

**GW - 185**

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**PERMITS,  
RENEWALS,  
& MODS  
Application**

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



**AUGUST 13, 2012**

Jennifer Knowlton  
Agave Energy Co  
105 South Fourth Street  
Artesia NM 88210

Dear Ms. Knowlton:

Based on your responses given in the "Oil & Gas Facilities Questionnaire for Determination of a WQCC Discharge Permit" and a file review, the Oil Conservation Division (OCD) has determined that two of your facilities with an expired or soon to be expired permit do not require a Water Quality Control Commission (WQCC) Discharge Permit. This means that the WQCC Discharge Permits **GW - 123** (Yates 7 Rivers C.S.) and **GW - 185** are hereby rescinded and you are not required to proceed with the renewal of this expired or soon to expire WQCC Discharge Permit. OCD will close these permits in its database.

Because this WQCC Discharge Permit is no longer valid, you may be required to obtain a separate permit(s) for other processes at your facility, such as: pits, ponds, impoundments, below-grade tanks; waste treatment, storage and disposal operations; and landfarms and landfills. OCD will make an inspection of your facility to determine if any of these existing processes may require a separate permit under OCD's Oil, Gas, and Geothermal regulations. If OCD determines that a separate permit(s) is required, then a letter will be sent to you indicating what type of permit is required.

Please keep in mind, if your facility has any discharges that would require a WQCC Discharge Permit now or in the future, then you will be required to renew or obtain a WQCC Discharge Permit. If you have any questions regarding this matter, please contact Glenn von Gonten at 505-476-3488.

Thank you for your cooperation.

A handwritten signature in black ink, appearing to read "Jami Bailey".

**Jami Bailey**  
Director

JB/gvg



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Betty Rivera**  
Cabinet Secretary

April 2, 2002

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 3929 7723**

Mr. Stephen Weathers  
Environmental Specialist  
Duke Energy Field Services Inc  
P.O. Box 5493  
Denver, Colorado 80217

**RE: Minor Modification**  
**GW-185 Dagger Draw Gas Plant**  
**Eddy County, New Mexico**

Dear Mr. Weathers:

The New Mexico Oil Conservation Division (OCD) has received Duke Energy Field Services Inc. letter dated March 28, 2002 requesting an addendum to the Dagger Draw Gas Plant (GW-185) discharge plan. The Duke Energy Field Services Inc. request is considered a minor modification to the above referenced discharge plan and public notice will not be issued. **The requested minor modification is hereby approved.**

The Application for modification was submitted pursuant to Water Quality Control Commission (WQCC) Regulation 3107.C and is approved pursuant to WQCC Regulation 3109.

Please note that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3107.C Duke Energy Field Services Inc. is required to notify the Director of any facility expansion, production increase or process modification that would result in a significant modification in the discharge of potential ground water contaminants.

Note, that OCD approval does not relieve Duke Energy Field Services Inc. of liability should Duke Energy Field Services Inc. operations result in contamination of surface waters, ground waters or the environment.

Mr. Stephen Weathers  
Duke Energy Field Services Inc.  
April 2, 2002  
Page No. 2

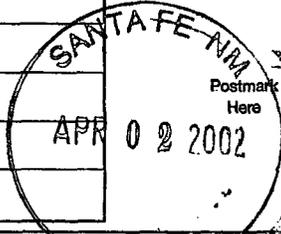
If you have any questions please feel free to call W. Jack Ford at (505)-476-3489.

