

GW - 139

**GENERAL
CORRESPONDENCE**

2008 - Present



February 12, 2008

RECEIVED

2008 FEB 21 PM 2 30

DCP Midstream
370 17th Street, Suite 2500
Denver, CO 80202
303-595-3331

Mr. Carl J. Chavez
Environmental Bureau
Oil Conservation Division
NM Energy, Minerals & Natural Resources Dept.
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: Response to January 22, 2008 Email From Carl Chavez

Dear Mr. Chavez:

Below are DCP Midstream, LP's (DCP) responses to the questions outlined in your email, dated January 22, 2008 concerning the status of discharge permits for various DCP facilities. The email message responded to a DCP letter dated January 31, 2007. As reference a copy of your email and the DCP letter are in Attachment 1.

1) *Pure Gold "28" CS (GW-150): The permit expired on 11/22/2003 and is still active. Our records reflect a draft permit was issued to ConocoPhillips (COP) on January 23, 2004, but the final permit was never signed and returned to OCD with the \$1,700 flat fee. Please find attached a copy of the permit (COP), please sign and return the final permit with the \$1,700 to OCD. We apologize for the changes; however, considering the situation, it is the most expedient means of resolving the discharge plan for the facility.*

Response: The permit has been sent to the Asset Manager for his signature and will be sent, along with a check for \$1,700.00, to the Oil Conservation Division upon receipt of the signed copy.

2) *Rambo C.S. (formerly Avalon Gas Plant) (GW-24): The permit expired on 9/18/2005 and is listed as inactive. According to your letter the OCD received the pit closure reports and analytical results required by the OCD's April 7, 2004 approval letter and were provided in your letter. The OCD requests to know the status of operations at the facility? Does DCP Midstream, LP wish to close the facility? If so, the OCD needs a closure plan. The OCD requires inactive facilities to submit a closure plan, unless it plans to continue operations, which will require a discharge plan renewal.*

Response: A closure plan for pits at the Rambo Compressor Station (GW-24) was submitted as you stated. The pits were remediated, per OCD's approval and instructions, and the site was dismantled. DCP understands that the approved pit closures documents constituted the final closure plan and no further action is required.

3) *Apex C.S. (GW-163): Currently in litigation.*

Response: Agreed

4) *Hobbs Gas Plant (GW-175): Currently in litigation.*

Response: Agreed.

5) *Eunice Gas Plant (GW-16): According to OCD records GW-009 and GW-016 were merged into GW-16. The permit expires 4/25/2009 and is active. No action needed at this time.*

Response: Noted.



6) CP-1 C.S. (GW-139): The permit was closed.

Response: Agreed.

7) Indian Hills Gas Plant (GW-42): OCD records indicate that the facility is inactive. The OCD requests the status of the facility and if it is inactive, we request a closure plan. The OCD will be conducting an inspection of this facility.

Response: As explained in our January 31, 2007 letter, the Indian Hills Gas Plant (GW-42) was dismantled and only a meter facility and pig launcher exist on site. DCP notified the OCD on December 10, 2001 regarding the status of the site.

Miscellaneous Discharge Plans:

1) Lee C.S. (GW-227): The permit expired on 12/28/2005 and is listed as inactive. Also, our records show LG&E Hadson Gillespie/Feagan C.S. for the facility name. According to an OCD e-mail msg. dated 12/21/2006, and DCP correspondence dated 12/28/2006, the facility was going to remain inactive and a closure plan was to be submitted to permanently close the facility. Upon receipt of the closure plan information and verification that no contamination exists at the facility, and some photos to display what the site currently looks like, the OCD was going to consider closure of the facility. The OCD requests to know the status of operations at the facility?

Response: On February 6, 2007, Ruth Lang, Manager Water/Waste, DCP forwarded to you and Mr. Wayne Price an email message from Steve Weathers, Remediation Group, DCP, dated February 5, 2007. The email from Mr. Weathers confirmed the conversation of February 1, 2007 between Mr. Weathers and Mr. Wayne Price, during which Mr. Price gave verbal approval to the Lee Compressor Station Closure Work Plan. The Plan was dated and submitted to the OCD on September 5, 2006. A copy of the email is in Attachment 2.

Additionally, you stated that the following submitted plans were determined to be administratively complete: Hobbs Booster Station (GW-44), Magnum Compressor Station (GW-127), Carrasco Compressor Station (GW-137) and Pardue Compressor Station (GW-288). Based on your statement, DCP has published public notices for these facilities in accordance with Paragraph (2) of Subsection C of 20.6.2.3108 NMAC, in local papers. DCP will forward you affidavits of publication when received from the newspapers.

Please let me know if you have any other questions regarding these issues.

