

HITP - _33_

**GENERAL
CORRESPONDENCE**

**YEAR(S):
2012-2013**



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

November 7, 2012

UPS Next Day Air

1ZF469150197553285

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

**Re: Notice of Intent to Perform a Hydrostatic Test
Cimarex Double X
Lea County, New Mexico**

Mr. Jones:

Here is a notice of intent (NOI) prepared by DCP Midstream, LP (DCP) for completing a hydrostatic test and subsequent test water disposal associated with our Double X Booster and Double X Federal #19 pipeline segment located in Lea County, New Mexico. We are also enclosing separate checks to cover the filing fee and the temporary permission fees.

This NOI was prepared according to the New Mexico Oil Conservation Division *Guidelines for Hydrostatic Test Dewatering*, dated January 11, 2007, and by following guidance provided by you during recent telephone conversations.

DCP anticipates that the hydrostatic test will be conducted during the week of November 26, 2012.

If you have any questions or would like additional information, please contact me at 303.605.2251 or dnbourne@dcpmidstream.com.

Sincerely,

DCP Midstream, LP

Daniel Bourne
Environmental Specialist

Attachments

RECEIVED OCD
2012 NOV - 8 A 10:56

DCP Midstream, LP
Notice of Intent to Perform a Hydrostatic Test
Project Name: Cimarex Double X Hydrotest
November 7th 2012

Project Background Information

DCP Midstream, LP (DCP) plans to hydrotest an approximately 3.3 mile long new 8" diameter pipeline in Lea County, New Mexico. This section of gathering system pipeline is used to transmit high pressure natural gas from the Cimarex Double X – Federal #9 site to the Cal-Mon Booster Station, with the field gas ultimately ending up at DCP's Linam Ranch Gas Plant for treating and processing. DCP will hydro-test the pipe in order to determine if the line is functional and if it can be put into service as a gathering line. DCP will set compression at the Cal-Mon Booster, using the 8" pipe as a gathering line provided that the hydrotest is successful. Testing will be done in one phase, and it is estimated that the test will generate approximately 2,000 barrels (84,000 gallons) of wastewater. The wastewater generated will be RCRA exempt E&P waste based on the definition in 40 CFR 261.4(b)(5) Drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy. DCP plans to dispose of the test water at R360 Permian Basin LLC disposal facility. Texas Lobo Trucking LLC (TLT) will transport the water under a C-138 manifest from the discharge site to a disposal facility owned by R360 Permian Basin LLC and operating under Order Number R-9166 and permit number NM1-006. The facility is near Halfway, New Mexico (approximately halfway between Hobbs and Carlsbad on US Highway 62. This disposal site is in Section 27, Township 20 South, Range 32 East (New Mexico Meridian). No wastewater will be discharged to ground surface at the point where the pipe is dewatered into frac tanks.

DCP 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
139 W US Hwy 62-180
Hobbs, NM 88240
Cell Phone: 575-802-5131

Operator

Mike Gerwick
DCP Midstream, LP
139 W US Hwy 62-180
Hobbs, NM 88240
Cell: 575-802-5136

b. Location of the discharge, including a street address, if available, and sufficient information to locate the facility with respect to surrounding landmarks

At the completion of the hydrostatic test, DCP will dewater from the pipeline adjacent to the Cimarex Double X Federal # 9 site. No wastewater will be discharged to ground surface at the point where the pipe is dewatered into frac tanks. Driving from Jal, NM Head north on S 3rd St toward Idaho Ave. Turn left onto NM-128 W/W Kansas Ave and continue to follow NM-128 W for 27 miles. Turn left onto the unnamed road and head south. Drive about ¼ mile and turn right onto an unnamed dirt road heading west and drive ¼ mile. The dewatering area will be just to the south. The station is at nominal latitude N 32°11'43.51" and nominal longitude W 103°37'50.53".

c. Legal description (Section/Township/Range) of the discharge location

Dewatering of the line into frac tanks and temporary storage will occur at the following location:

NE ¼ of the NW ¼ of Section 25, Township 24 South, Range 32 East (New Mexico Meridian), Lea County, New Mexico.

d. Maps (site-specific and regional) indicating the location of the pipelines to be tested

Figure 1 is an overview map showing the pipeline that will be hydrostatic tested and the dewatering site overlaid on a topographic map.

Figure 2 is an overview map showing the dewatering site overlaid on recent aerial imagery and shows land use surrounding the dewatering site.

Figure 3 is a topographic map of the dewatering site showing surface contours in the vicinity of the site.

Figure 4 is a detailed map showing planned locations of the frac tank that will temporarily store hydrostatic test discharge water prior to hauling and disposal (overlaid on an aerial photo). The frac tank will be temporarily placed on the pipeline right of way.

