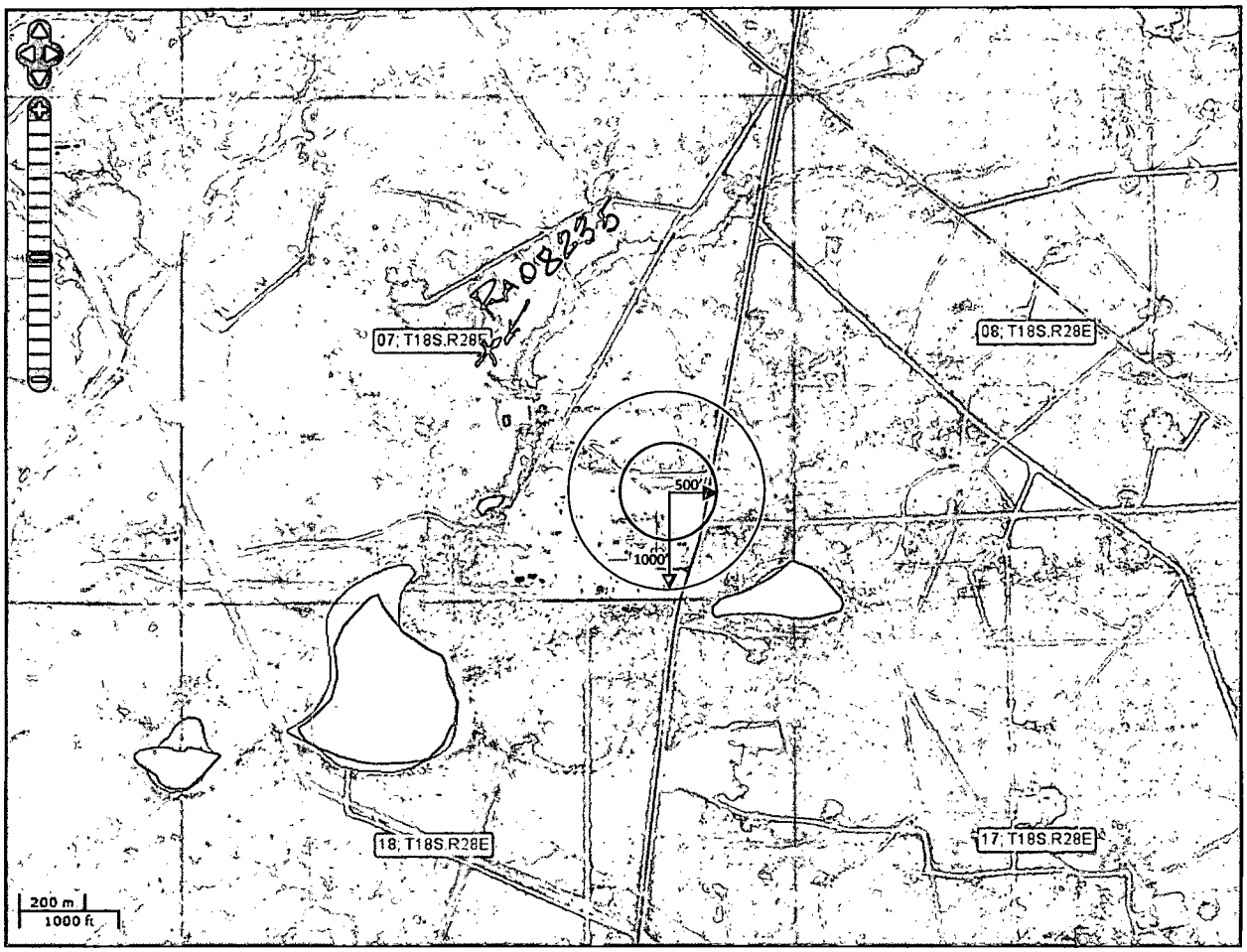


Figure 5.

Identification of Watercourses, Lakebeds,
Sinkholes, Playa Lakes, and Wetlands

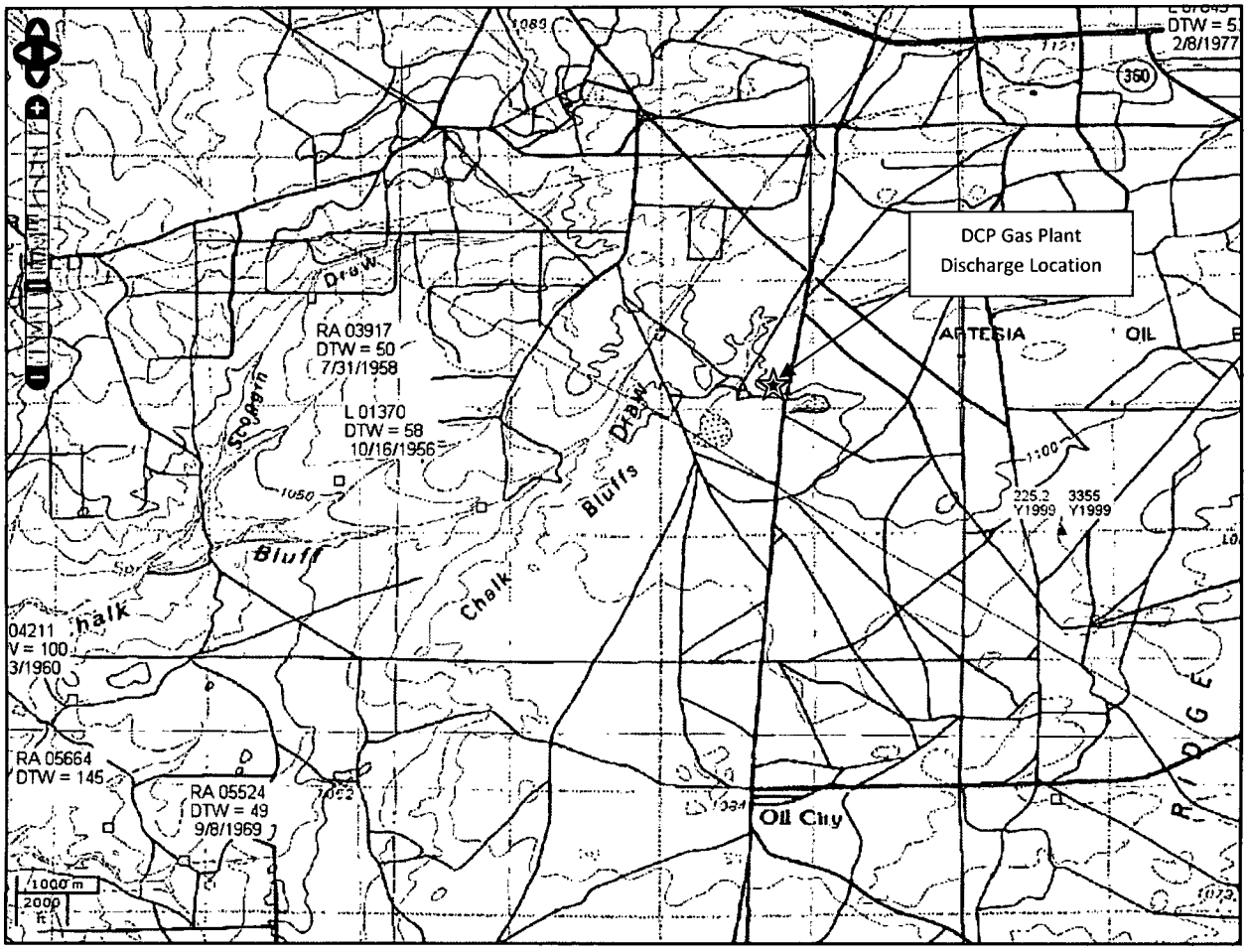


Figure 6.

Identification of Water Wells

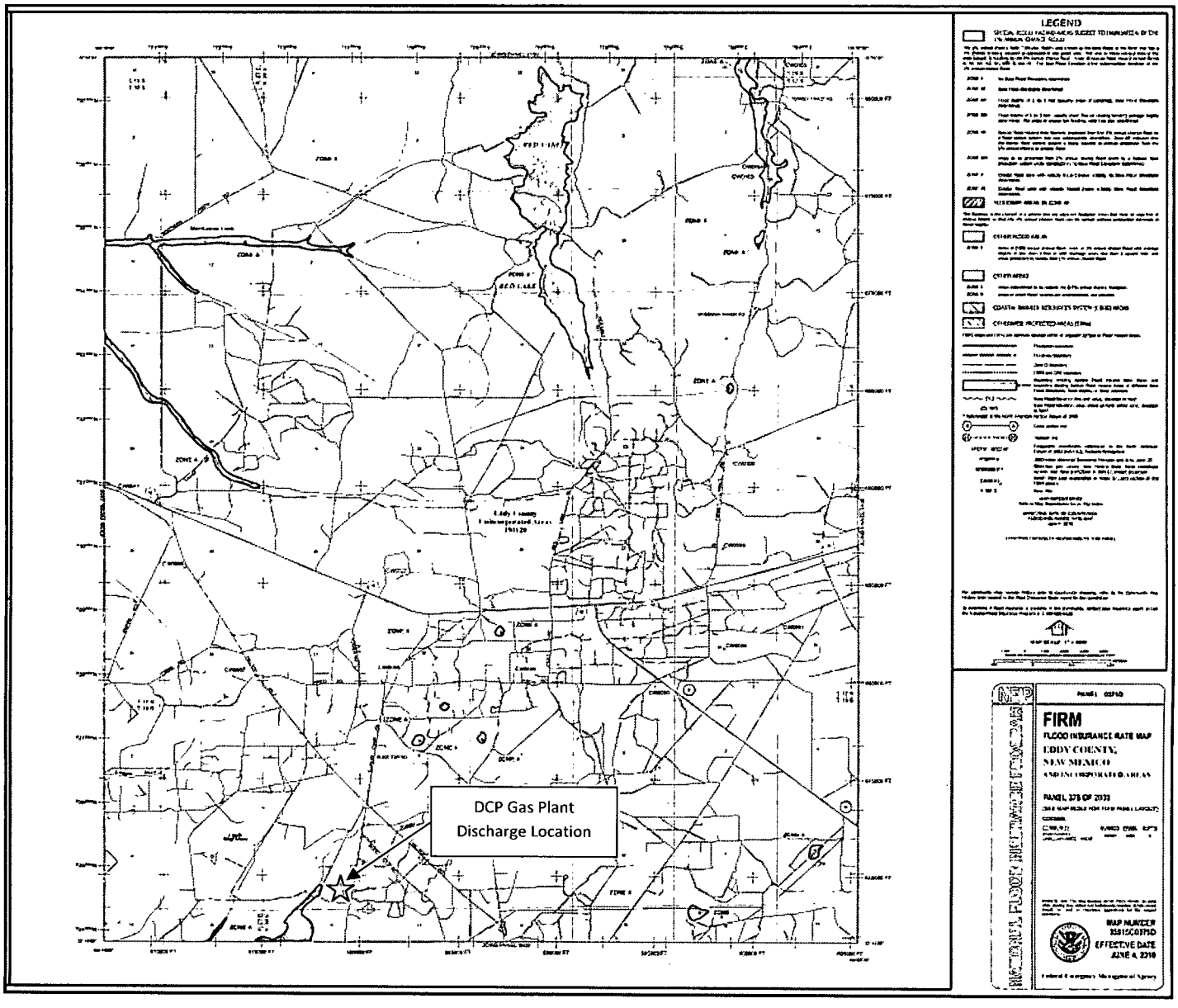


Figure 7.