Sincerely,



Roger C. Anderson  
Environmental Bureau Chief

cc: OCD Artesia District Office

|  |  |
|--|--|
| U.S. Postal Service<br>CERTIFIED MAIL RECEIPT<br>(Domestic Mail Only - No Insurance Coverage Provided) |  |
| OFFICIAL USE   |  |
| Postage \$   |  |
| Certified Fee  |  |
| Return Receipt Fee<br>(Endorsement Required)   |  |
| Restricted Delivery Fee<br>(Endorsement Required)  |  |
| Total Postage & Fees \$  |  |
| Sent To <i>J. Weathers</i>   |  |
| Street, Apt. No.;<br>or PO Box No. <i>Duke</i>   |  |
| City, State, ZIP+4 <i>GW-185</i>   |  |
| PS Form 3800, January 2001 See Reverse for Instructions  |  |

7001 1940 0004 3929 7223

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 1-23-02  
or cash received on \_\_\_\_\_ in the amount of \$ 1,667.50  
from Duke Energy Field Services  
for Dogger Draw GP GW-185  
Submitted by: [Signature] Date: 2-8-02  
Submitted to ASD by: \_\_\_\_\_ Date: \_\_\_\_\_  
Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_  
Filing Fee \_\_\_\_\_ New Facility \_\_\_\_\_ Renewal   
Modification \_\_\_\_\_ Other \_\_\_\_\_  
Organization Code 521.07 Applicable FY 2001

To be deposited in the Water Quality Management Fund.  
Full Payment  or Annual Increment \_\_\_\_\_

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER WITH VISIBLE FIBERS AND A TRUE WATERMARK ON THE REVERSE SIDE.

|   |   |  |
|---|---|--|
| <b>Duke Energy Field Services, LP</b><br>Accounts Payable<br>P.O. Box 5493<br>Denver, Colorado 80217  | <b>THE CHASE MANHATTAN BANK, N.A.</b><br>SYRACUSE, NEW YORK<br>50-837/213 |  |
| <b>VENDOR NO.</b><br>111615   | <b>CHECK DATE</b><br>01/23/02   | <b>CHECK NUMBER</b><br>[REDACTED]  |
| <b>PAY ONLY</b>   |   | <b>CHECK AMOUNT</b><br>*****\$1,667.50   |
| <b>TO THE ORDER OF</b><br>NMED-<br>Water Quality Management Fund<br>NM Oil Conservation District<br>1220 South St Francis Drive<br>Santa Fe, NM 87504 |   | <b>NOT NEGOTIABLE AFTER 120 DAYS</b><br><br><u>[Signature]</u><br>AUTHORIZED SIGNATURE |
| <b>One thousand six hundred sixty seven and 50/100 Dollars</b>  |   |  |

HOLD BETWEEN THUMB AND FOREFINGER, OR BREATHE ON COLORED BOX. COLOR WILL DISAPPEAR, THEN REAPPEAR.

Duke Energy Field Services, LP  
Accounts Payable  
P.O. Box 5493  
Denver, Colorado 80217

VENDOR NUMBER  
111615  
VENDOR NAME  
NMED-

CHECK NUMBER  
[REDACTED]  
CHECK DATE  
01/23/02

| INVOICE NUMBER    | INVOICE DATE | NET AMOUNT | DESCRIPTION               |
|-------------------|--------------|------------|---------------------------|
| Jan 02            | 01/21/02     | 1,667.50   | DAGGER DRAW DISCHARGE PLA |
| <b>TOTAL PAID</b> |              |            | <b>\$1,667.50</b>         |

PLEASE DETACH AND RETAIN FOR YOUR RECORDS

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-185  
DUKE ENERGY FIELD SERVICES, LLC  
DAGGER DRAW GAS PLANT  
DISCHARGE PLAN APPROVAL CONDITIONS

(September 1, 2000)

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by the OCD. There is a required flat fee equal to one-half of the original flat fee for natural gas processing plants. The renewal flat fee required for this facility is \$1667.50 which has not been received by the OCD.
2. Duke Energy Field Services, LLC Commitments: Duke Energy Field Services, LLC will abide by all commitments submitted in the discharge plan renewal application dated July 24, 2000 and these conditions for approval.
3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.
4. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
6. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

8. **Labeling:** All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.
9. **Below Grade Tanks/Sumps:** All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
10. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity every 5 years. The permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
11. **Class V Wells:** No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
12. **Housekeeping:** All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
13. **Spill Reporting:** All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Artesia District Office.
14. **Transfer of Discharge Plan:** The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
15. **Storm Water Plan:** The facility will have an approved storm water run-off plan.

