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**PERMITS,
RENEWALS, &
MODS**



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 24, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-276

Mr. Cal Wrangham
Dynergy Midstream Services, L.P.
6 Desta Drive
Suite 3300
Midland, TX 79705

**Re: Hydrostatic Test Water Discharge Permit
Dynergy Midstream Services, L.P.
NE/4, Section 3, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico**

Dear Mr. Wrangham:

The New Mexico Oil Conservation Division (OCD) has received the Dynergy Midstream Services, L.P. (Dynergy) request dated February 11, 2000 and supplemental *information provided by phone on February 24, 2000* for authorization to discharge approximately 207,000 gallons of waste water from the hydrostatic test of approximately 8439 feet of 20 inch new pipeline and 8439 feet of 16 inch new pipeline at the above referenced locations.

Based on the information provided in the request, the hydrostatic test water discharge is hereby approved subject to the following conditions:

1. The test water (207,000 gallons) will be collected into frac tanks and then discharged to the ground surface on Dynergy property south of the Eunice Plant, Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and allowed to soak in and evaporate.
2. Only Eunice City water shall be used in the hydrostatic test.
3. Test water will be released from storage tanks through hay bales to prevent erosion.
4. The fluids will not be allowed to migrate to a water of the State or a water of the U.S.
5. Any solids that accumulate in the tanks or on the ground surface as a result of the discharge will be subject to full hazardous waste characterization testing to determine the proper means of disposal.

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6. The analytical results will be made available to the OCD Santa Fe office along with a request for disposal of the accumulated solids.

Pursuant to WQCC Regulation 3-106.B, this approval will allow Dynegy to discharge without an approved discharge plan for a period not to exceed 120 days. If the site is to be used for more than one test discharge, formal replication must be made. If the discharge exceeds 120 days, a formal discharge plan must be submitted for review.

Please be advised that this approval does not relieve Dynegy of liability should their operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Dynegy of responsibility for compliance with other federal, state or local laws and/or regulations.

If there are any questions, please call Martyne Kieling at (505) 827-7153.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc: OCD Hobbs Office