HITP - _21_

GENERAL CORRESPONDENCE

YEAR(S): _2011_

August 15, 2011

UPS NEXT DAY AIR *(Tracking Number 1Z F46 915 01 9537 9049)*

Mr. Brad Jones
New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Subject: Notice of Intent to Perform a Hydrostatic Test
Stratojet Pipeline Project
Lea County, New Mexico

Mr. Jones,

Enclosed for your consideration is a Notice of Intent (NOI) prepared by DCP Midstream, LP (DCP) for completion of a hydrostatic test of our Stratojet pipeline. Approximately 23,000 feet of 8-inch steel pipeline will be hydrostatically tested in order to return the currently idled line to service. The pipeline, which was previously used in high pressure natural gas service, will be placed into low pressure service and used to transmit field gas from area production wells to DCP's Lynch Booster Station. The gas will be compressed at Lynch Booster Station before being transmitted to DCP's Linam Ranch Gas Plant for processing.

Upon completion of the hydrostatic test, the test water will be withdrawn directly from the pipeline via vacuum truck and hauled for disposal. The withdrawal point for the test water will be DCP's Lynch Booster Station. DCP expects that approximately 1,600 barrels of water will be required for the test. Upon completion of testing, the test water will be hauled to Agua Sucia's Class II Marathon Road Water Disposal Well for disposal. DCP plans on completing the hydrostatic test sometime between August 16, 2011 and August 30, 2011, and will dispose of the test water within 10 days of completion of the test.

This NOI was prepared following the information included in the New Mexico Oil Conservation Division (NMOCD) "*Guidelines for Hydrostatic Test Dewatering*", dated January 11, 2007, and following guidance provided by you during recent telephone conversations. A check for $250.00 to cover the filing fee ($100.00) and the temporary permission fee ($150.00) is included.

Please contact me at (303) 605-1936 if you have questions regarding this Notice of Intent or any of the information provided herein.

Sincerely,
DCP Midstream, LP

Keith Warren, P.E.
Senior Environmental Engineer

Enclosures

cc: Jim Allred, DCP Midstream, LP
John Cook, DCP Midstream, LP
Johnnie Bradford, DCP Midstream, LP

DCP Midstream, LP
Notice of Intent to Perform a Hydrostatic Test
Project Name: Stratojet Pipeline Hydrostatic Test

Project Background Information
DCP Midstream is currently proposing to return to service a 23,000 foot section of previously idled 8 inch steel pipeline in northwest Lea County, New Mexico. Once returned to service, the pipeline segment will be used to transmit low pressure field gas to DCP Midstream's Lynch Booster Station for compression prior to delivery to the Linam Ranch Gas Plant for processing. In order to return this section of pipeline to service, DCP Midstream plans to complete a hydrostatic test of this pipeline section. It is estimated that this hydrostatic test will generate approximately 1,600 barrels (or 67,200 gallons) of wastewater. The wastewater generated will be E&P exempt based on the definition in 40 CFR 261.4(b)(5). It is DCP Midstream's intention to dispose of the test water via injection into a state approved Class II disposal well, such that no water will be intentionally discharged to the surface of the land.

DCP Midstream is submitting this Notice of Intent (NOI) in accordance with the New Mexico Oil Conservation Division's (NMOCD) "*Guidelines for Hydrostatic Test Dewatering*", dated January 11, 2007.

Required Information

a. Operator/discharger name and address
Responsible Party
Mr. Jim Allred
DCP Midstream, LP
1625 West Marland
Hobbs, NM 88240
Office - (575) 397-5543

Operator
Mr. Kelly Jamerson
DCP Midstream, LP
1625 West Marland
Hobbs, NM 88240
Office - (575) 397-5539

b. Location of the discharge, including a street address, if available, and sufficient information to locate the facility with respect to surrounding landmarks
The location of the wastewater withdrawal prior to disposal will be at DCP Midstream's Lynch Booster Station. There is no street address associated with this location. DCP Midstream's Lynch Booster Station is located 25 miles southwest of Hobbs, New Mexico, and is approximately 10.5 miles east of the intersection of Highway 176 and Highway 62.