- 16. **Closure:** The OCD will be notified when operations of the Dagger Draw Gas Plant are discontinued for a period in excess of six months. Prior to closure of the Dagger Draw Gas Plant a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
- 17. **Certification:** Duke Energy Field Services, LLC, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Duke Energy Field Services, LLC further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

DUKE ENERGY FIELD SERVICES, LLC

will be notified when operations of  
 in excess of six months. Prior  
 will be submitted for approval by the Director. Closure and  
 will be in accordance with the statutes, rules and regulations in effect at the  
 Title

*Stanley Jemell* Asset Manager

Duke Energy Field Services, LLC, by the  
 and agrees to comply with all  
 Services, LLC further acknow  
 this permit may be changed administratively  
 to protect fresh water, human

Accepted

DUKE ENERGY

will be notified when operations of  
 in excess of six months. Prior  
 will be submitted for approval by the Director. Closure and  
 will be in accordance with the statutes, rules and regulations in effect at the

Accepted

DUKE ENERGY

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 in excess of six months. Prior  
 will be submitted for approval by the Director. Closure and  
 will be in accordance with the statutes, rules and regulations in effect at the



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

September 1, 2000

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 5050 9870**

Ms. Karin Char  
Duke Energy Field Services, LLC  
370 17th Street, Suite 900  
Denver, Colorado 80202

**RE: Discharge Plan Renewal GW-185  
Duke Energy Field Services, LLC  
Dagger Draw Gas Plant  
Eddy County, New Mexico**

Dear Ms. Char:

The ground water discharge plan renewal application GW-185 for the Duke Energy Field Services, LLC Dagger Draw Gas Plant located in the SW/4 of Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 10 working days of receipt of this letter.**

The original discharge plan application was submitted on February 6, 1995 and approved April 12, 1995. The discharge plan renewal application, dated July 24, 2000, submitted pursuant to Sections 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan is renewed pursuant to Sections 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Duke Energy Field Services, LLC of liability should operations result in pollution of surface water, ground water, or the environment.

Please be advised that all exposed pits, including lined pits and open tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations provides: "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C., Duke Energy Field Services, LLC is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Ms. Karin Char  
GW-185 Dagger Draw Gas Plant  
September 1, 2000  
Page 2

Pursuant to Section 3109.H.4., this renewal plan is for a period of five years. This renewal will expire on **April 12, 2005**, and Duke Energy Field Services, LLC should submit an application in ample time before this date. Note that under Section 3106.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit the results of an underground drainage testing program as a requirement for discharge plan .

Duke Energy Field Services, LLC will submit a storm water run-off plan for approval by the OCD within six (6) months of the date of this approval letter for the Dagger Draw Gas Plant facility.

The discharge plan renewal application for the Duke Energy Field Services, LLC Dagger Draw Gas Plant is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan application will be assessed a fee equal to the filing fee of \$50. There is a renewal flat fee assessed for natural gas processing plants equal to one-half of the original flat fee or \$1667.50. The OCD has received the filing fee.

**Please make all checks payable to: Water Management Quality Management Fund**  
**C/o: Oil Conservation Division**  
**2040 South Pacheco**  
**Santa Fe, New Mexico 87505.**

If you have any questions please contact Mr. W. Jack Ford at (505) 827-7156. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson  
Chief, Environmental Bureau  
Oil Conservation Division

RCA/wjf  
Attachment

xc: OCD Artesia District Office

7099 3220 0000 5050 9870

|   |    |
|---|----|
| U.S. Postal Service<br><b>CERTIFIED MAIL RECEIPT</b><br><i>Ford OCD</i><br>(Domestic Mail Only; No Insurance Coverage Provided) |    |
| Article Sent To:  |    |
| Postage   | \$ |
| Certified Fee   |    |
| Return Receipt Fee<br>(Endorsement Required)  |    |
| Restricted Delivery Fee<br>(Endorsement Required)   |    |
| Total Postage & Fees  | \$ |
| Name (Please Print Clearly) (To be completed by mailer)<br><i>K. Char</i>   |    |
| Street, Apt. No.; or PO Box No.<br><i>Duke</i>  |    |
| City, State, ZIP+ 4<br><i>360-185</i>   |    |