FEMA Flood Insurance Rate Map

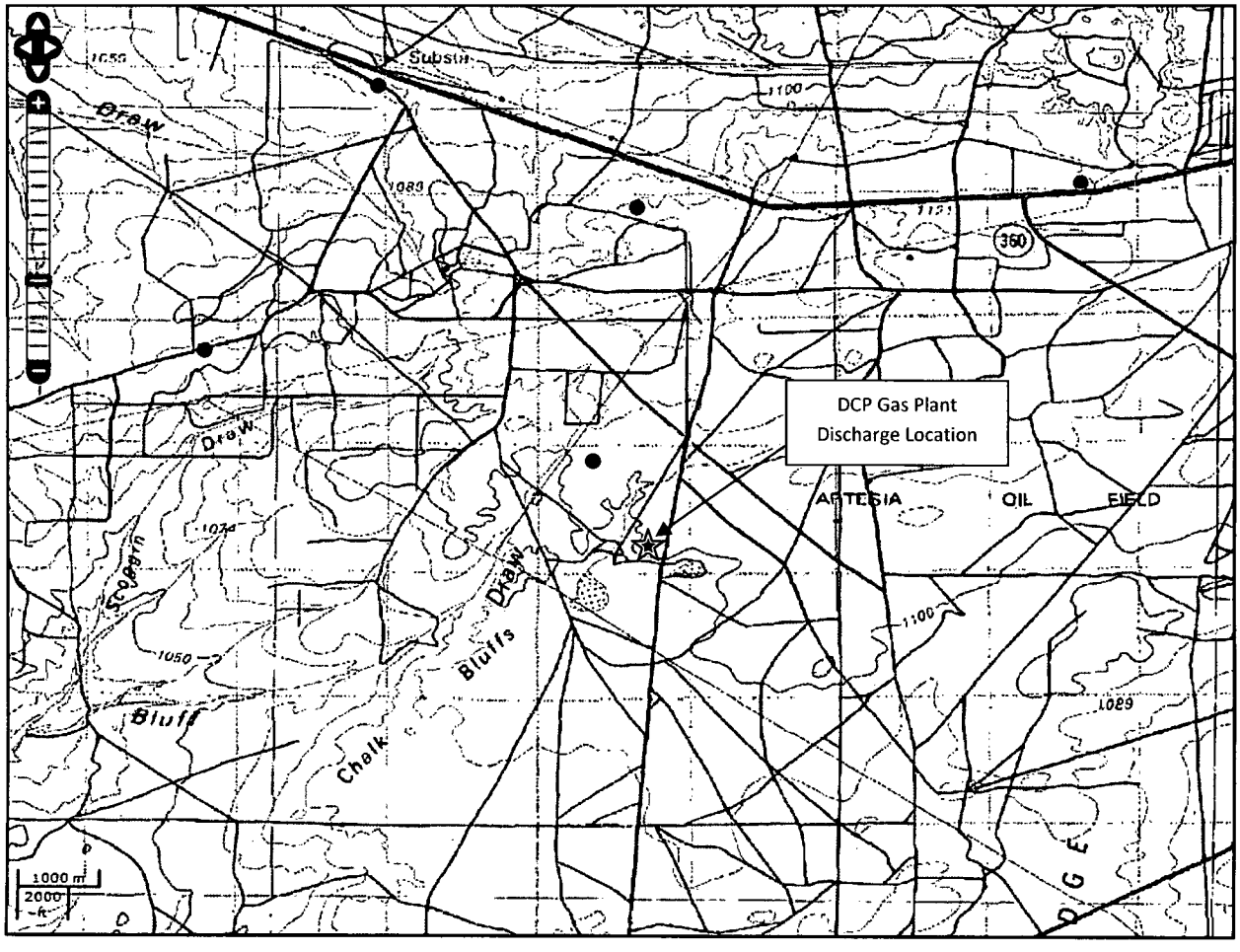


Figure 8.

Identification of Active Mines

ATTACHMENTS

New Mexico Office of the State Engineer
Wells Without Well Log Information

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

POD Number	Sub basin	Use	County	Source	q 64	q 16	q 4	Sec	Tws	Rng	X	Y
RA 08235		STK	ED					07	18S	28E	573537	3625134*

Record Count: 1

PLSS Search:

Section(s): 7 **Township:** 18S **Range:** 28E

***UTM location was derived from PLSS - see Help**

Point of Diversion Reports and Queries

- Water Column/Average Depth To Water Report
- Well Log/Meter Report
- Point of Diversion By Location query

Definitions:

Point of Diversion (POD). A well or surface diversion where water is taken from an aquifer or stream.

POD Number. A number assigned by the OSE to record a POD. The number may or not be the same as the WR File Number.

Public Land Survey System (PLSS). A method used in the United States to identify and sub-divide public lands, its basic units of area are the township, range and section. When used to identify PODs the PLSS locates them as being within an area and is not an exact location.

Water Right (WR) File Number. A unique identifier assigned to each water right file consisting of three parts: An Alpha Basin Designator, A five digit (with leading zeros) numeric core number, and, if applicable, an alpha/numeric suffix

POD Reports and Queries. POD locations are taken from the Water Right documents and are not necessarily verified by the OSE. Historically the OSE allowed water right holders to report well and surface diversions using a variety of methods including various coordinate systems, Public Land Survey System (PLSS) information, map and tract and lot and block locations and others. The database system stores the reported data, and where possible, converts it to a UTM NAD 83 point coordinate and stores this as well.

However, because not all stored POD locations are capable of being converted to UTM NAD 83, searches using UTM NAD 83 as a criterion may not return all PODs in the requested area and it is recommended that multiple searches be done using different criterion to retrieve a more complete POD set for a given area.

An "*" after the UTM Y (Northing) Value On Reports And Queries. If an "*" is returned after the Y value in the output, the X and Y values returned were converted from PLSS. The point location returned is at the centroid of the smallest quarter reported and does not represent the true point location of the POD. If the field is blank then the returned UTM value was converted from the coordinate provided.

The OSE now requires all POD locations to be provided as a point location.

New Mexico Office of the State Engineer
Wells Without Well Log Information

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

POD Number	Sub basin	Use	County	Source	q 64	q 16	q 4	Sec	Tws	Rng	X	Y
RA 08236		STK	ED		3	3	08	18S	28E		574557	3624563*
RA 08237		STK	ED		3	3	08	18S	28E		574557	3624563*

Record Count: 2

PLSS Search:

Section(s): 8 **Township:** 18S **Range:** 28E

***UTM location was derived from PLSS - see Help**

New Mexico Office of the State Engineer
Wells Without Well Log Information

No wells found.

PLSS Search:

Section(s): 17 **Township:** 18S **Range:** 28E

New Mexico Office of the State Engineer
Wells Without Well Log Information

No wells found.

PLSS Search:

Section(s): 18 **Township:** 18S **Range:** 28E

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 7 **Township:** 18S **Range:** 28E

New Mexico Office of the State Engineer
Wells with Well Log Information

No wells found.

PLSS Search:

Section(s): 7 **Township:** 18S **Range:** 28E

New Mexico Office of the State Engineer

Point of Diversion with Meter Attached

No PODs found.

PLSS Search:

Section(s): 7 **Township:** 18S **Range:** 28E

Mathews, Kent D

From: Isaacson, Zoe, EMNRD [Zoe.Isaacson@state.nm.us]
Sent: Monday, November 29, 2010 3:18 PM
To: Mathews, Kent D
Subject: RE: Artesia Lateral Hydrostatic Test - Abandoned Mines

Kent-
I have reviewed our files and at this time, they show no abandoned mines in those areas. That does not, however, mean that they do not exist, but simply that we have no record of them. So, be aware.
Hope this is helpful-
Zoe

From: Mathews, Kent D [mailto:KentMathews@chevron.com]
Sent: Monday, November 29, 2010 11:20 AM
To: Isaacson, Zoe, EMNRD
Subject: Artesia Lateral Hydrostatic Test - Abandoned Mines

Zoe,

I received your phone message and instructions to send an email with location information for the planned hydrostatic test and discharge.

The location where the pipeline to be hydrostatically tested will be dewatered is in Section 7, T18S, R28E, approximately 13 miles southeast of Artesia, NM. Specifically, the discharge location will be within DCP's Gas Plant property. I have attached a map showing the gas plant and sections to assist in the location. The pipeline extends from the gas plant location approximately 2-miles to the north-northwest into Section 6, T18S, R28E so if you could verify the presence of any abandoned mines in Section 6 also, that would be helpful.

The purpose of this request is to demonstrate that there are no subsurface mines underlying the planned discharge location. If there is any question or further information necessary, please advise.

Thank you very much for your assistance -

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

Mathews, Kent D

From: Jackson, James [JJackson@dcpmidstream.com]
Sent: Monday, January 10, 2011 11:26 AM
To: Mathews, Kent D
Cc: Figueroa, Jonas; Hill, Lewis J; Vasquez, Daniel S; Hopper, Royal E; Schmidt, Gregory J; Dunn, Philip B
Subject: Hydrotest of Chevron LPG Line north of DCP Artesia Gas Plant

Dear Mr. Mathews,

This e-mail is a follow-up to our recent telephone conversation when we discussed Chevron's upcoming hydrotest of your LPG line before it is returned to service. Some of these hydrotest activities may be performed on DCP property, in an open area north of the Gas Plant north fence, and south of an existing east-west caliche road. DCP Midstream has no objection to Chevron personnel and contractors performing hydrotest activities in this area.

We would appreciate Chevron coordinating these activities with our Plant personnel in advance of the hydrotesting. Danny Vasquez is the Plant Supervisor, and can be contacted at 575-677-5203.

Please do not hesitate to contact me with scheduling of Chevron's activities, and with any other assistance I can provide.

Jim Jackson
DCP Midstream
Project Engineer
432-620-4029 office
432-425-8750 cell

Chevron

Global Gas

RECEIVED OCD

2010 DEC 27 A 9:23

K. D. (Kent) Mathews
Environmental Specialist

Health, Environment & Safety
Chevron Pipe Line Company
4800 Fournace Place W228A
Bellaire, TX 77401
Tel 713-432-3424
Fax 713-432-3477
kentmathews@chevron.com

December 20, 2010

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

Re: Revised NOI to Discharge Hydrostatic Test Water from LPG Pipeline Segment
Chevron Pipe Line Co. – DCP Artesia Lateral
Eddy County, New Mexico

Dear Mr. Jones,

Chevron Pipe Line Company (CPL) is providing the following revisions to the initial NOI to Discharge Hydrostatic Test Water, dated October 20, 2010. Your assistance and guidance during our phone conversation to the preparation of the NOI application is greatly appreciated. The enclosed revisions are believed to address the deficiencies noted in the initial submittal and provide the required information as outlined in the New Mexico OCD *Guidelines for Hydrostatic Test Dewatering*, dated January 11, 2007.

The information provided below describes the proposed hydrostatic test of a pipeline segment in Eddy County, New Mexico owned by West Texas LPG Pipeline LP and operated by Chevron Pipe Line Company. The hydrostatic test is projected to commence in mid to late January 2011 with an expected duration of approximately one week from mobilizing equipment to demob from the site. Please note that CPL intends to dispose of the test water in a Class 1 disposal well either in New Mexico or Texas, and has no plans to discharge the water to the ground. The discharge should therefore, not affect any surface water or ground water sources.

A check in the amount of $100.00 made out to the Water Quality Management Fund was submitted with the initial NOI dated October 20, 2010 to cover the filing fee. CPL understands that a permit fee will be required prior to issuance of the discharge permit and will wait until further notification from OCD in regard to the permit fee amount.

Should any further information be required or if there are any questions regarding the proposed hydrostatic test, discharge, or information provided, please contact me either by phone at 713-432-3424 or via email at kentmathews@chevron.com. Thank you again for your assistance and attention to this NOI submittal.