Sincerely,
DCP MIDSTREAM, LP

Elisabeth Klein
Principal Environmental Specialist

cc:

Mr. Wayne Price, OCD.



ATTACHMENT 1



DCP Midstream
370 17th Street, Suite 2500
Denver, CO 80202
303-595-3331

January 31, 2007

UPS

PRIORITY OVERNIGHT (Tracking Number *1Z F46 915 22 1005 083 4*)

Mr. Wayne Price
New Mexico Energy, Minerals
& Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Subject: Renewal of Expired Discharge Plans as Requested by Mr. Carl Chavez

Dear Mr. Price:

On December 15, 2006 DCP MIDSTREAM LP (formerly Duke Energy Field Services LP) received an email from Mr. Carl Chavez, Oil Conservation Division (OCD) stating that the discharge permits for the following 16 facilities had expired and that they must be renewed: Pure Gold 28 Compressor Station (GW-150), Antelope Ridge Gas Plant (GW-162), Malaga Compressor Station (GW-167), Cotton Draw Compressor Station (GW-311), Hat Mesa Compressor Station (GW-316), Boot Leg Compressor Station (GW-176), Lee Compressor Station (GW-227), Feagen Booster Station (GW-168), Maljamar Compressor Station (GW-177), Wonton Compressor Station (GW-178), Avalon Gas Plant (GW-24), Apex Compressor Station (GW-163), Hobbs Gas Plant (GW-175), Eunice Gas Plant (GW-16), CP-1 Compressor Station (GW-139) and Indian Hills Gas Plant (GW-42). As DCP MIDSTREAM LP has discussed previously, the company has not renewed these permits because none of the facilities listed actually discharge effluent or leachate so that they may move directly or indirectly into ground water, requiring a discharge permit under 20.6.2.3104 NMAC and because it does not believe that the New Mexico Water Quality Act, NMSA 1978, §§74-6-1 to 17, and the regulations adopted under that act are applicable to compressor stations.

However, as discussed below, DCP MIDSTREAM LP agrees to submit renewal applications for most of the listed facilities and provide information for the other facilities to demonstrate that the facilities are closed and no longer capable of discharging or have current discharge plans.

DCP MIDSTREAM LP is not submitting renewal applications for Hobbs Gas Plant or Apex Compressor Station because the obligation to obtain discharge permits for these facilities is currently in litigation. DCP MIDSTREAM LP is willing to discuss the measures being implemented by DCP MIDSTREAM LP to assure that discharges do not occur and that ground water is protected at these facilities. Additionally, on September 22, 2006, DCP Midstream LP discussed with you, Daniel Sanchez and Carl Chavez, the company's development of best management practices (BMPs) for facilities listed in the consent orders and you indicated that it would be discussed within the agency. DCP Midstream LP has not heard anything regarding our suggestions; however, we are ready to proceed ahead with working on the BMPs this year. We would like to schedule a meeting with you, as previously requested, to discuss moving ahead with implementing the BMPs with you.

Permit Renewals To Be Submitted

DCP MIDSTREAM LP agrees to submit discharge permit renewal applications for the following facilities by March 1, 2007: Antelope Ridge Gas Plant (GW-162), Malaga Compressor Station (GW-167), Cotton Draw Compressor Station (GW-311), Hat Mesa Compressor Station (GW-316), Boot Leg Compressor Station (GW-176), Maljamar Compressor Station (GW-177) and Wonton Compressor Station (GW-178). In addition, DCP MIDSTREAM LP will submit renewal applications for the Lee Compressor Station (GW-227) and Feagen Booster Station (GW-168) even though closure plans have been submitted to the OCD for these facilities.



Permit Renewals That Will Not Be Submitted

DCP MIDSTREAM LP will not submit permit renewals for the remaining seven (7) facilities referred to in the December 15, 2006 email.

1. Pure Gold "28" Compressor Station (GW-150) - A renewal application for this facility was previously submitted and received by the OCD in 2003. Copies of this documentation are in Attachment 1.
2. Avalon Gas Plant (Rambo Compressor) (GW-24) - DCP MIDSTREAM LP previously renewed the permit for this facility. An approval letter, dated April 7, 2004, from the OCD was received by the company. DCP MIDSTREAM LP was required, as a condition of the approval, to submit pit closure reports and analytical results. The report and results were submitted to the OCD on April 23, 2004. Copies of this documentation are in Attachment 2.
3. Apex Compressor Station (GW-163) - DCP MIDSTREAM LP's obligation to obtain a discharge permit for this facility is currently in litigation; so, no renewal application will be submitted.
4. Hobbs Gas Plant (GW-175) - DCP MIDSTREAM LP's obligation to obtain a discharge permit for this facility is currently in litigation; so, no renewal permit will be submitted.
5. Eunice Gas Plant (GW-16) - DCP MIDSTREAM LP has an effective discharge permit for this facility, which does not expire until April 25, 2009. Therefore, no renewal application is required at this time. A copy of this discharge permit is in Attachment 3.
6. CP-1 Compressor Station (GW-139) - This facility was dismantled and only a meter run exists on the site. The OCD sent a closure letter to the company on October 15, 2003. A copy of the closure letter is in Attachment 4.
7. Indian Hills Gas Plant (GW-42) - This facility was dismantled and only a meter facility and pig launcher exist on the site. A copy of the company's notification, dated December 10, 2001, to the OCD regarding the status of this site and OCD's receipt of this letter is in Attachment 5.