Figure 5 is similar to Figure 4, except the information is overlaid on a USGS 1:24,000 map.

e. A demonstration of compliance to the following siting criteria or justification for any exceptions

Since disposal of the hydrostatic test water will take place at R360 Permian Basin LLC (Order R-9166/Permit NM1-006), the 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

The wastewater discharge will be generated from the hydrostatic testing of the Cimarex Double X pipeline an approximately 3.3 mile long new 8" diameter pipeline to determine if the line is functional and can be put into service. Hydrostatic testing will be done in one phase, and it is estimated that the test will generate approximately 2,000 barrels (84,000 gallons) of wastewater. No water will be discharged to the ground surface.

The water used for the hydrostatic test will be acquired from the M&M Fresh Water Station located approximately 24 miles west of Jal, New Mexico on Highway 128 just on the north side of the road. The water originates from water wells in Lea County owned by Mark McCloy's Ranch. The supplier indicates that fresh water will be supplied for the hydrostatic tests, but did not have any analytical data (to use in the event of a spill).

g. The method and location for collection and retention of fluids and solids

The hydrostatic test will be done in a single phase, and following completion of the hydrostatic test, the water will be transferred directly from the pipeline into the temporary frac tanks (approximately four (4) 500-barrel tanks within the pipeline right-of-way) via a system of flexible hoses and temporary piping at the withdrawal point within DCP's right-of-way. Drip collection trays will be placed below the connection points to prevent test water from reaching the ground surface. Field 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 during the hydrostatic test.

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

Field operators and/or testing personnel will be onsite during the duration of the hydrostatic test and during all water transfer operations. 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. To prevent an inadvertent release of test water to the surrounding environment, the frac tanks at the dewatering location will be surrounded by plastic-lined secondary containment sized to be 1.33 times the size of the largest tank or largest interconnected volume (whichever is larger). Since there will not be an intentional surface discharge, erosion control measures are not currently planned for the dewatering location.

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

Texas Lobo Trucking LLC has agreed to pick-up the waste water from the dewatering location and transport the waste water to the R360 Permian Basin LLC facility (Order R-9166/Permit NM1-006). Based on this notice of intent, no alternative treatment or discharge location is being proposed at this time.

j. A proposed hydrostatic test wastewater sampling plan

DCP will not analyze the hydrostatic test water because it is RCRA exempt E&P waste based on the definition provided in 40 CFR 261.4(b)(5) and because the material will be disposed of at R360 Permian Basin LLC facility (Order R-9166/Permit NM1-006).

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)

DCP will disposal of the hydrostatic test waste water at the R360 Permian Basin LLC facility (Order R-9166/Permit NM1-006). Solids are not expected to be generated from the hydrostatic test since the pipe is new and there won't be any pigging of the lines.

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

Since the pipe being tested is new and the water is from a fresh water source the waste water will be of good quality. The contained discharge will generate approximately 2,000 barrels (84,000 gallons) of water during the hydrostatic test.

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

Regional Features

The proposed discharge area is on the Mescalero Piedmont within the Pecos River Basin. The site sits in a relatively flat area and is approximately 10 miles north of the Paduca Breaks and 15 miles east of the Big Sinks. Source: USGS 24K Topographic Map

Site Geology

The site geology is comprised of Quaternary eolian, piedmont, and alluvial deposits (Holocene to middle Pleistocene). The area is characterized by interlayered eolian sands and piedmont-slope deposits that are typically capped by thin eolian deposits. These deposits unconformably overlie Triassic aged sedimentary rocks of the Dockum Group.

Source: USGS National Geologic Map Database

Regional Hydrology

The site and the site's surface drainage are located in the Pecos River Basin but the site has no connecting drainage to the Pecos River. Average annual precipitation in this area of Lea County is meager – between 12 and 16 inches per year, and evapotranspiration is very high in this region.

Local Groundwater Hydrology

The proposed discharge site is located within the Carlsbad Underground Water Basin (UWB). The shallowest Carlsbad UWB aquifer beneath the site is 50 feet which includes the Santa Rosa Sandstone (part of the Dockum Group), which is approximately 200 feet thick in this area. The Carlsbad UWB ground-water flow in this part of Lea County is generally to the southwest, towards Eddy County.