Sincerely,

Kent Mathews

DCP Artesia Lateral Notice of Intent

Item a. ***Name and address of proposed discharger;***

Chevron Pipe Line Company (Operator)
4800 Fournace Place
Bellaire, TX 77401

Mr. Mike Eaton (Project Coordinator)
Chevron Pipe Line Co.
15 Smith Rd., Claydesta Plaza
Midland, TX 79705

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

DCP Gas Plant
1925 Illinois Camp Rd.
Artesia, NM 88210

The DCP Gas Plant is located approximately 13 miles SE of Artesia, NM. Driving directions to the DCP Plant are as follows: From the intersection of Highway 82 and Highway 285 (1st Street) in Artesia, heading east on Hwy 82 (Lovington Hwy) approximately 12-miles, turn south on County Rd. 206 (Illinois Camp Rd.). The DCP Gas Plant is located on the west side of County Rd. 206 approximately 2.8 miles from the turn from Hwy 82. The pipeline segment to be tested and CPL operational control terminates in the northeast portion of the plant. (See Figures 1a and 1b for a general aerial map location of the DCP Gas Plant relative to the city of Artesia and surrounding highways and roads).

Item c. ***Legal description of the discharge location;***

The discharge of water from the pipeline tested will be at the southern end of 4" pipeline segment located at the DCP Gas Plant: Sec. 7, T18S, R28E

Item d. ***Maps (site specific and regional) indicating the location of the pipelines to be tested and the proposed discharge location;***

Figure 2 is a regional aerial view showing the location of the pipeline segment to be tested, the Artesia Lateral LPG Pipeline and the discharge location at the DCP Gas Plant. Figure 3 shows the location of the DCP Gas Plant and surrounding topographic and geographic features. Figure 4 is a detailed plot plan of the DCP Gas Plant. The location of the pipeline termination and frac tank staging location have been identified on the plot plan. Additional maps are provided as discussed in the siting criteria in Item e.

Item e. ***Demonstration of compliance to the following siting criteria or justification for any exceptions:***

- ***i. Within 200 feet of a watercourse, lakebed, sinkhole or playa lake;***
- ***ii. Within an existing wellhead protection area or 100-yr floodplain;***
- ***iii. Within, or within 500 feet of a wetland;***
- ***iv. Within the area overlying a subsurface mine; or***
- ***v. Within 500 feet from the nearest permanent residence, school, hospital, institution or church;***

It has been determined from reviews of various databases, mapping services, verbal discussions with local DCP Gas Plant personnel and an on-site visit that the location where the hydrostatic test water will be discharged from the pipeline into a frac tank will be in compliance with the siting criteria identified above.

Figure 5 is an aerial map obtained from the New Mexico Pit Rule Mapping Portal with surface water and wetland map layers identified. A 500' radius circle is centered on the location where the discharge from the 4" pipeline will be pushed into one frac tank set up adjacent to the pipeline terminus. As seen from Figure 5, there are no watercourses, lakebeds, sinkholes, or playa lakes within 200 feet of the discharge location. This has also been verbally verified from DCP plant personnel familiar with their facility and surrounding location. The pipeline segment to be tested does traverse two intermittent watercourses. One is approximately 2,500 ft to the north-northwest from the discharge location and the second approximately 2,000 ft south-southeast from the pipeline tie-in. These watercourses would only be potentially affected if there was a failure of the pipeline in the near vicinity of these features during the hydrostatic test.

Mr. Andy Edmondson, with the NM Environmental Department, Drinking Water Bureau was contacted for information about any wellhead protection areas in the vicinity of the DCP Gas Plant. An email reply was provided by Mr. Richard Asbury with an attachment of the public drinking water sources within a 10-mile radius of the DCP Gas Plant. There are only two public drinking water wells listed within 10-miles, both approximately 6.8 miles from the proposed discharge location. (See Attachment 1 for email copies and the listed public wells). The NMOSE Waters Database was reviewed for all wells located in Eddy County. There were no wells listed in the subject Township (T18S, R28E). Figure 6 shows the location of OSE wells from the New Mexico Pit Rule Mapping Portal. The closest well shown is approximately 2-miles to the southwest of the DCP Gas Plant. Figure 7 is a flood insurance rate map obtained from the FEMA Map Service that demonstrates the discharge location is not within the 100-yr floodplain.

Figures 3 and 5 show the location of wetlands identified from the New Mexico Pit Rule Mapping Portal by selecting the wetlands map layer, as well as the U.S. Fish and Wildlife Wetland Mapper Application. As demonstrated in the figures, the proposed discharge location is not within, nor within 500 feet of a wetland area.

Figure 8 shows the location of mines in the area surrounding the discharge location, obtained from the New Mexico Pit Rule Mapping Portal. There are no mines identified within the near vicinity of the proposed discharge location. Additionally, Ms. Zoe Isaacson, with the New Mexico Abandoned Mine Lands Program was contacted for information on possible abandoned mines. According to the AML Program data, there is no indication that the area of the DCP Gas Plant is overlying an abandoned subsurface mine. (See Attachment 2 for email correspondence from Ms. Isaacson).

As demonstrated from the enclosed Figures 4 and 5, there are no structures of any kind (including permanent residence, school, hospital, institution or church) within 500 feet of the discharge location that is not part of the DCP Gas Plant. This has also been verbally verified from DCP plant personnel familiar with their facility and surrounding location.

Item f. ***Brief description of the activities that produce the discharge;***

CPL proposes to conduct a hydrostatic test of a currently idled 4" diameter, 1.9 mile long carbon steel pipeline segment to qualify the line for PIM (pipeline integrity management) and re-commission the line for active service. The segment of pipeline was previously in LPG (liquefied petroleum gas) service before being idled prior to 1999. The pipeline has been under a nitrogen blanket since it was idled. The pipeline will be returned to LPG (liquefied petroleum gas) service after completion of the hydrostatic test.

Before filling with fresh potable water, the pipeline segment will be pressurized with air to verify that a closed system exists. Water will be introduced into the pipeline directly from a water supply truck and the air will be bled out. After being filled with water, a constant predetermined pressure will be held according to the hydrostatic test plan to determine the maximum allowable operating pressure. If there is a failure of the pipeline during the test (i.e., loss of pressure signifying a breach or hole in the pipeline), the pipeline pressure is reduced and the section of pipeline will be repaired or replaced, and then retested. Upon completion of the hydrostatic test the water will be discharged from the pipe and the pipeline dried prior to re-commissioning.

Item g. ***Method and location for collection and retention of fluids and solids;***

The source of hydrostatic test water has not been determined at this time. However, fresh, potable water will be obtained from either a local municipal supply or third party and delivered to the DCP Gas Plant site via tanker truck. Access to the work location will be from the public roadway directly into the DCP Plant property. Hoses will be connected from the tank truck directly to a pipeline valve for filling. Following the completion of the hydrostatic testing of the pipeline, the contained water will be pushed from the pipe into one 500-gallon frac tank through temporary hoses. The frac tank will be located adjacent to the discharge location at CPL's metering station within the DCP Gas Plant. The DCP Gas Plant has provided permission for the frac tank to be located in the general vicinity of the pipeline (see Figure 4). CPL will locate the frac tank within 50' of the pipeline. The water will be held in the tank only as long as necessary for sampling, estimated to be no longer than one week, before being transferred to tank trucks for disposal off-site.

Item h. ***Brief description of best management practices to be implemented to contain the discharge onsite and to control erosion;***

Hydrostatic test water will not be discharged to the ground at the discharge location, therefore, no BMPs for sediment and erosion control are planned to be implemented. CPL will locate the frac tank on a spill liner for secondary containment. Temporary hoses to transfer the water from the pipe to the frac tank, and from the frac tank to a tanker truck will be in good condition and inspected prior to use to prevent leakage from hose breaks. Drip pans and/or buckets will be used as necessary at hose

connections to capture any leakage and drips during hose disconnecting. CPL conducts daily JSAs (job site safety analyses), hazard assessments, and safe work permitting prior to performing any work to promote incident free operations.

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

There are no alternative treatments or discharge locations proposed. The discharge location is at the most practicable, available pipeline valve station along the pipeline segment to be tested, and since there will be no test water discharged to the ground to affect surface or subsurface water, alternatives are deemed to be unnecessary. However, in the situation where the water is determined to be hazardous waste, CPL will obtain a temporary hazardous waste generator identification number and dispose of the test water at a RCRA permitted disposal facility. The name and address of the disposal facility and documentation for the proper disposal of the water will be provided to the NMOCD in this situation.

Item j. ***Proposed hydrostatic test wastewater sampling plan;***

Two sample sets of the hydrostatic test water will be pulled from the frac tank located at the discharge location. CPL will have both samples tested by a certified laboratory for RCRA characteristics of hazardous waste and any other parameter necessary to meet the requirements of the Class 1 injection well disposal facility. One sample of the source water for the hydrostatic test will be obtained and held at proper storage temperature for analysis as the need arises.

Item k. ***Proposed method of disposal of fluids and solids after test completion, including closure of any pits, in case the water generated from 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);***

The hydrostatic test water will be transferred directly from the frac tank to a tanker truck for off-site disposal in a UIC permitted disposal well, either in New Mexico or Texas. The test water will be considered non-exempt oil and gas waste since it will be generated from a transportation pipeline – it is not upstream oil & gas waste that is eligible for the E&P exemption from RCRA regulation. At this time the disposal well location has not been determined by the project manager, however, Basic Energy Services is a Chevron approved vendor for transportation and wastewater treatment/disposal that is proposed for the service. Basic Energy Services is an authorized transporter for hauling water in New Mexico (Order No. C133-14).

Item l. ***Brief description of the expected quality and volume of the discharge;***

Based on the diameter and length of the pipeline segment, approximately 175 bbls (7,350 gal) of water is expected to be used during the test and will be discharged on completion. Based on previous analyses of hydrostatic test water from various pipelines in LPG service, the discharge is expected to have measurable but minimal hydrocarbon contamination. None of the previous test waters have exhibited hazardous waste characteristics. Benzene concentrations have ranged from less than 0.01

mg/l to ~ 0.1 mg/l. Total petroleum hydrocarbons are expected to range from 1 – 5 mg/l. Suspended solids are expected due to internal pipeline scale/rouge dislodged during the filling and discharge of the hydrostatic test water.

Item m. ***Geological characteristics of the subsurface at the proposed discharge site;***

The proposed hydrostatic test water discharge is located regionally in the western edge of the Permian Basin, a downwarp feature which developed as a shallow sea in the Paleozoic Era. The area southeast of Artesia, NM is near the junction of the Northwest Shelf (characterized by shelf edge reefs and shelf carbonates) and the Delaware Basin (composed of basinal deposits of laminated siltstone and sandstone). Much of the southeast New Mexico region is underlain by bedded salt with the Salado Formation being the most wide-spread and thickest at approximately 2,400' near the center of the Delaware Basin, with gradual thinning to the margins of the basin. Near the discharge location, the Salado is approximately 700' to 900' thick. The Salado Formation is an evaporite sequence recognized as an abundant source of potassium salts that have been extensively mined in the region. The Salado Formation is overlain by the Rustler Formation consisting of approximately 50% halites and anhydrites with the balance of dolomites and clastics. Rustler Formation thickness in the vicinity of the hydrostatic test water discharge ranges from approximately 110' to 285'. The Dewey Lake Redbeds which are predominantly siltstones overlie the Rustler and represents the end of evaporite deposition in the region, although still of Permian age.

At the surface above the Dewey Lake Formation are recent sedimentary deposits of unconsolidated fine to medium grained sands. The deposits are believed to be derived from alluvial processes bringing sediment from upland plains and piedmont areas. Calcic soils and eolian deposits from high plain regions contribute to the regional surface features. The recent deposits which vary laterally in thickness, generally form the pediments, playa deposits and dunes that characterize the region.