By agreeing to submit the renewal applications and the application filing fees, DCP MIDSTREAM LP is not waiving its position that no discharge permits are required for these facilities.

If you have any questions concerning DCP MIDSTREAM LP's position or the information outlined above, please contact me at (303) 605-1713. Please send all correspondence regarding these renewals to my attention at 370 17th Street, Suite 2500, Denver, CO 80202.

Sincerely,
DCP MIDSTREAM LP
(Formerly Duke Energy Field Services, LP)

A handwritten signature in cursive script that reads "Ruth M. Lang".

Ruth M. Lang
Manager of Water & Waste Programs

Enclosures

cc:

Mr. Carl Chavez, OCD

Klein, Elisabeth A

From: Chavez, Carl J, EMNRD [CarlJ.Chavez@state.nm.us]
Sent: Tuesday, January 22, 2008 4:53 PM
To: Klein, Elisabeth A
Cc: Price, Wayne, EMNRD
Subject: FW: DCP Midstream, LP Status of Discharge Plans (Active, Inactive & Closed) & Other Miscellaneous Discharge Plans
Attachments: GW-150 DP.tif

Elisabeth:

Re: DCP Midstream LP Letter of January 31, 2007 Renewal of Expired Discharge Plans as Requested by Carl Chavez & Other DPs currently being processed

Hi. Please find below the status of the DPs, etc. that were included in the above referenced letter.

- 1) Pure Gold "28" CS (GW-150): The permit expired on 11/22/2003 and is still active. Our records reflect a draft permit was issued to ConocoPhillips (COP) on January 23, 2004, but the final permit was never signed and returned to OCD with the \$1,700 flat fee. Please find attached a copy of the permit (COP); please sign and return the final permit with the \$1,700 to OCD. We apologize for the changes; however, considering the situation, it is the most expedient means of resolving the discharge plan for the facility.
- 2) Rambo C.S. (formerly Avalon Gas Plant) (GW-24): The permit expired on 9/18/2005 and is listed as inactive. According to your letter the OCD received the pit closure reports and analytical results required by the OCD's April 7, 2004 approval letter and were provided in your letter. The OCD requests to know the status of operations at the facility? Does DCP Midstream, LP wish to close the facility? If so, the OCD needs a closure plan. The OCD requires inactive facilities to submit a closure plan, unless it plans to continue operations, which will require a discharge plan renewal.
- 3) Apex C.S. (GW-163): Currently in litigation.
- 4) Hobbs Gas Plant (GW-175) currently in litigation.
- 5) Eunice Gas Plant (GW-16): According to OCD records GW-009 and GW-016 were merged into GW-16. The permit expires 4/25/2009 and is active. No action needed at this time.
- 6) CP-1 C.S. (GW-139): The permit was closed.
- 7) Indian Hills Gas Plant (GW-42): OCD records indicate that the facility is inactive. The OCD requests the status of the facility and if it is inactive, we request a closure plan. The OCD will be conducting an inspection of this facility.

Discharge Plan Renewals processed tomorrow are:

- 1) Hobbs Booster Station (GW-44): OCD records indicate that the facility is active with an expiration date of 12/27/2007. A \$100 filing fee was received and determined to be administratively complete and OCD will issue public notice, a draft discharge plan, and administratively complete letter on its website tomorrow. The facility is closed and only remediation activities are ongoing at present.
- 2) Magnum C.S. (GW-127): OCD records indicate that the facility is active with an expiration date of 2/3/2008. A \$100 filing fee was received and determined to be administratively complete and OCD will issue public notice, a draft discharge plan, and administratively complete letter on its website tomorrow.
- 3) Carrasco C.S. (GW-137): OCD records indicate that the facility is active with an expiration date of 4/28/2008. A \$100 filing fee was received and determined to be administratively complete and OCD will issue public notice, a draft discharge plan, and administratively complete letter on its website tomorrow.