The hydrostatic test water will be disposed of by injection into a Class II disposal well. The well to be utilized is owned by Agua Sucia, and is designated as the Marathon Road Water

Disposal Well (also known as Government E Well #1). The well is permitted by the State of New Mexico under Administrative Order SWD-559 and the API number is 30-025-23708.

c. Legal description (Section/Township/Range) of the discharge location
Dewatering of the line will occur at the following location:

Section 23, Township 20 South, Range 34 East (DCP Midstream's Lynch Booster Station)

d. Maps (site-specific and regional) indicating the location of the pipelines to be tested
Appendix A contains a regional map of the area surrounding the Lynch Booster Station. Appendix B contains an aerial photograph showing the location of the pipeline to be tested. The withdrawal location (Lynch Booster Station) is identified with the label "Stop". Appendix C contains an aerial photograph of showing the water withdrawal location within DCP's Lynch Booster Station.

e. A demonstration of compliance to the following siting criteria or justification for any exceptions
Since disposal of the hydrostatic test water will be via injection into Agua Sucia's Class II disposal well, demonstration of compliance with the siting criteria identified is not required, per Brad Jones.

f. A brief description of the activities that produce the discharge
Hydrostatic testing of an idled section of 8-inch steel piping will generate the wastewater in question. The pipeline segment to be tested is owned by DCP Midstream, and will be used for transmitting low pressure field gas to the Lynch Booster Station for compression prior to delivery to the Linam Ranch Gas Plant for processing.

The water used for the hydrostatic test will be acquired from the Johnson Water Station, located approximately 20 miles west of Jal, New Mexico on Highway 128. An alternate source of water that can be used is the Madera Water Station, located approximately 15 miles west of Jal, New Mexico on Highway 128. The hydrostatic test water will not be discharged to the ground surface, but will be withdrawn from the pipeline following completion of the test and directly loaded into vacuum trucks operated by Lobo Trucking Services for immediate delivery and disposal at Agua Sucia's Marathon Road Water Disposal Well (Permit #SWD-559).

g. The method and location for collection and retention of fluids and solids
Water from the hydrostatic test will be transferred directly from the pipeline to vacuum trucks via a system of flexible hoses and temporary piping at the withdrawal point within DCP's Lynch Booster Station. Collection pans will be placed below the connection points to prevent test water from reaching the ground surface. Test operators will be present during water transfer operations to immediately close isolation valves in the event of a larger leak or line failure. Solids are not expected to be generated from the hydrostatic test.

h. A brief description of best management practices to be implemented to contain the discharge onsite and to control erosion

The hydrostatic test water will be properly disposed of in the Class II disposal well identified in b) above. Construction and testing personnel will be onsite during the duration of the hydrostatic test. Drip collection trays will be placed below hose and piping connections to prevent hydrostatic test water from making contact with the ground surface from incidental leaks during transfer operations. Since there will not be an intentional surface discharge, erosion control measures are not currently planned for these locations.

i. A request for approval of an alternative treatment, use, and/or discharge location (other than the original discharge site), if necessary

Agua Sucia has agreed to accept and dispose of the hydrostatic test water using its Class II disposal well identified in b) above. Based on this agreement, no alternative discharge location was identified.

j. A proposed hydrostatic test wastewater sampling plan

DCP Midstream will not analyze the hydrostatic test water because it is E&P exempt based on the definition provided in 40 CFR 261.4(b)(5) and because the well operator has not requested analytical data as a condition for their acceptance of the water.

k. A proposed method of disposal of fluids and solids after test completion, including closure of any pits, in case the water generated from the test exceeds the 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)

As mentioned in j) above, DCP Midstream will not be analyzing the hydrostatic test water prior to disposal in Agua Sucia's Class II disposal well. Solids are not expected to be generated from the hydrostatic test.

l. A brief description of the expected quality and volume of the discharge

Approximately 67,200 gallons (1,600 barrels) of water is expected to be generated during the hydrostatic test. The water generated will be E&P exempt [per 40 CFR 261.4(b)(5)] and will be disposed of properly in a Class II well.

m. Geological characteristics of the subsurface at the proposed discharge site

Regional Features

The proposed hydrostatic test location is located within the Permian Basin. Within this structural unit, this location lies on the margin separating the northwestern shelf (to the north and west) from the Delaware Basin (to the south and east). The carbonate Permian Capitan Reef Complex separates these two units and lies more than 1000 feet below the proposed test location.

Site Geology
The proposed hydrostatic test location is located approximately 10 miles southwest of the Mescalero Ridge, a prominent escarpment that runs northeast to southwest across Lea County New Mexico. The area south of the ridge lies on the eastern flank of the Pecos River valley. Surface geology in the area is characterized by interlayered eolian sands and piedmont-slope deposits that are typically capped by thin eolian deposits (NMBGMR, 2003). These thin Quaternary deposits unconformably overlie Triassic sedimentary rock of the Dockum Group.