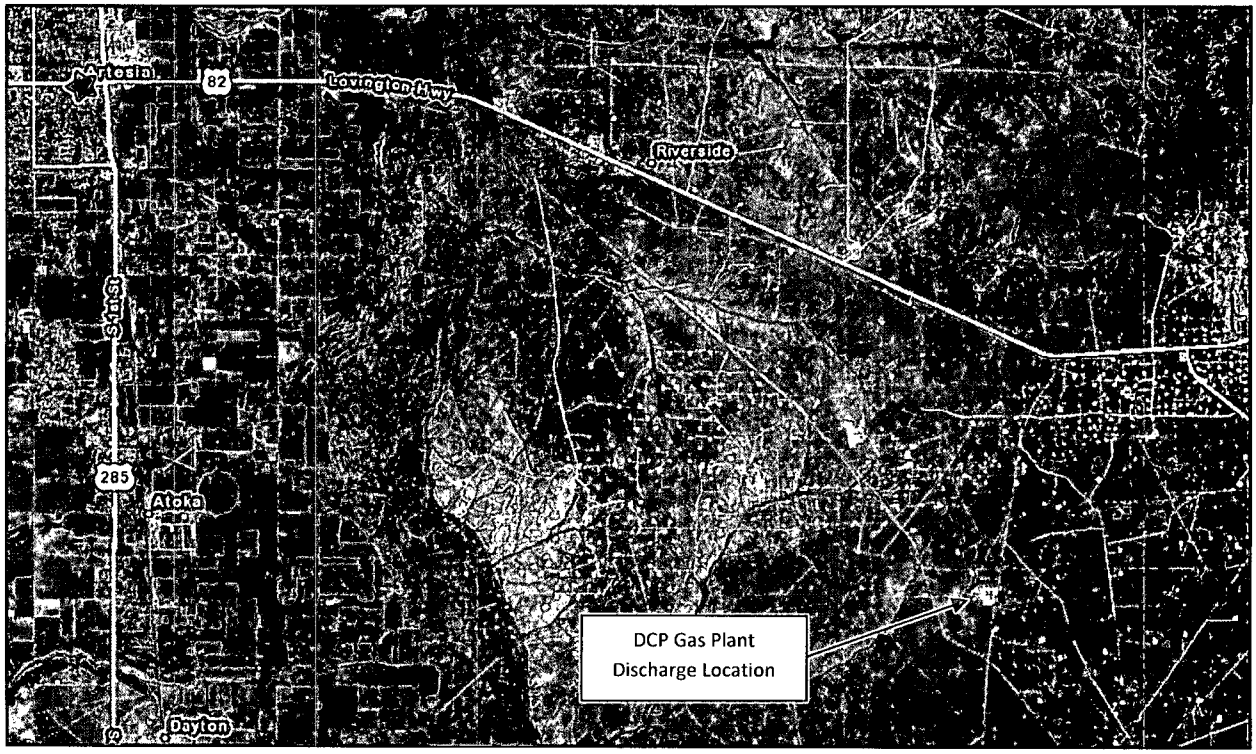
Item n. ***The depth to and total dissolved solids concentration of the ground water most likely to be affected by the discharge;***

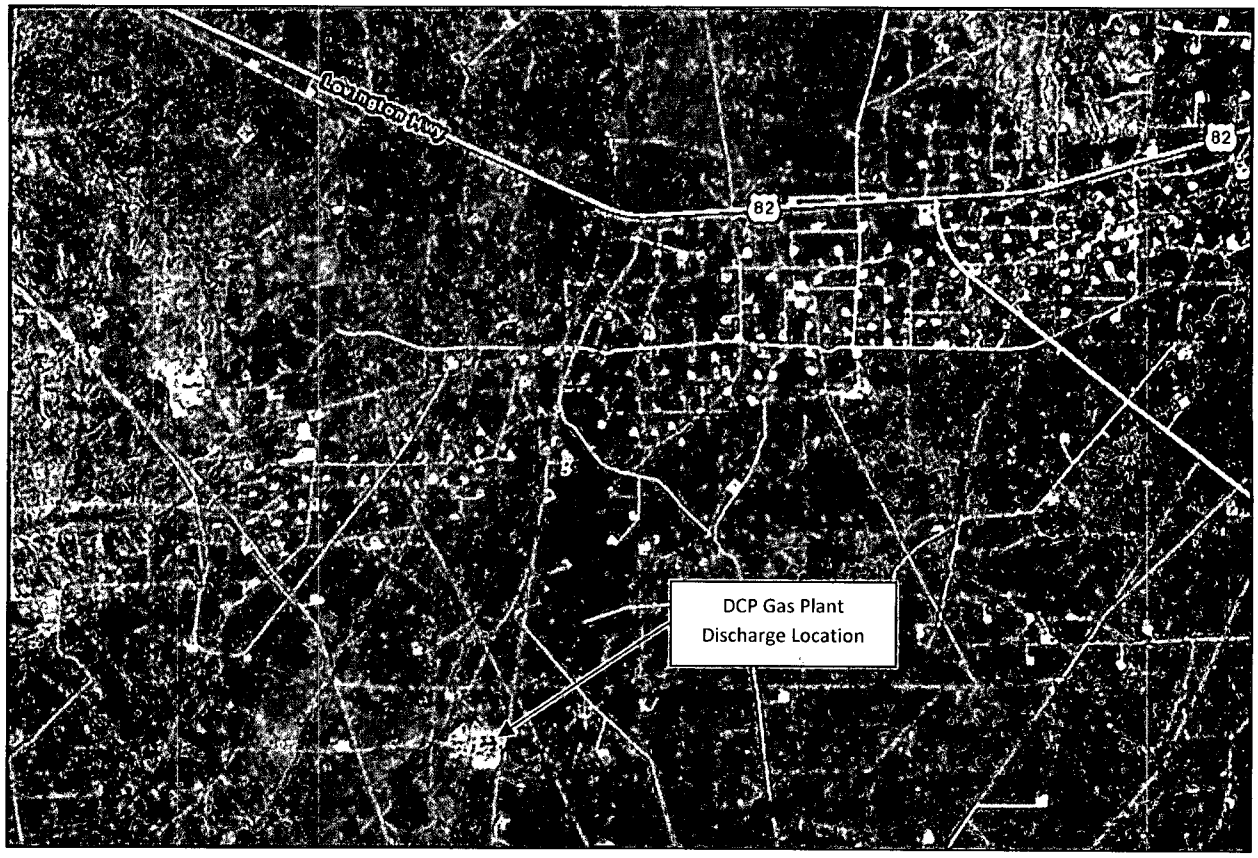
The depth to groundwater is approximately 50 feet below the ground surface in the area of the DCP Gas Plant. Two wells listed in the New Mexico Office of State Engineer Water Rights Reporting System are approximately 2 to 3 miles southwest of the gas plant and report groundwater depths of 50 and 58 feet below the surface. A total dissolved solids concentration of 909 mg/l has been reported for groundwater in the Artesia, NM area, obtained from the Artesia Rural Water Co-Op. No other data for total dissolved solids in the immediate area of the proposed discharge is available.

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

American Liberty Oil Company is the landowner where the discharge will occur, and immediately adjacent to the discharge location. The State of New Mexico is the landowner that the pipeline segment traverses from the north of the discharge location to the tie-in.

FIGURES





Figures 1a and 1b.

General Aerial Map Location of the DCP Gas Plant

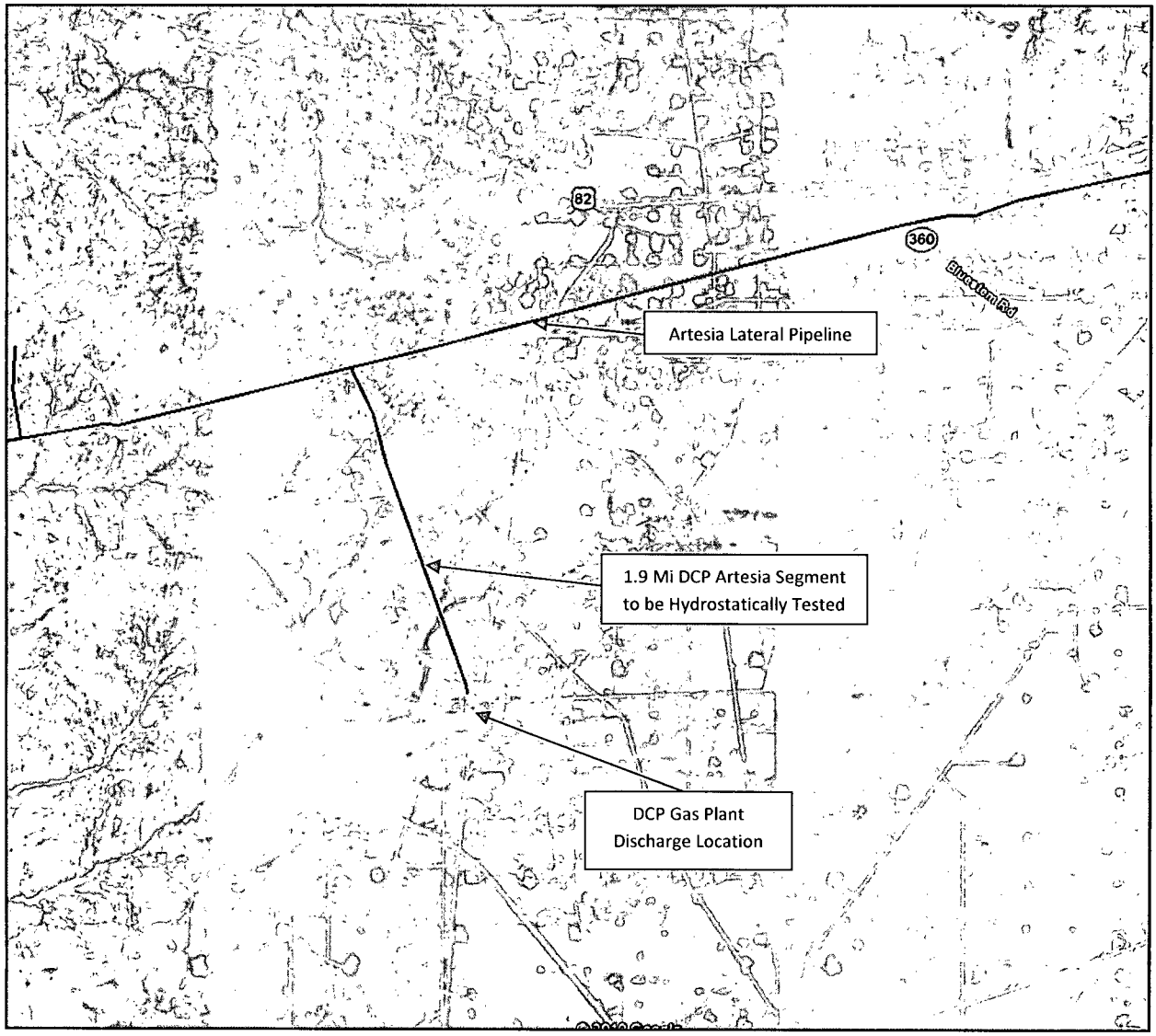


Figure 2.