PS Form 3800, July 1999 See Reverse for Instructions

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-185  
DUKE ENERGY FIELD SERVICES, LLC  
DAGGER DRAW GAS PLANT  
DISCHARGE PLAN APPROVAL CONDITIONS  
(September 1, 2000)

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12. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
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17. Certification: Duke Energy Field Services, LLC, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Duke Energy Field Services, LLC further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

DUKE ENERGY FIELD SERVICES, LLC

by \_\_\_\_\_  
Title

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 8-17-00,  
or cash received on \_\_\_\_\_ in the amount of \$ 50.00

from Montgomery & Andrews, P.A.

for Dagger Draw Gas Plant GW-185  
(Facility Name)

Submitted by: [Signature] Date: 8-17-00 (DP No.)

Submitted to ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee  New Facility \_\_\_\_\_ Renewal

Modification \_\_\_\_\_ Other \_\_\_\_\_  
(optional)

Organization Code 521.07 Applicable FY 2001

To be deposited in the Water Quality Management Fund.

Full Payment  or Annual Increment \_\_\_\_\_

**MONTGOMERY & ANDREWS, P.A.**

POST OFFICE BOX 2307  
SANTA FE, NEW MEXICO 87504-2307  
(505) 982-3873

COMMUNITY BANK SANTA FE  
P.O. BOX 1390  
SANTA FE, NM 87504

95-160/1070

08/17/2000

PAY TO THE ORDER OF Water Quality Management Fund

\$ 50.00

Fifty Dollars and 00/100\*\*\*\*\*

DOLLARS

Water Quality Management Fund

OPERATING ACCOUNT

[Signature]  
AUTHORIZED SIGNATURE

MEMO

MONTGOMERY & ANDREWS, P.A.

| <u>INVOICE</u> | <u>DESCRIPTION</u>      | <u>DATE</u> | <u>INV AMT</u> | <u>I</u> <u>C</u> | <u>NET</u> |  |
|----------------|-------------------------|-------------|----------------|-------------------|------------|---|
| 081700         | 12284-20-01/Duke Energy | 08/17/2000  | 50.00          |                   | 50.00      |   |

Check# / Date 9061

08/17/2000

Water Quality Management Fund

\$0.00

\$50.00

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 3/7/97,

or cash received on \_\_\_\_\_ in the amount of \$ 2618.00

from Pan Energy Field Services

for Daguer Draw G.P. GW-185

Submitted by: \_\_\_\_\_ Date: \_\_\_\_\_

Submitted to ASD by: R. Anderson Date: 3/19/97

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee \_\_\_\_\_ New Facility \_\_\_\_\_ Renewal \_\_\_\_\_  
Modification \_\_\_\_\_ Other \_\_\_\_\_

Organization Code 521.07 Applicable FY 97

To be deposited in the Water Quality Management Fund.

Full Payment  or Annual Increment   
*# thru 5 of 5*

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

PanEnergy Field Services, Inc.  
P.O. Box 5493  
Denver, Colorado 80217

THE CHASE MANHATTAN BANK, N.A.  
SYRACUSE, NEW YORK 50-937/213

|            |            |              |
|------------|------------|--------------|
| VENDOR NO. | CHECK DATE | CHECK NUMBER |
| 004833     | 03/07/97   | [REDACTED]   |

|                 |
|-----------------|
| CHECK AMOUNT    |
| *****\$2,618.00 |

NOT NEGOTIABLE AFTER 120 DAYS

PAY *Two thousand six hundred eighteen and 00/100 Dollars*

TO THE ORDER OF NMED WATER QUALITY MANAGEMENT  
2040 SOUTH PACHECO  
SANTA FE, NM 87505

*Andrew P. Meyer*  
AUTHORIZED SIGNATURE

THIS DOCUMENT CONTAINS A TRUE WATERMARK AND VISIBLE FIBERS.