Regional Hydrology
The proposed hydrostatic test location lies within the boundaries of the Pecos River Basin, but the site is on the nearly level Querecho Plains and there are no large-scale water bodies in its immediate area and no surface water drainage systems that connect to the Pecos River. Instead, any precipitation in the area is captured by playas. Several of the larger playas (also known as lagunas) within the Querecho Plains lie approximately 10 miles west of the proposed test location and contain highly saline water and halide mineral sediments. Mean precipitation in Lea County is meager – between 10 and 14 inches per year and evapotranspiration is a significant component of the water balance in this region.

Local Groundwater Hydrology
Shallowest groundwater beneath the proposed hydrostatic test location is more than 100 feet below the surface in the Dockum Group sandstone and shales. Total dissolved solids (TDS) concentrations ranging from 228 to 6,377 mg/L (OSE, 1999) have been noted in groundwater from this formation.

References:
NMBGMR (New Mexico Bureau of Geology and Mineral Resources). 2003. *Geologic Map of New Mexico.* Scale 1:500,000. (http://geoinfo.nmt.edu/publications/maps/geologic/state/home.cfm).
OSE (New Mexico Office of the State Engineer). 1999. Regional Water Plans: Region 16 – Lea County. (http://www.ose.state.nm.us/isc_regional_plans16.html)

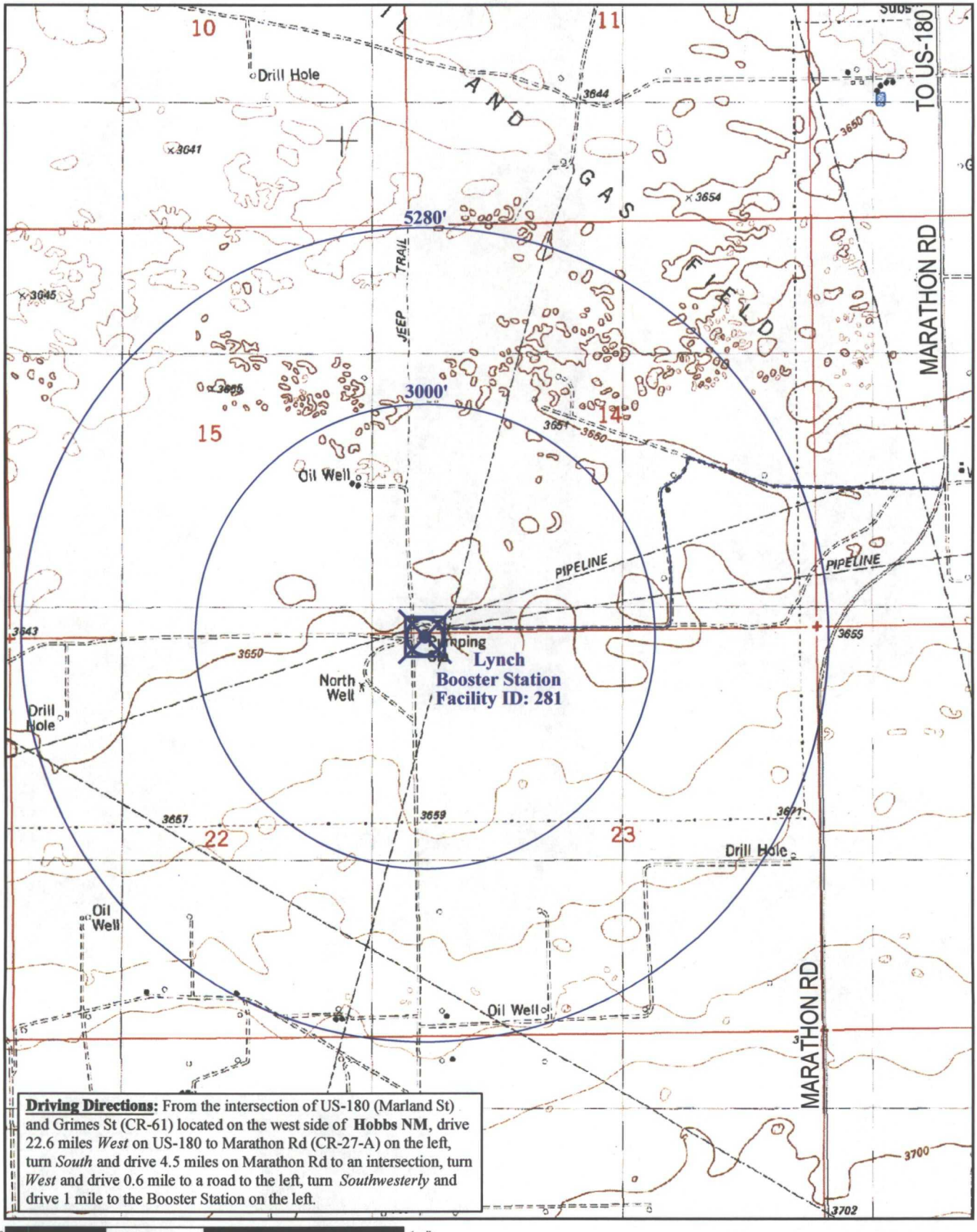
n. The depth to and total dissolved solids concentration of the ground water most likely to be affected by the discharge
According to information available from the New Mexico Office of the State Engineer, depth to water in wells closest to both ends of the pipeline segment to be tested are greater than 100 feet below ground surface (bgs). The well closest to the easternmost point of the pipeline to be tested has a reported water depth of 112 feet bgs. The well closest to the westernmost point of the pipeline to be tested, and where test water will be withdrawn (Lynch Booster Station), has a reported water depth of 270 feet bgs.