Regional Aerial View of Pipelines and Discharge Locations

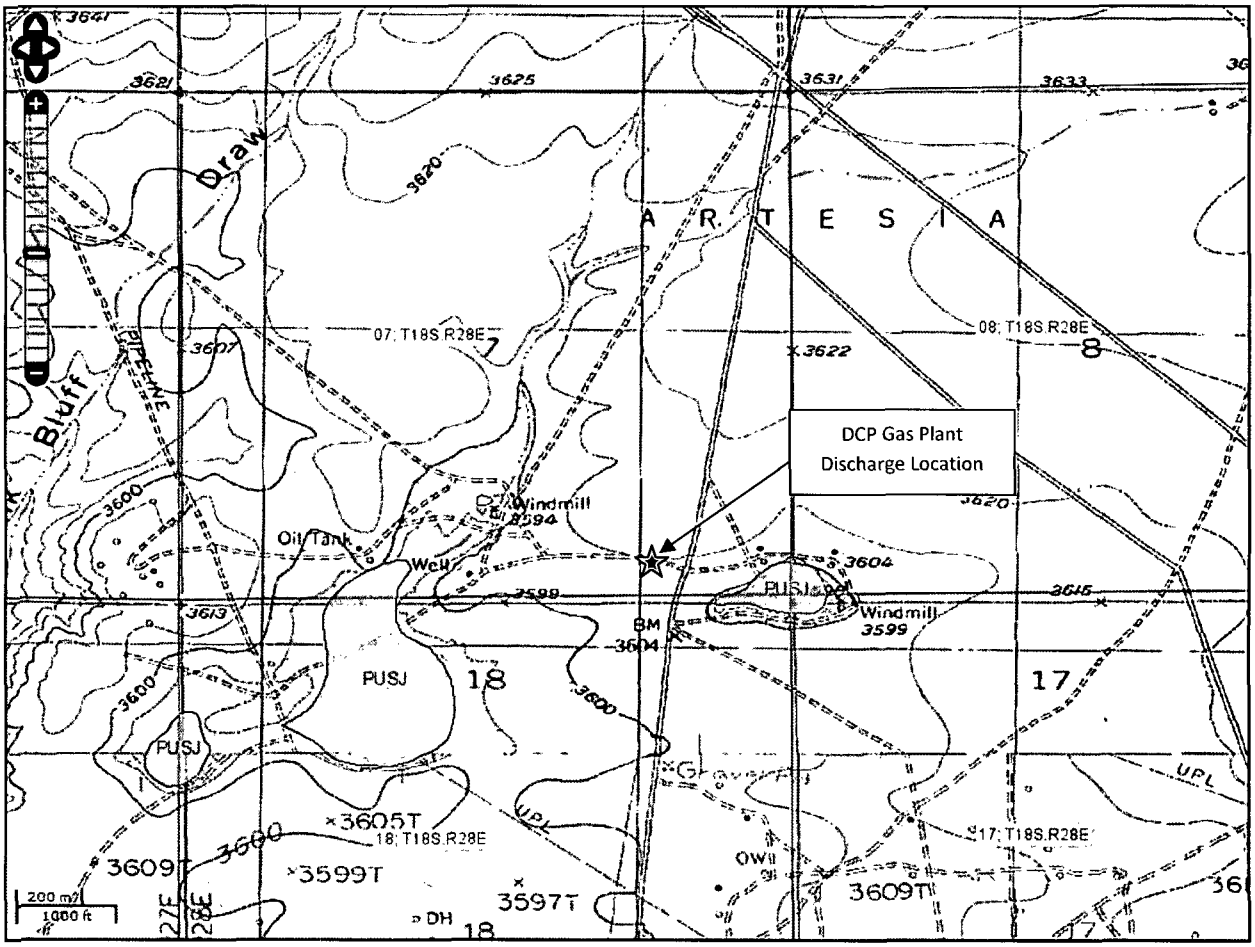


Figure 3.

Topographic Map of Regional Area
Surrounding the Discharge Locations

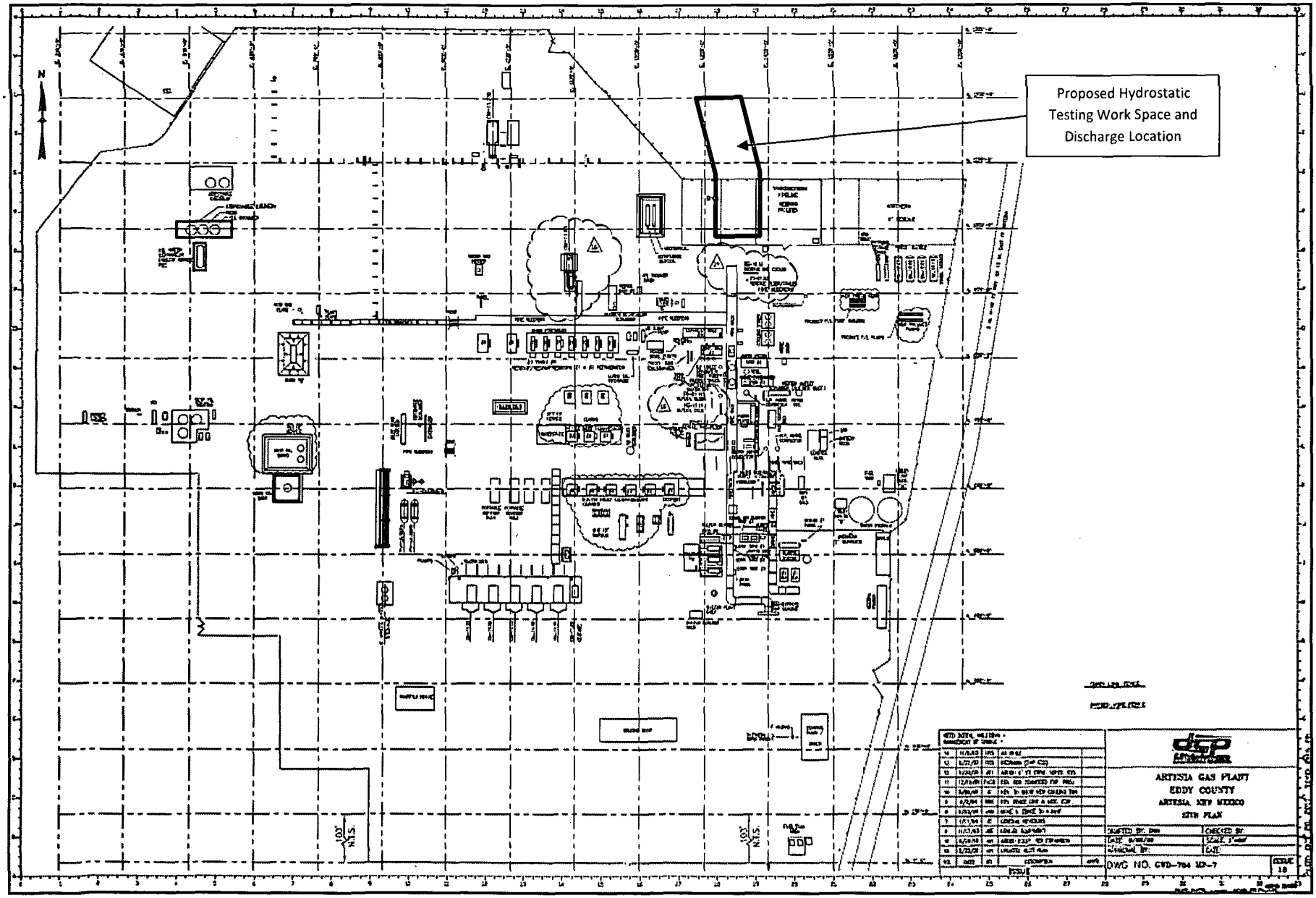


Figure 4.

DCP Gas Plant Plot Plan

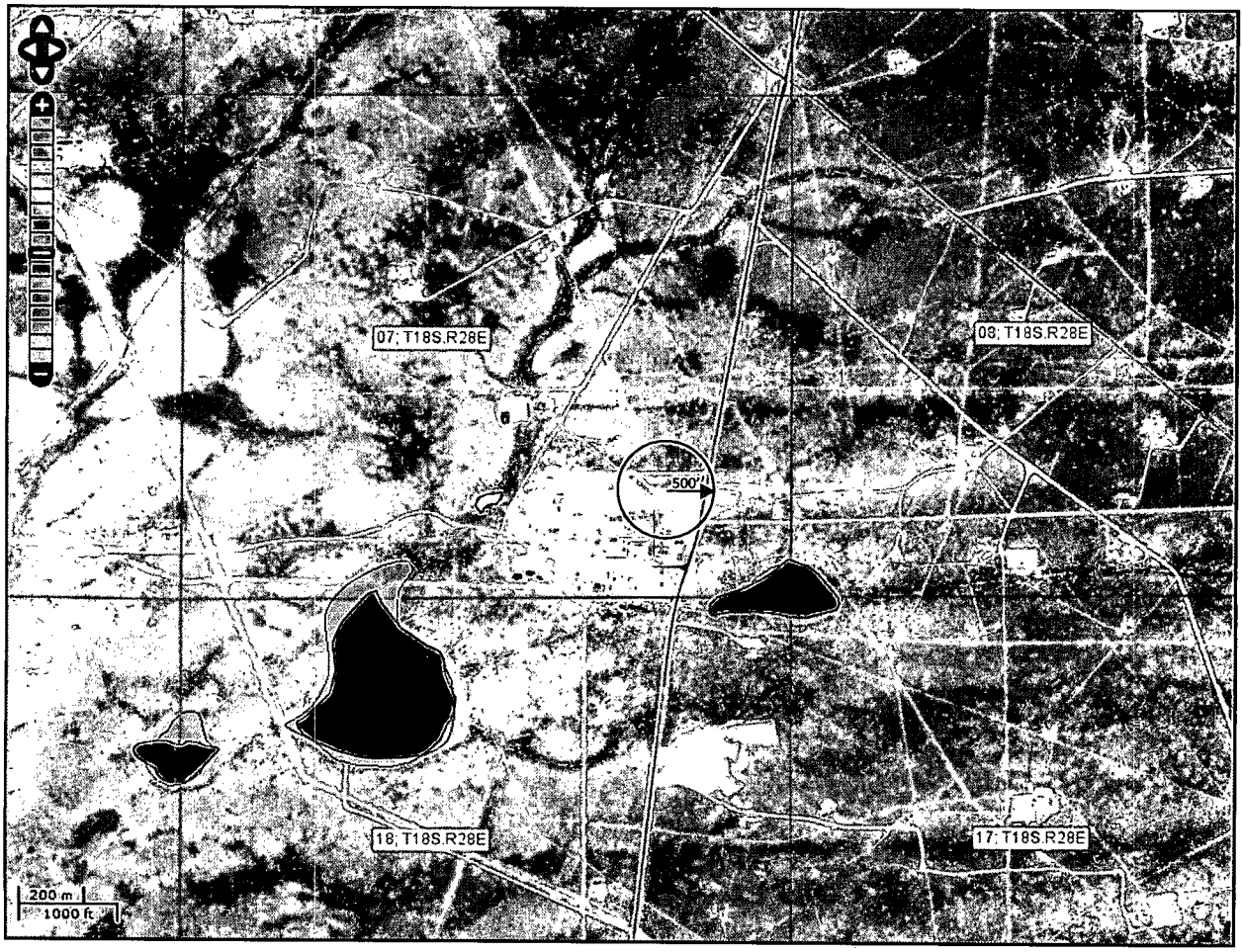


Figure 5.