**SanEnergy Field Services, Inc.**  
P.O. Box 5493  
Denver, Colorado 80217

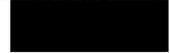
**VENDOR NUMBER**

004833

**VENDOR NAME**

NMED WATER QUALITY MANAGEMENT

**CHECK NUMBER**



| INVOICE NUMBER | INVOICE DATE | NET AMOUNT | DESCRIPTION                         |
|----------------|--------------|------------|-------------------------------------|
| 0297-PLANFEE   | 01/29/97     | 2,618.00   |                                     |
|                |              |            | <b>TOTAL PAID</b> <b>\$2,618.00</b> |

PLEASE DETACH AND RETAIN FOR YOUR RECORDS

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 4/28/95, or cash received on 5/8/95 in the amount of \$ 717.00 from Liquid Energy Corp for Dogger Draw G.P. GW-185

Submitted by: \_\_\_\_\_ Date: \_\_\_\_\_ Submitted to ASD by: Roger Anderson Date: 5/12/95 Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee [X] New Facility [X] Renewal \_\_\_\_\_ Modification \_\_\_\_\_ Other \_\_\_\_\_ (specify)

Organization Code \_\_\_\_\_ Applicable FY \_\_\_\_\_

To be deposited in the Water Quality Management Fund.

Full Payment \_\_\_\_\_ or Annual Increment [X] 10/5

LIQUID ENERGY CORPORATION 62-26 385-09 CHECK NO. [redacted] CHEMICAL BANK DELAWARE WILMINGTON, DE. 311 PAY SEVEN HUNDRED SEVENTEEN AND NO/100 \*\*\* 04/28/95 \$ \*\*\*\*\*717.00 DOLLARS \*\*\*\*\* VOID AFTER 60 DAYS NMED-WATER QUALITY MANAGEMENT OIL CONSERVATION DIVISION 2040 SOUTH PACHECO SANTA FE NM 87505 NOT VALID OVER \$50,000.00 WITHOUT COUNTERSIGNATURE BY W. Brooke Hamilton

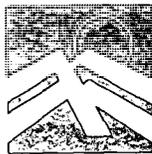
Chris

ORDER TO

| INVOICE NO. | DATE   | VOUCHER | GROSS AMOUNT | DISCOUNT | NET AMOUNT |
|-------------|--------|---------|--------------|----------|------------|
| 71700       | 042195 | 04N71 D | 717.00       |          | 717.00     |

| CHECK NO. | DATE   | VENDOR NO. | VENDOR NAME           | TOTAL AMOUNT |
|-----------|--------|------------|-----------------------|--------------|
| -0-       | 042895 | 49522      | NMED-WATER QUALITY MA | 717.00       |

LIQUID ENERGY CORPORATION



Greg Lewis  
Environmental Coordinator

LIQUID ENERGY CORPORATION  
2001 TIMBERLOCH PLACE P.O. BOX 4000  
THE WOODLANDS, TEXAS 77387-4000 713/377-7148  
A subsidiary of Mitchell Energy & Development Corp.



STATE OF NEW MEXICO  
**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
 2040 S. PACHECO  
 SANTA FE, NEW MEXICO 87505  
 (505) 827-7131

April 12, 1995

PS Form 3800, June 1991

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-176-012-123**

Mr. Greg Lewis  
 Liquid Energy Corporation  
 P.O. Box 4000  
 The Woodlands, Texas 77387-4000

**Re: Dagger Draw Gas Plant (GW-185)  
 Eddy County, New Mexico**

Dear Mr. Lewis:

The groundwater discharge plan GW-185 for the Liquid Energy Corporation Dagger Draw Gas Plant located in the SW/4, Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico is hereby approved under the conditions contained in the enclosed attachment. The discharge plan consists of the application dated February 6, 1995.

