

**HIP- \_\_\_\_\_ 134 \_\_\_\_\_**

**PERMITS,  
RENEWALS, &  
MODS**

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**Jami Bailey, Division Director**  
Oil Conservation Division



July 14, 2014

Ms. Allison Stockweather  
Holly Energy Partners Operating LP  
PO Box 1260  
Artesia, New Mexico 88210

**Re: Hydrostatic Test Discharge Permit HIP-134  
Holly Energy Partners Operating LP  
Beeson Station Above Ground Storage Tank Project  
Locations: Unit D of Section 3, Township 18 South, Range 30 East, NMPM,  
Eddy County, New Mexico**

Dear Ms. Stockweather:

The Oil Conservation Division (OCD) has received Holly Energy Partners Operating LP's (HEP) notice of intent, dated May 28, 2014 and received May 29, 2014, for authorization to discharge approximately 1,912,498 gallons of wastewater generated from a hydrostatic test of a 86 foot diameter above ground storage tank which is part of a crude oil gathering pipeline system, located approximately 2.8 miles southeast of the Village of Loco Hills, New Mexico. The proposed discharge/retention/ collection location is within HEP's Beeson Crude Oil Pump Station easement in Unit D of Section 3, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. OCD acknowledges the receipt of the filing fee (\$100.00) for the permit from a submittal dated May 28, 2014. This approval will not become effective until OCD receives the permit fee of \$600.00 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, the hydrostatic test water discharge is hereby approved with the following understandings and conditions:

1. HEP will be testing a 86 foot diameter above ground storage tank which is part of a crude oil gathering pipeline system, located approximately 2.8 miles southeast of the Village of Loco Hills, New Mexico;
2. HEP will acquire the hydrostatic test water from a private source, the Maljamar Water System (aka Yates Petroleum) in Loco Hills, New Mexico;
3. HEP will generate approximately 1,912,498 gallons of hydrostatic test wastewater from the test event. The hydrostatic wastewater will remain in the above ground storage tank while being sampled and awaiting test results from a certified laboratory;

4. HEP shall analyze all samples of wastewater generated from the hydrostatic test to demonstrate the results do not exceed the standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC;
5. HEP shall submit the test results via email or fax to the OCD for review and subsequent approval or disapproval for the test wastewater to be discharged;
6. If the final discharge of the wastewater is approved by the OCD, HEP will discharge the wastewater into a dewatering structure, constructed of non-woven geotextile and hay bales, to control erosion and contain the discharge within the southeast end of HEP's Beeson Crude Oil Pump Station easement in Unit D of Section 3, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico;
7. If final discharge of the wastewater is approved, no hydrostatic wastewater generated will be discharged to groundwater or be allowed to exit the easement right-of-way;
8. If final discharge of the wastewater is approved, no discharge shall occur:
  - a. where ground water is less than 10 feet below ground surface.
  - b. within 200 feet of a watercourse, lakebed, sinkhole or playa lake;
  - c. within an existing wellhead protection area;
  - d. within, or within 500 feet of a wetland; or
  - e. within 500 feet from the nearest permanent residence, school, hospital, institution or church;
9. If the final discharge of the wastewater is not approved by the OCD, HEP will transfer the wastewater, via a system of flexible hoses and pump, from the above ground storage tank into water trucks and hauled by an OCD approved C-133 water hauler to Basic Energy Services, LP's Class II injection well, Shugart State #2 SWD (API 30-015-32438/Order SWD 1340-0), for injection and disposal;
10. HEP will have personnel on-site to oversee and control the transfer and utilize collection pans placed below the collection points to prevent an unauthorized release;
11. HEP will not be analyzing the hydrostatic test wastewater prior to disposal because of the following: the wastewater has been demonstrated to be RCRA exempt waste and the proposal is to transfer the wastewater to Basic Energy Services, LP's Class II injection well for injection and disposal;
12. HEP will ensure the transfer the hydrostatic test wastewater via an OCD approved C-133 water hauler to Basic Energy Services, LP's Class II injection well, Shugart State #2 SWD (API 30-015-32438/Order SWD 1340-0), for injection and disposal;
13. HEP shall remove all hydrostatic test wastewater from the collection/retention location within ten (10) calendar days of the completion of the hydrostatic test;
14. HEP shall restore any surface area impacted or disturb from the approved activities;


15. HEP shall implement best management practices to prevent unauthorized releases during the transfer/collection activities;
16. HEP shall ensure that the discharge/transfer/collection activities do not cause any fresh water supplies to be degraded or to exceed standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC (the New Mexico Water Quality Control Commission Regulations);
17. HEP must properly notify the landowner(s) of the proposed discharge/collection location of the approved activities prior to the hydrostatic test event; and
18. HEP shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to OCD Rule 29 (19.15.29 NMAC).

It is understood that the hydrostatic test discharge will begin approximately July 16, 2014. This permit will expire within 120 calendar days of its issue date. This permit may be revoked or suspended for violation of any applicable provisions and/or conditions.

Please be advised that approval of this request does not relieve HEP of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve HEP 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](mailto:brad.a.jones@state.nm.us).

Sincerely,



Brad A. Jones  
Environmental Engineer

BAJ/baj

Cc: OCD District II Office, Artesia  
Mr. Clem Vasquez, Holly Energy Partners Operating LP, Artesia, NM 88210  
Ms. Adrienne Boer, TRC Environmental Corp., Austin, TX 78752

**Jones, Brad A., EMNRD**

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**From:** Jones, Brad A., EMNRD  
**Sent:** Monday, July 14, 2014 2:39 PM  
**To:** 'Glass, Teal'; 'Stockweather, Allison'  
**Cc:** 'Vasquez, Clemente (Clemente.Vasquez@hollyenergy.com)'; 'Boer, Adrienne'  
**Subject:** HIP-134 Beeson Station Above Ground Storage Tank Project  
**Attachments:** 2014 0714 HIP-134 Beeson Station AST Project Permit.pdf

Please see the attached discharge permit. Hardcopies will be mailed today. Please note: "This approval will not become effective until OCD receives the permit fee of \$600.00 pursuant to 20.6.2.3114 NMAC. Please make the check payable to the **Water Quality Management Fund**." OCD could not request the permit fee until the 30-day public notice comment period had passed. If you have any questions regarding this matter, please contact me.

Brad

**Brad A. Jones**  
*Environmental Engineer*  
*Environmental Bureau*  
*NM Oil Conservation Division*  
*1220 S. St. Francis Drive*  
*Santa Fe, New Mexico 87505*  
*E-mail: [brad.a.jones@state.nm.us](mailto:brad.a.jones@state.nm.us)*  
*Office: (505) 476-3487*  
*Fax: (505) 476-3462*

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Environmental Engineer

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