As mentioned in m) above, TDS concentrations ranging from 228 to 6,377 mg/L have been noted in groundwater from this formation. Inquiries made to the Ground Water Quality Bureau of the New Mexico Environment Department and to the United States Geological Survey did not result in any more specific TDS concentration data for the area under consideration.

o. Identification of landowners at and adjacent to the discharge and collection/retention site

A figure showing the landowners adjacent to the pipeline segment to be tested is included as Appendix D.

APPENDIX A
REGIONAL MAP OF PIPELINE SEGMENT AND LYNCH BOOSTER STATION



Driving Directions: From the intersection of US-180 (Marland St) and Grimes St (CR-61) located on the west side of **Hobbs NM**, drive 22.6 miles *West* on US-180 to Marathon Rd (CR-27-A) on the left, turn *South* and drive 4.5 miles on Marathon Rd to an intersection, turn *West* and drive 0.6 mile to a road to the left, turn *Southwesterly* and drive 1 mile to the Booster Station on the left.

dcp Midstream.

Lynch Booster Station

Lea County, New Mexico
Zone 13 UTMH 637162m UTMV 3604067m
Lat. 32° 33' 56" Long. 103° 32' 20"

PHOTO VERIFIED

VICINITY

NEW MEXICO

32103E5 Lea
Source: USGS 1:24,000 scale
Drawn by: JRE
Revised by:
Date: 2-21-07
ENVIRONMENTAL
AFFAIRS DEPARTMENT

