

HITP - 032

**TEMPORARY
PERMISSION
2012-2013**

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



October 16, 2012

Mr. Jim Allred
DCP Midstream, L.P.
139 W. US Hwy 62-180
Hobbs, New Mexico 88240

**Re: Hydrostatic Test Individual Temporary Permission HITP-032
DCP Midstream, L.P.
North Jackson O-4-8-17 Pipeline Project
Location: NE/4, NE/4 of Section 16, Township 17 South, Range 29 East, NMPM,
Eddy County, New Mexico**

Dear Mr. Allred:

The Oil Conservation Division (OCD) has received DCP Midstream, L.P.'s (DCP) notice of intent, received October 15, 2012, for authorization to withdraw and collect approximately 477 barrels (20,050 gallons) of wastewater generated from a hydrostatic test of an approximately 2.2 mile (11,616 foot) section of existing 6-inch natural gas transmission pipeline, located between the DCP's North Jackson Booster Station and DCP's Jackson Booster Station; approximately 7.5 miles west of Loco Hills, New Mexico. The proposed collection location is within DCP's pipeline right-of way, adjacent to the North Jackson Booster Station and approximately one mile off of Old Loco Road, within the NE/4, NE/4 of Section 16, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico. No surface discharge is proposed by DCP. The hydrostatic test wastewater will be discharged from the pipeline into a frac tank for temporary storage; transferred from the frac tank to an OCD approved water hauler, and delivered to Judah Oil, LLC's Red Lake Salt Water Disposal Well for injection and disposal into a Class II well. OCD acknowledges the receipt of the filing fee (\$100.00) and the temporary permission fee (\$150.00) from a submittal dated October 8, 2012.

Based on the information provided in the request, temporary permission is hereby granted for the collection, retention, and disposal of the hydrostatic test wastewater generated from the pipeline test with the following understandings and conditions:

1. DCP will be testing approximately 2.2 miles (11,616 feet) of existing 6-inch natural gas transmission pipeline, located between the DCP's North Jackson Booster Station and DCP's Jackson Booster Station; approximately 7.5 miles west of Loco Hills, New Mexico;

2. DCP shall ensure no discharge will occur at the hydrostatic test wastewater collection location: within DCP's pipeline right-of way, adjacent to the North Jackson Booster Station and approximately one mile off of Old Loco Road, within the NE/4, NE/4 of Section 16, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico;
3. DCP will acquire the hydrostatic test water from the Mor/West Fresh Water Station, located in Loco Hills, New Mexico;
4. DCP will generate approximately 477 barrels (20,050 gallons) of hydrostatic test wastewater from the test event that will be slowly discharged via a system of flexible hoses and temporary piping discharged into one (1) 500 barrel frac tank for temporary storage, while awaiting transfer and disposal into a Class II well owned and operated by Judah Oil, LLC: Red Lake Salt Water Disposal Well (API # 30-015-22893/Administrative Order SWD-332-A);
5. DCP shall ensure that the temporary storage tanks shall have impermeable secondary containment (e.g., liners - geomembrane and berms - hay bales or a secondary containment tank), 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. DCP 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;
7. DCP will not discharge any hydrostatic test wastewater generated from the test event to the ground or within the easement right-of-way;
8. DCP will not be analyzing the hydrostatic test wastewater because of the following: there will be no discharge the wastewater to the surface or surface water; the wastewater has been demonstrated to be RCRA exempt waste; and the proposal is to dispose of the wastewater into a Class II injection well;
9. DCP will ensure the transfer the hydrostatic test wastewater via an OCD approved C-133 water hauler to Judah Oil, LLC's Red Lake Salt Water Disposal Well (API # 30-015-22893/Administrative Order SWD-332-A) for injection and disposal;
10. DCP shall remove all hydrostatic test wastewater from the collection/retention location within ten (10) calendar days of the completion of the hydrostatic test;
11. DCP shall restore any surface area impacted or disturb from the approved activities;
12. DCP shall implement best management practices to prevent unauthorized releases during the transfer/collection activities;
13. DCP shall ensure that the 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);

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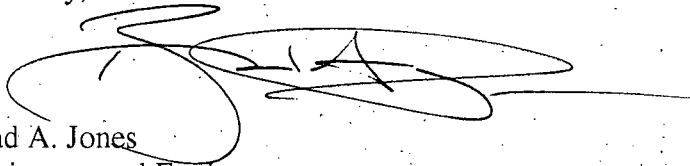
14. DCP must properly notify the landowner(s) of the proposed collection/retention of the approved activities prior to the hydrostatic test event; and
15. DCP shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to OCD Rule 29 (19.15.29 NMAC).

It is understood that the hydrostatic test will begin approximately October 29, 2012. 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.

Please be advised that approval of this request does not relieve DCP of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve DCP of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Brad A. Jones
Environmental Engineer

BAJ/baj

Cc: OCD District II Office, Artesia
Daniel Borne, DCP Midstream, LP, 370 17th Street, Suite 2500, Denver, CO 80202