Identification of Watercourses, Lakebeds,
Sinkholes, Playa Lakes, and Wetlands

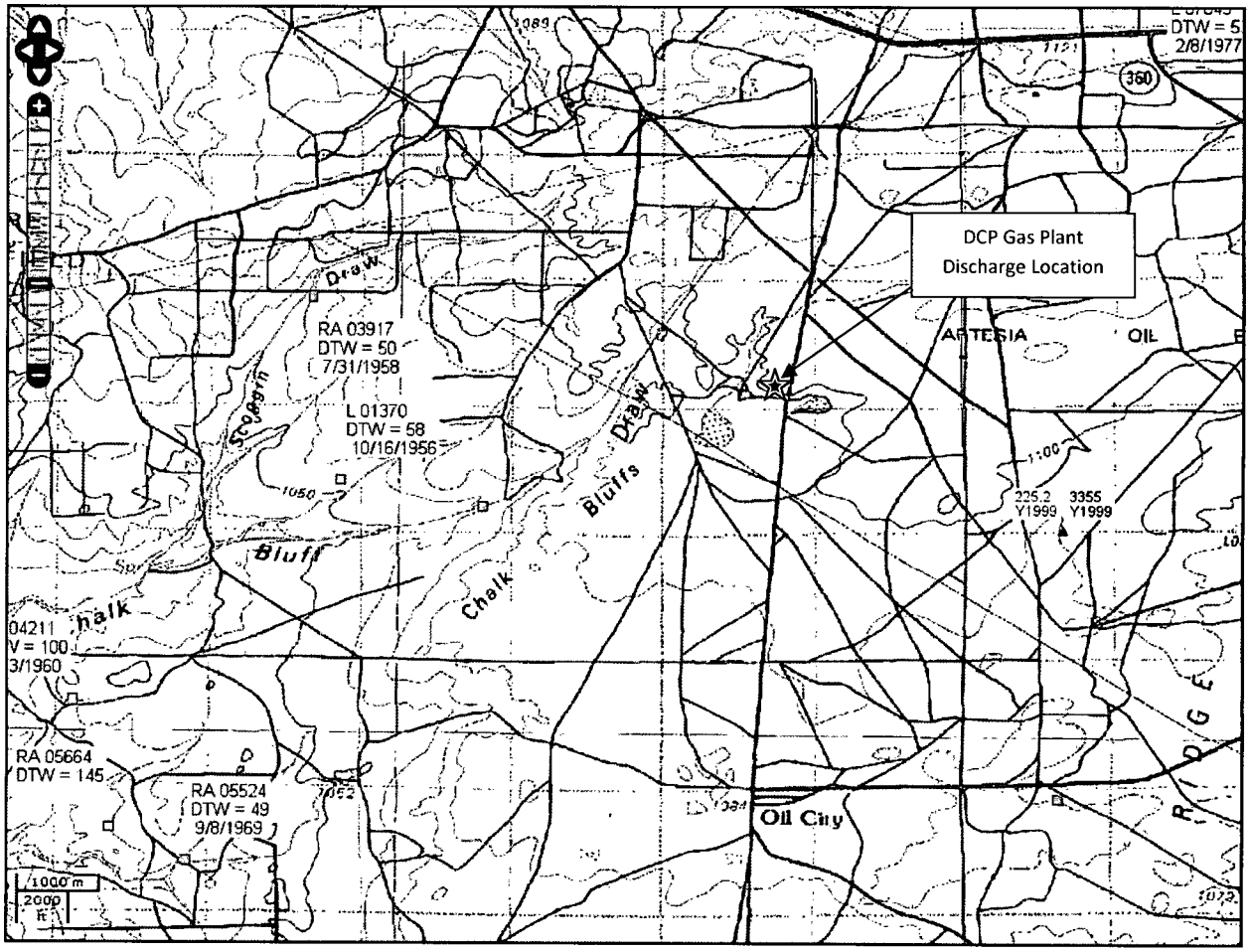


Figure 6.

Identification of Water Wells

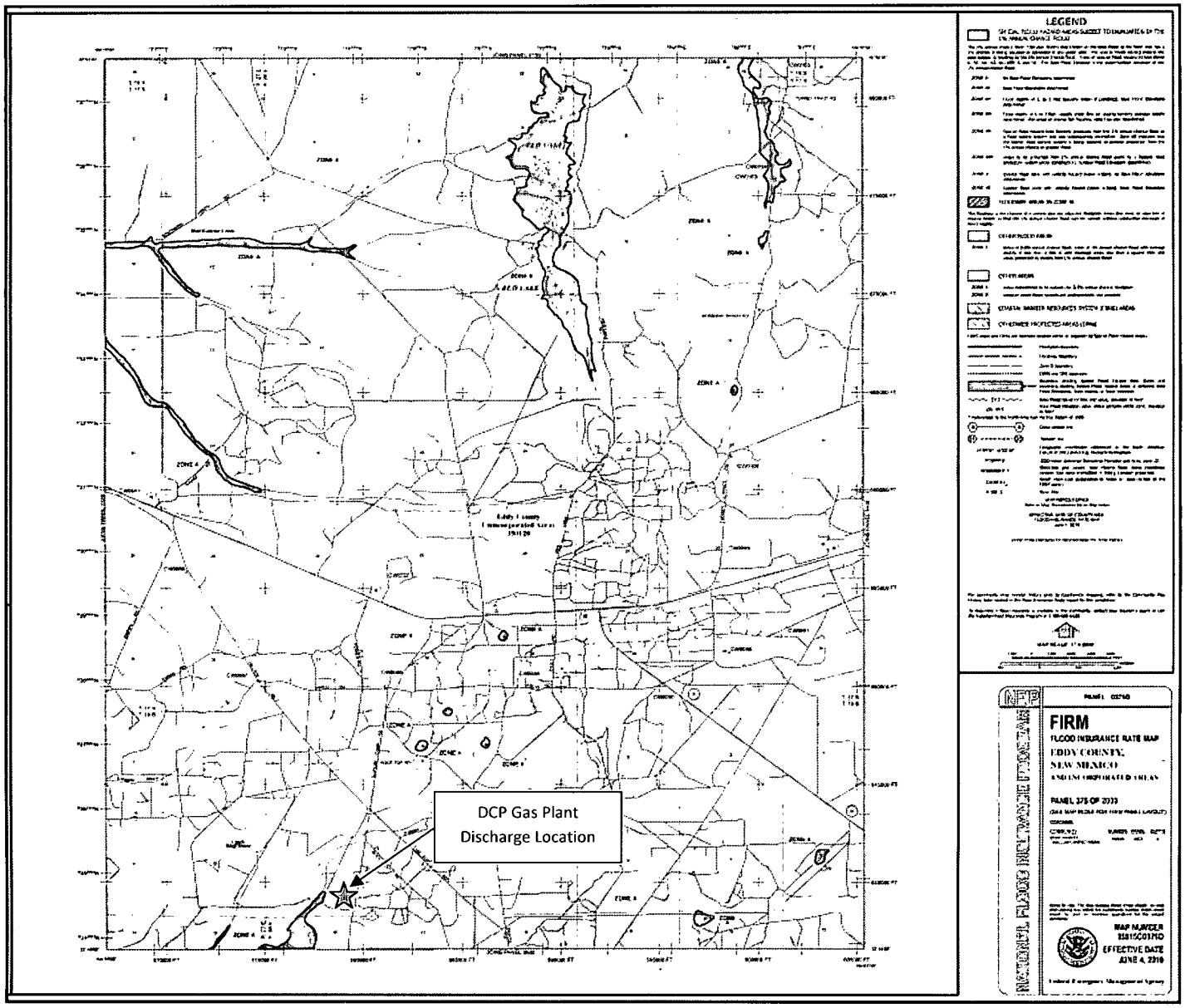


Figure 7.

FEMA Flood Insurance Rate Map

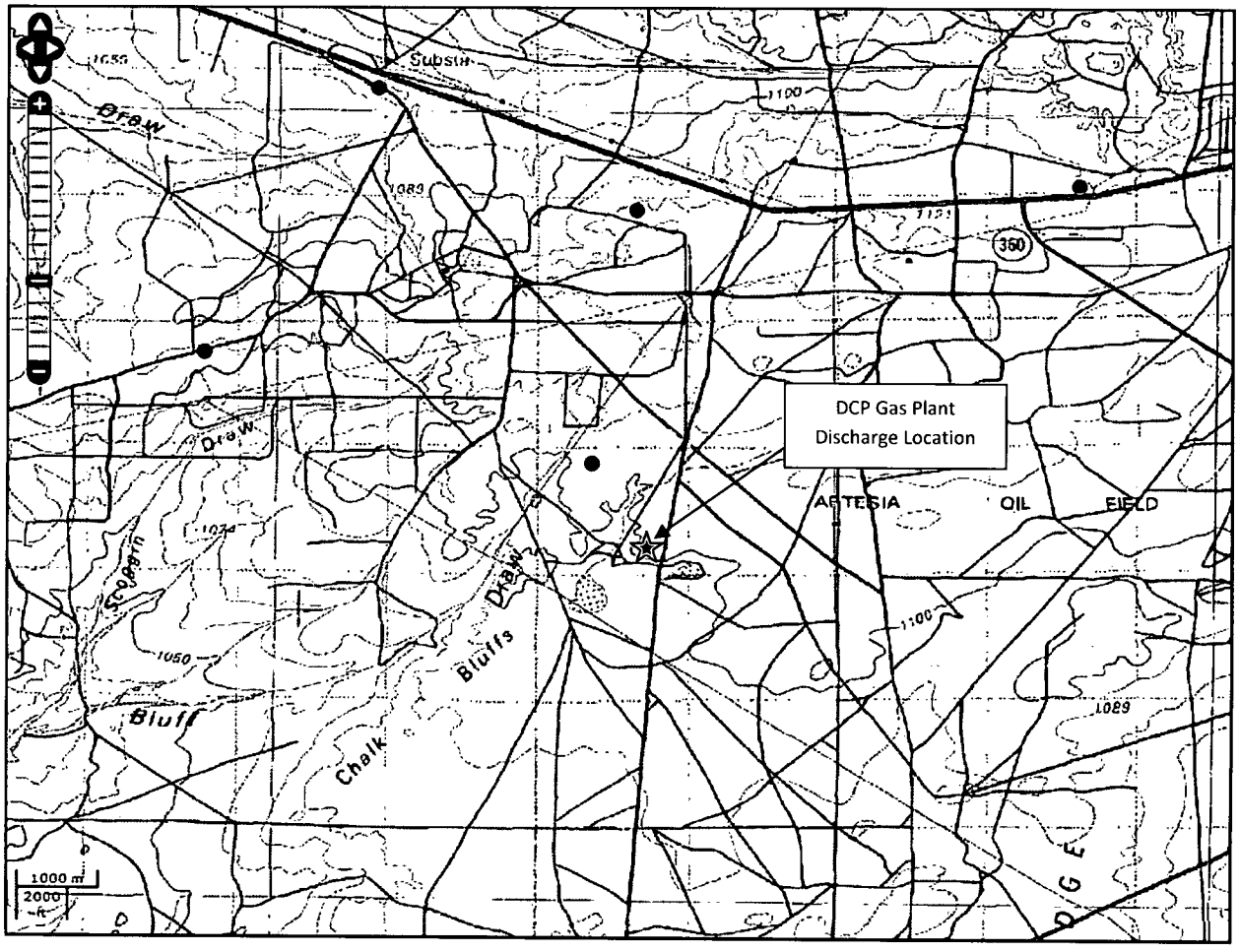


Figure 8.

Identification of Active Mines

ATTACHMENTS

Mathews, Kent D

From: Asbury, Richard, NMENV [richard.asbury@state.nm.us]
Sent: Monday, November 29, 2010 3:19 PM
To: Mathews, Kent D
Cc: Edmondson, Andy, NMENV; shuryn, danielle, NMENV
Subject: WPA
Attachments: Export_Output_2.xls

Attached are the public drinking water sources that fall within a 10 mile radius of the below lat long.