The discharge plan was submitted pursuant to section 3-106 of the Water Quality Control Commission Regulations. It is approved pursuant to section 3-109.A.. Please note Section 3-109.F., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve you of your liability should your operation result in actual pollution of surface or ground waters or the environment which may be actionable under other laws and/or regulations.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that section 3-104 of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3-107.C. you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4., this approval is for a period of five years. This approval will expire April 12, 2000 and you should submit an application for renewal in ample time before that date.

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| P.O., State and ZIP Code                                      |    |
| Postage   | \$ |
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P 176-012-123

The discharge plan application for the Liquid Energy Corporation Dagger Draw Gas Plant is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty (50) dollars plus the flat rate of three thousand three hundred thirty-five (3335) dollars for gas processing plants.

The OCD has not received your \$50 filing fee. The filing fee is due immediately upon receipt of this approval. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

A handwritten signature in cursive script that reads "William J. LeMay" followed by a slash and the initials "MES".

William J. LeMay  
Director

WJL/cee  
Attachment

xc: OCD Artesia Office

ATTACHMENT TO THE DISCHARGE PLAN GW-185 APPROVAL  
LIQUID ENERGY CORPORATION  
DAGGER DRAW GAS PLANT  
DISCHARGE PLAN REQUIREMENTS  
(APRIL 12, 1995)

1. Payment of Discharge Plan Fees: The \$50 filing fee is due immediately upon receipt of this approval. The \$3335 flat fee (either total payment or installment) will be paid upon receipt of this approval.
2. Drum Storage: All drums will be stored on pad and curb type containment.
3. Sump Inspection: Any new sumps or below-grade tanks will incorporate secondary containment and positive leak detection in their designs.
4. Berms: All tanks that contain materials other than freshwater will be bermed to contain one and one-third (1-1/3) the capacity of the largest tank within the berm or one and one-third (1-1/3) the total capacity of all interconnected tanks.
5. Pressure testing: All discharge plan facilities are required to pressure test all underground piping at the time of discharge plan renewal. All new underground piping shall be designed and installed to allow for isolation and pressure testing at 3 psi above normal operating pressure.
6. Spills: All spills and/or leaks will be reported to the OCD district office pursuant to WQCC Rule 1-203 and OCD Rule 116.

State of New Mexico  
Energy, Minerals and Natural Resources Department  
OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, NM 87501

CW-185

**DISCHARGE PLAN APPLICATION FOR NATURAL GAS PROCESSING PLANTS,  
OIL REFINERIES AND GAS COMPRESSOR STATIONS**

*(Refer to OCD Guidelines for assistance in completing the application.)*

- I. TYPE: NATURAL GAS PROCESSING WITH SULFUR RECOVERY & NGL PRODUCTION
- II. OPERATOR: LIQUID ENERGY CORPORATION  
ADDRESS: 2002 TIMBERLOCH PLACE  
CONTACT PERSON: GREG LEWIS, PHONE: 713-377-7148
- III. LOCATION: 1/4 S.W. 1/4 Section 25 Township 18 S. Range 25 East N.M.P.M  
Submit large scale topographic map showing exact location. GOOY COUNTY
- IV. Attach the name and address of the landowner(s) of the facility site.
- V. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
- VI. Attach a description of sources, quantities and quality of effluent and waste solids.
- VII. Attach a description of current liquid and solid waste transfer and storage procedures.
- VIII. Attach a description of current liquid and solid waste disposal procedures.
- IX. Attach a routine inspection and maintenance plan to ensure permit compliance.
- X. Attach a contingency plan for reporting and clean-up of spills or releases.
- XI. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact fresh water. Depth to and quality of ground water must be included.
- XII. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

XIII. CERTIFICATION

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: GREG LEWIS Title: MANAGER, ENVIRONMENTAL & SAFETY

Signature: [Handwritten Signature] Date: 1/6/95

**DISTRIBUTION: Original and one copy to Santa Fe with one copy to appropriate Division District Office.**