2/13/2008

4) Pardue C.S. (GW-288): OCD records indicate that the facility is active with an expiration date of 11/24/2007. A \$100 filing fee was received and determined to be administratively complete and OCD will issue public notice, a draft discharge plan, and administratively complete letter on its website tomorrow. DCP Midstream, LP is in the process of completing a closure plan and will submit it prior to completion of closure.

DCP Midstream, LP Discharge Plans awaiting final signature of discharge plan with \$1,700 final fee:

1) Northeast Carlsbad C.S. (GW-280)

Miscellaneous Discharge Plans:

1) Lee C.S. (GW-227): The permit expired on 12/28/2005 and is listed as inactive. Also, our records show LG&E Hadson Gillespie/Feagan C.S. for the facility name. According to an OCD e-mail msg. dated 12/21/2006, and DPC correspondence dated 12/28/2006, the facility was going to remain inactive and a closure plan was to be submitted to permanently close the facility. Upon receipt of the closure plan info. and verification that no contamination exists at the facility, and some photos to display what the site currently looks like, the OCD was going to consider closure of the facility. The OCD requests to know the status of operations at the facility?

Please provide me with an update on each of the above items and contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Thursday, January 17, 2008 2:27 PM
To: 'Klein, Elisabeth A'
Subject: Northeast Carlsbad Compressor Station (GW-280) Signed Discharge Plan w/ \$1,700.00 Renewal Fee

Ms. Klein:

Good afternoon. I am now working on DCP Midstream L.P. applications, etc.

NMOCD records show that we never received the final signed DP for GW-280 (NE Carlsbad C.S.) with the \$1,700.00 renewal fee. NMOCD mailed a letter with the attached final discharge plan for DCP Midstream L.P.'s signature and remittance w/ final payment; however, we did not receive it. Please locate the final discharge plan that was dated June 13, 2007, sign it, and remit it to me with the final \$1,700.00 renewal fee so we may update our records and finalize the permit at this facility.

I have been in receipt of DCP Midstream L.P. Discharge Plans (GWs-24, 44, 127, 137, 150, and 288). I am planning to process them by next Wednesday, January 23, 2008. I will let you know if I need anything based on my review.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462

2/13/2008



ATTACHMENT 2

Klein, Elisabeth A

From: Lang, Ruth M
Sent: Tuesday, February 06, 2007 2:33 PM
To: wayne.price@state.nm.us
Cc: carlj.chavez@state.nm.us; Klein, Elisabeth A; Ward, Lynn C; Weathers, Stephen W
Subject: FW: DCP Lee Compressor Station (GW-227) and DCP Feagen Booster Station (GW-168)
Follow Up Flag: Follow up
Flag Status: Red

Mr. Price:

DCP Midstream would like to update our letter dated January 31, 2007, regarding renewal of expired discharge plans, to reflect the discussions that you had recently with Mr. Stephen Weathers of DCP Midstream's Remediation Group. As such we will not be submitting discharge plan renewals for Lee Compressor Station (GW-227), based on your discussions on February 1, 2007, or for the Feagen Booster Station (GW-168) due to the fact that this facility has an approved closure plan and is inactive.

Please let us know if you have any questions. Thank you.

Sincerely,

Ruth M. Lang, P.G.

Manager of Water/Waste Permitting and Programs
EHS/Environmental Protection Department
DCP Midstream, LP (formerly DEFS)
303-605-1713 office
303-619-4995 cell
303-605-1957 fax

Attention: Effective 1/1/07 new company name is DCP Midstream LP and new email address is rmlang@dcpmidstream.com

From: Weathers, Stephen W
Sent: Monday, February 05, 2007 9:53 AM
To: Wayne.Price@state.nm.us
Cc: Chavez, Carl J, EMNRD; Klein, Elisabeth A; Ward, Lynn C; Lang, Ruth M
Subject: DCP Lee Compressor Station (GW-227)

Mr. Price

This email is a follow up on our Lee Compressor Station (GW-227) discussion in the Feb. 1, 2007 meeting. Based on our conversation, DCP Midstream, LP (DCP) has been given verbal approval on the Lee Compressor Station Closure Workplan dated September 5, 2006. As always, DCP will provide you and the district office with a 48 hour notification before DCP or contractor complete any of the closure activities at the site. Also in the discussions, it is my understanding that DCP will not be required to renew the Lee Compressor Station (GW-227) Discharge Plan since the site is not active. I appreciate you working with DCP on this site with regards too the discharge plan renewal.

If you have any questions please give me a call.

Thanks again.

Stephen Weathers
Sr. Environmental Specialist
DCP Midstream

2/13/2008

303-605-1718 (Office)
303-619-3042 (Cell)

Effective 1/1/07 my email address has changed to swweathers@dcpmidstream.com