32 45 26
-104 12 36

NUMBER0	System_Nam	TINWSYS_LO	OWNER_TYPE	D_PRIN_CIT	D_PRIN_CNT	D_FED_PRIM	D_POPULATI	D_TTL_STOR	ST_ASGN_ID	D_PWS_FED_	TINWSF_IS_	Facility_N	TINWSF_LOC	Facility_T
NM3520508	RIVERSIDE MDWA		P	ARTESIA	EDDY	GW	400.000000	147000.000000	20508001	C	2650.000000	WELL #1		WL
NM3520508	RIVERSIDE MDWA		P	ARTESIA	EDDY	GW	400.000000	147000.000000	20508004	C	10934.000000	WELL #2		WL

WATER_TYPE	AVAILABILI	LATITUDE_M	LONGITUDE_	HORIZ_REF_	DATA_COLLE	Depth_of_W	Depth_of_1	Well_Diame	Well_Dia_1	Static_Wat	Static_W_1	Office	Oversight
GW	P	32.828833	-104.285305	002	7/26/2005	1250.000000	FT	9	IN	180.000000	FT	CLOVIS AREA OFFICE	BEN ARGUIJO
GW	P	32.827722	-104.284528	002	7/26/2005	1200.000000	FT	10	IN	300.000000	FT	CLOVIS AREA OFFICE	BEN ARGUIJO

Mathews, Kent D

From: Isaacson, Zoe, EMNRD [Zoe.Isaacson@state.nm.us]
Sent: Monday, November 29, 2010 3:18 PM
To: Mathews, Kent D
Subject: RE: Artesia Lateral Hydrostatic Test - Abandoned Mines

Kent-
I have reviewed our files and at this time, they show no abandoned mines in those areas. That does not, however, mean that they do not exist, but simply that we have no record of them. So, be aware.
Hope this is helpful-
Zoe

From: Mathews, Kent D [mailto:KentMathews@chevron.com]
Sent: Monday, November 29, 2010 11:20 AM
To: Isaacson, Zoe, EMNRD
Subject: Artesia Lateral Hydrostatic Test - Abandoned Mines

Zoe,

I received your phone message and instructions to send an email with location information for the planned hydrostatic test and discharge.

The location where the pipeline to be hydrostatically tested will be dewatered is in Section 7, T18S, R28E, approximately 13 miles southeast of Artesia, NM. Specifically, the discharge location will be within DCP's Gas Plant property. I have attached a map showing the gas plant and sections to assist in the location. The pipeline extends from the gas plant location approximately 2-miles to the north-northwest into Section 6, T18S, R28E so if you could verify the presence of any abandoned mines in Section 6 also, that would be helpful.

The purpose of this request is to demonstrate that there are no subsurface mines underlying the planned discharge location. If there is any question or further information necessary, please advise.

Thank you very much for your assistance -

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

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 11/1/10

or cash received on _____ in the amount of $ 100.00

from Chevron Pipeline Co.

for HITP - 15

Submitted by: Lawrence Reiter Date: 11/03/10

Submitted to ASD by: [signature] Date: 11/03/10

Received in ASD by: _____ Date: _____

Filing Fee ✓ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2010

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

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

October 20, 2010

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

Re: NOI to Discharge Hydrostatic Test Water from LPG Pipeline Segment
Chevron Pipe Line Co. – DCP Artesia Lateral
Eddy County, New Mexico

Dear Mr. Jones,

The following information provided below describes the proposed hydrostatic test of a pipeline segment in Eddy County, New Mexico operated by Chevron Pipe Line Company (CPL). Please note that CPL intends to dispose of the test water in a disposal well permitted in New Mexico, and has no plans to discharge the water to the ground. The discharge should therefore, not affect any surface water or fresh ground water sources. A check in the amount of $100.00 made out to the Water Quality Management Fund is enclosed to cover the filing fee, along with this Notice of Intent.

1) **Name and address of pipeline operator:**
Chevron Pipe Line Company
4800 Fournace Pl. W228A
Bellaire, TX 77401

2) **Location of Discharge:**
DCP Gas Plant
Approx. 13 miles SE of Artesia, NM;
Approx. 2.8 miles south of Hwy 82 (Lovington Hwy) on County Rd. 206 (Illinois Camp Rd.)

3) **Legal description of discharge location:**
Southern end of 4" pipeline segment (DCP Gas Plant): Sec. 7, T18S, R28E

4) **Maps**
See attached maps. The separate maps show the location of the pipeline segment to be hydrostatically tested, location where the water will be transferred into a frac tank for sampling, and a topographic map of the location indicating geographic features.

5) **Siting Criteria**
The location where the hydrostatic test water will be discharged from the pipeline into a frac tank is greater than 200 feet from any watercourse, lakebed, sinkhole, or playa lake. The pipeline segment to be tested does cross under an intermittent watercourse approximately 2,500 ft to the north-northwest from the discharge location. The discharge location is greater than 500 feet from any wetland area and any occupied structure that is not part of the DCP Gas Plant, is not within an area overlying a subsurface mine, and is not within an existing wellhead protection area or 100-yr floodplain (see attached topographic map).

6) **Description of activities:**
CPL proposes to conduct a hydrostatic test of a currently idled 4" diameter, 2.9 mile long pipeline segment to qualify the line for PIM (pipeline integrity management) and re-commission the line for active service. Fresh potable water will be utilized to fill the line. The segment of pipeline was previously in LPG (liquefied petroleum gas) service before being idled prior to 1999. The pipeline has been under a nitrogen blanket since it was idled. The pipeline will be returned to LPG (liquidied petroleum gas) service. Upon completion of the hydrostatic test the water will be discharged from the pipe and the pipeline dried prior to re-commissioning.

7) **Collection and Retention of Fluids and Solids:**
Following the completion of the hydrostatic testing of the pipeline, the contained water will be pushed from the pipe into a frac tank through temporary hoses. The frac tank will be located adjacent to the discharge location on the pipeline easement at CPL's metering station at the DCP Gas Plant. The water will be held in the tank only as long as necessary for sampling, estimated to be no longer than one week, before being transferred to tank trucks for disposal off-site.

8) **Best Management Practices:**
Hydrostatic test water will not be discharged to the ground at the discharge location, therefore, no BMPs for sediment and erosion control are planned to be implemented. CPL will locate the frac tank on a spill liner for secondary containment. Temporary hoses to transfer the water from the pipe to the tanks will be in good condition and inspected prior to use to prevent leakage from hose breaks. CPL conducts daily JSAs (job site safety analyses), hazard assessments, and safe work permitting prior to performing any work to promote incident free operations.

9) **Alternative Treatment, Discharge Location:**
There are no alternative treatments or discharge locations proposed. The discharge location is at the most practicable, available pipeline valve station along the pipeline segment to be tested, and since there will be no test water discharged to the ground to affect surface or subsurface water, alternatives are deemed to be unnecessary.

10) **Hydrostatic Test Water Sampling Plan:**
Two sample sets of the hydrostatic test water will be pulled from the frac tank located at the discharge location. CPL will test the samples to meet the requirements of the permitted deep well injection disposal facility.

11) **Disposal of Fluids and Solids:**
The hydrostatic test water will be transferred from the frac tank to tank trucks for off-site disposal in a permitted disposal well. At this time the disposal well location has not been identified, however, Key Energy Services is a Chevron approved vendor for wastewater treatment/disposal that is proposed for the service.

12) Expected Quality and Volume of Discharge:

Based on the diameter and length of the pipeline segment, approximately 175 bbls (7,350 gal) of water is expected to be used during the test and will be discharged on completion. Based on previous analyses of hydrostatic test water from various pipelines in LPG service, the discharge is expected to have measurable but minimal hydrocarbon contamination. None of the previous test waters have exhibited hazardous waste characteristics. Benzene concentrations have ranged from less than 0.01 mg/l to ~ 0.1 mg/l. Total petroleum hydrocarbons are expected to range from 1 – 5 mg/l. Suspended solids are expected due to internal pipeline scale/rouge dislodged during the filling and discharge of the hydrostatic test water.

13) Subsurface Geology and Groundwater

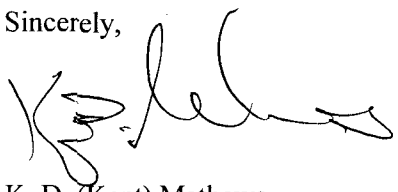
Because hydrostatic test water will not be discharged to the ground, it is expected that there will be no impact to ground water. In the case where the pipeline segment should fail during the hydrostatic test, appropriate measures will be immediately taken to reduce the loss of water and make necessary repairs to the pipeline.

14) Adjacent Landowners

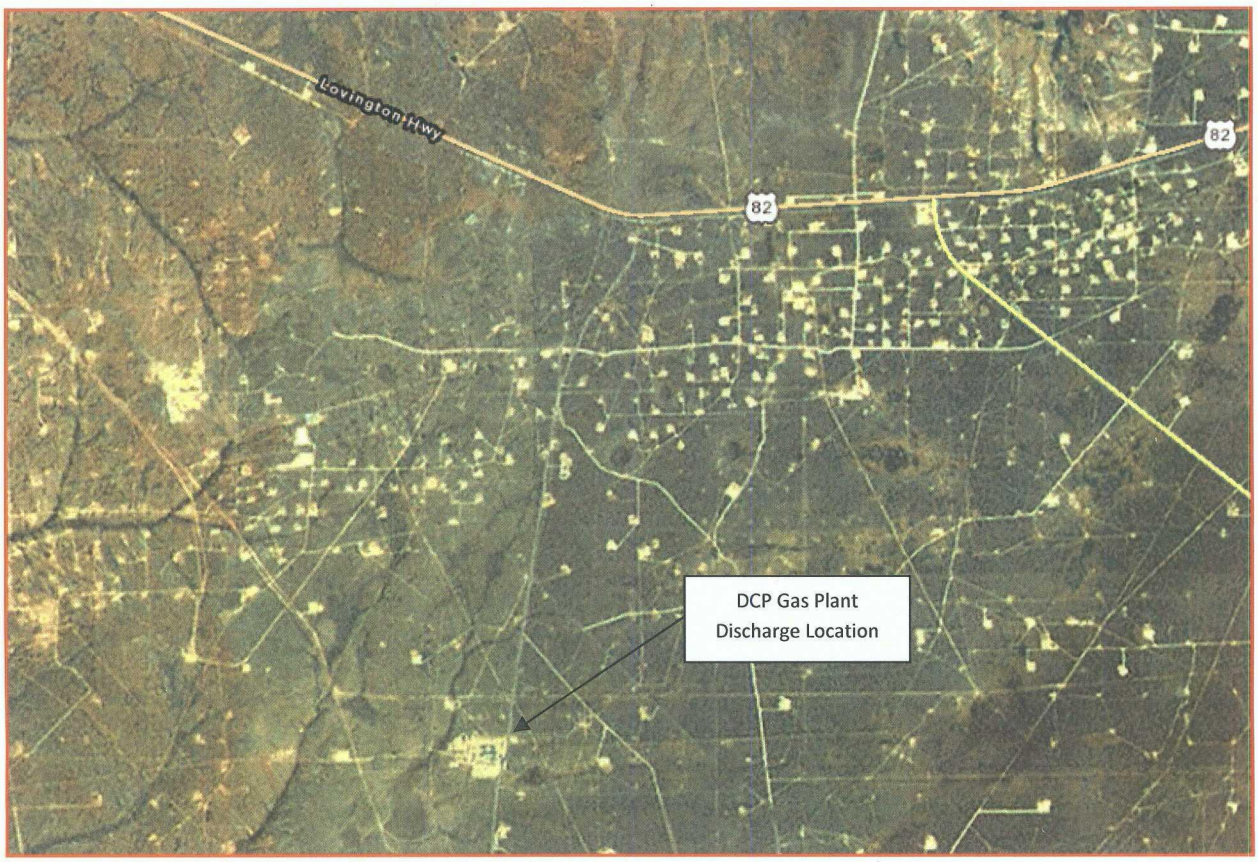
American Liberty Oil Company is the landowner where the discharge will occur, and immediately adjacent to the discharge location. The State of New Mexico is the landowner that the pipeline segment traverses from the north of the discharge location to the tie-in.