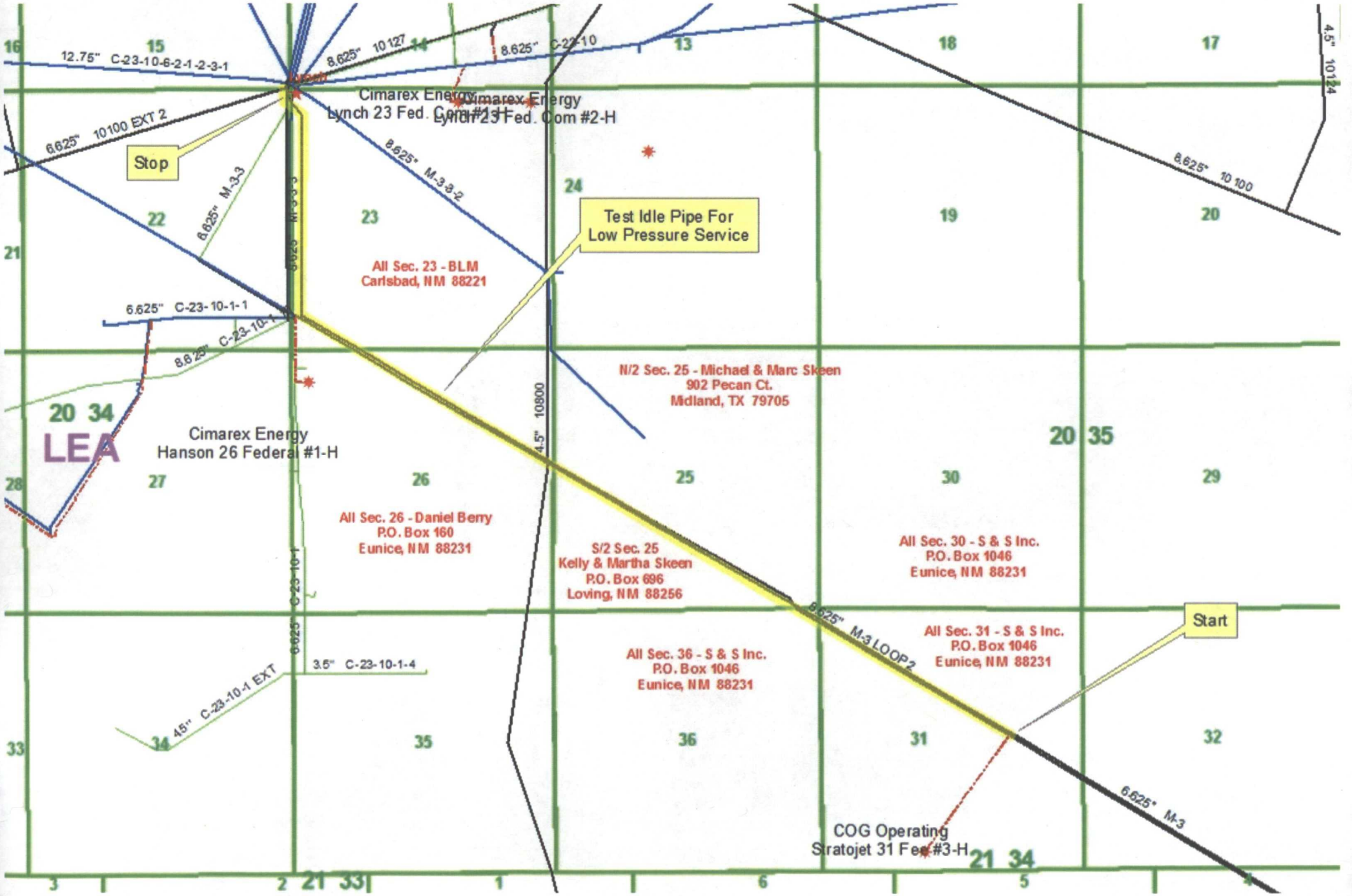
APPENDIX B
AERIAL PHOTOGRAPH OF PIPELINE SEGMENT TO BE TESTED


Stop
Test Idle Pipe For
Low Pressure Service
Start
Cimarex Energy
Lynch 23 Fed Com #2-H
COG Operating
Strategist 31 Fee #3-H

APPENDIX C
AERIAL PHOTOGRAPH OF DCP MIDSTREAM'S LYNCH BOOSTER STATION

*Frac Tanks will no longer be used for temporary storage of water.

APPENDIX D
IDENTIFICATION OF LANDOWNERS ADJACENT TO PIPELINE SEGMENT TO BE TESTED


12.75" C-23-10-6-2-1-2-3-1
8.625" 10127
8.625" C-23-10
4.5" 10124
6.625" 10100 EXT 2
Stop
8.625" M-3-3-2
8.625" 10100
Cimarex Energy
Lynch 23 Fed. Com #1-H
Cimarex Energy
Lynch 23 Fed. Com #2-H
Test Idle Pipe For
Low Pressure Service
6.625" M-3-3
8.625" M-3-3
All Sec. 23 - BLM
Carlsbad, NM 88221
6.625" C-23-10-1-1
8.625" C-23-10-1
N/2 Sec. 25 - Michael & Marc Skeen
902 Pecan Ct.
Midland, TX 79705
4.5" 10800
20 34
LEA
Cimarex Energy
Hanson 26 Federal #1-H
20 35
All Sec. 26 - Daniel Berry
P.O. Box 160
Eunice, NM 88231
S/2 Sec. 25
Kelly & Martha Skeen
P.O. Box 696
Loving, NM 88256
All Sec. 30 - S & S Inc.
P.O. Box 1046
Eunice, NM 88231
8.625" C-23-10-1
8.625" M-3 LOOP2
Start
All Sec. 31 - S & S Inc.
P.O. Box 1046
Eunice, NM 88231
All Sec. 36 - S & S Inc.
P.O. Box 1046
Eunice, NM 88231
3.5" C-23-10-1-4
4.5" C-23-10-1 EXT
6.625" M-3
COG Operating
Stratojet 31 Fed #3-H
21 34
21 33