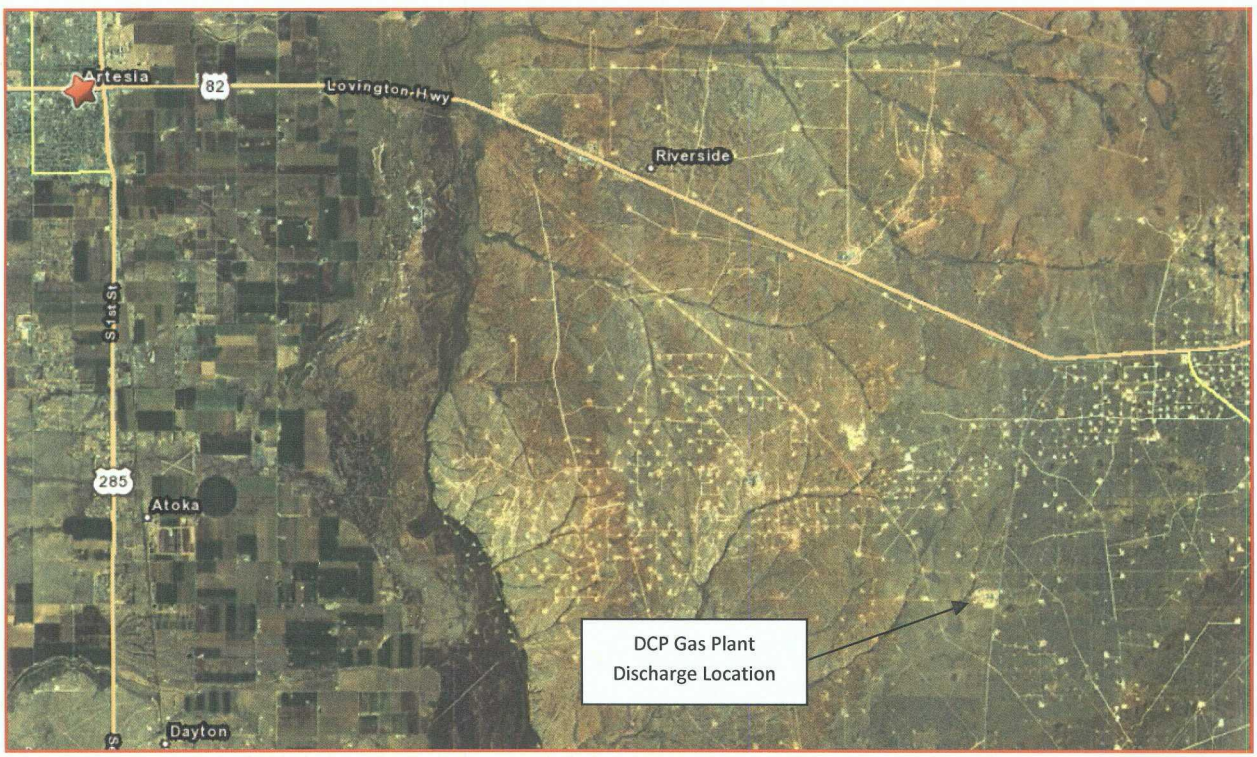
If any additional information is needed during your review or if there are any questions, please contact me at (713) 432-3424 or via email at kentmathews@chevron.com.

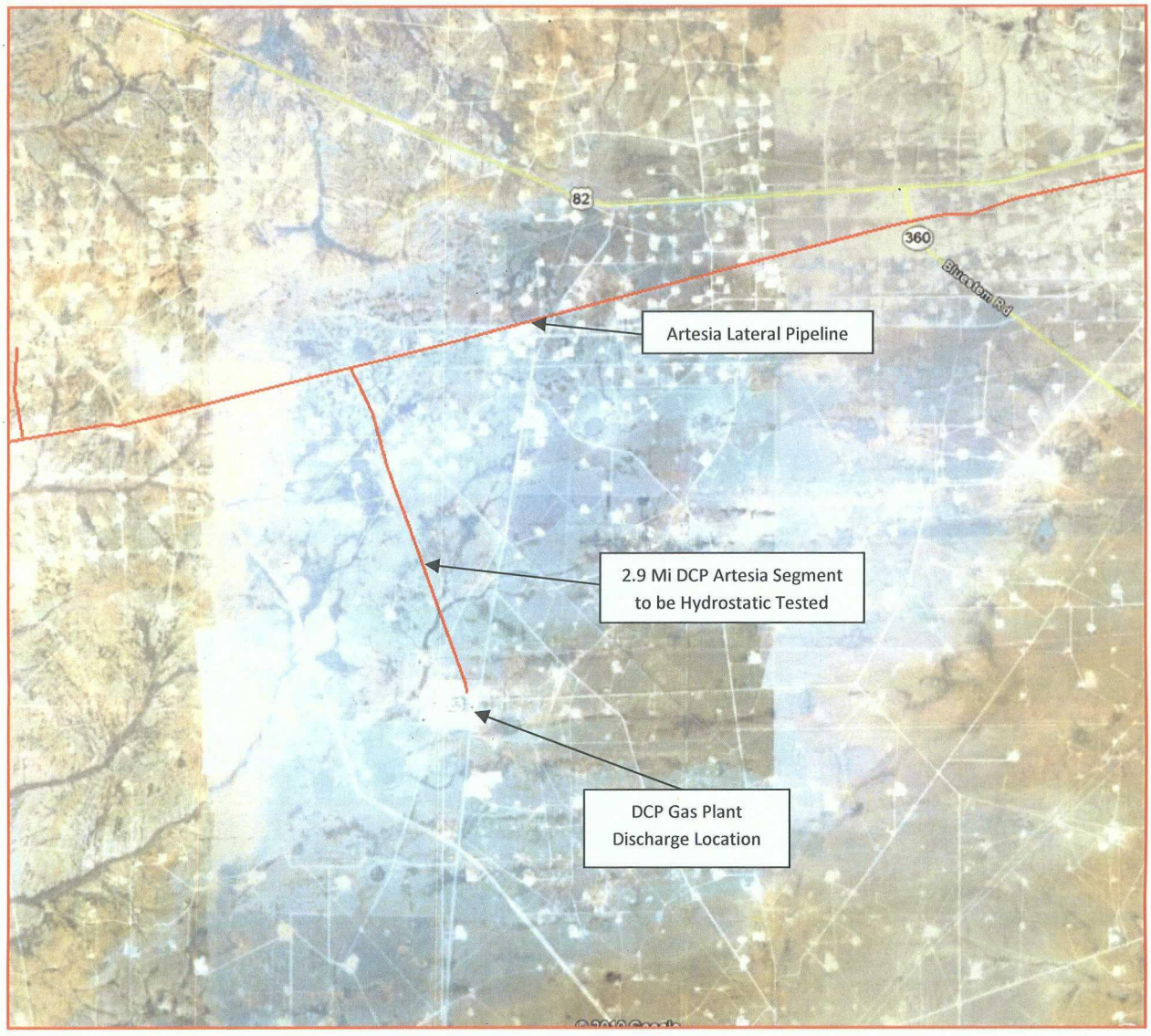
Sincerely,

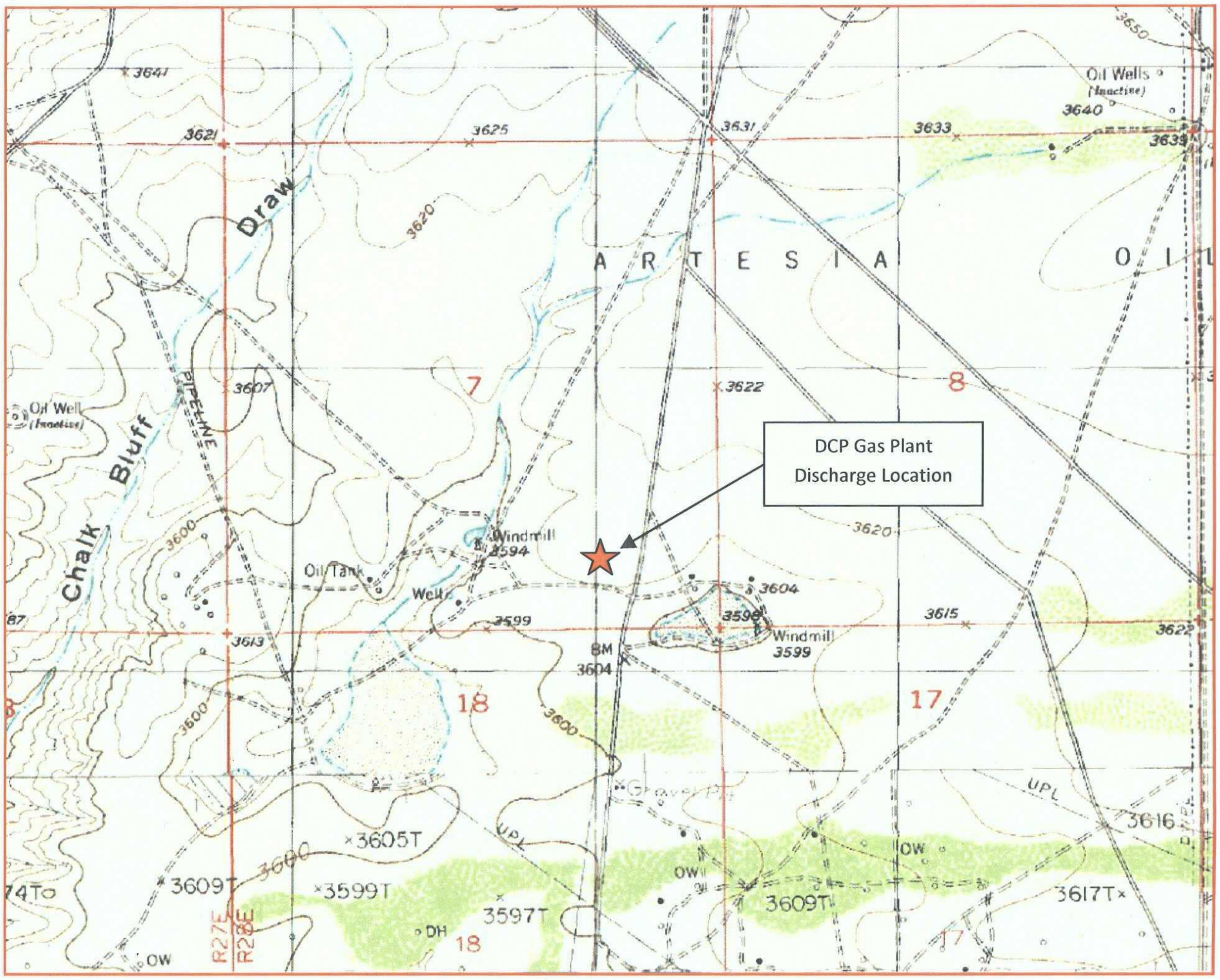


K. D. (Kent) Mathews
Environmental Specialist


Lovington Hwy
82
82
DCP Gas Plant
Discharge Location


Artesia
82
Lovington Hwy
Riverside
S 1st St
285
Atoka
Dayton
DCP Gas Plant
Discharge Location


82
360
Artesia Lateral Pipeline
2.9 Mi DCP Artesia Segment
to be Hydrostatic Tested
DCP Gas Plant
Discharge Location


DCP Gas Plant
Discharge Location
A R T E S I A
O I L
Draw
Chalk
Bluff
PIPELINE
Oil Well
(Inactive)
Oil Wells
(Inactive)
Windmill
3594
Oil Tank
Well
Windmill
3599
BM
3604
7
8
18
17
18
17
R27E
R28E
UPL
OW
DH
3641
3621
3625
3631
3633
3640
3620
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