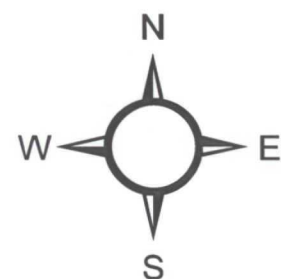
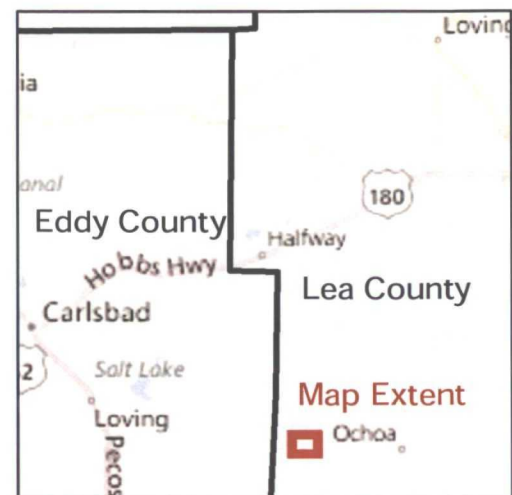
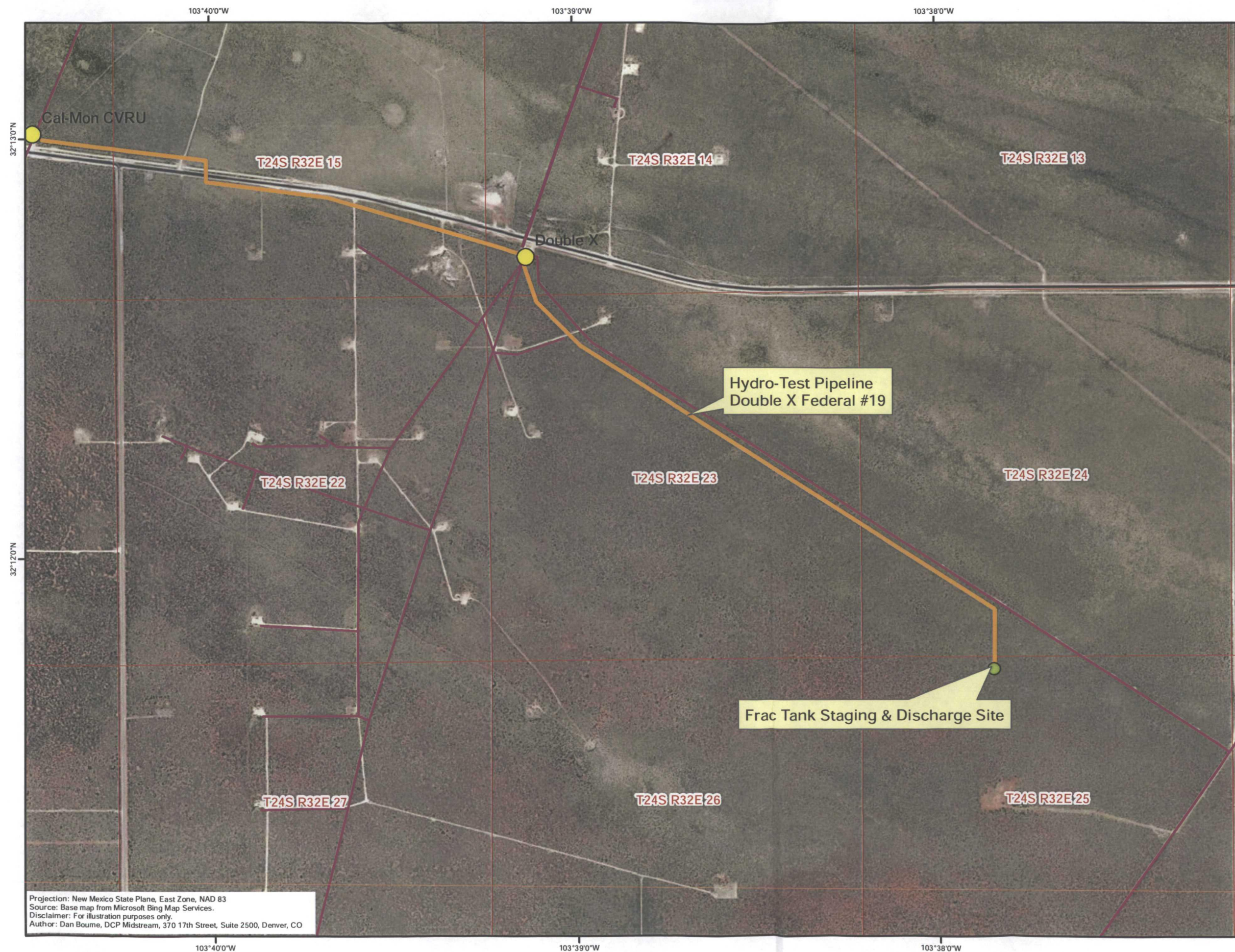
n. The depth to and total dissolved solids concentration of the ground water most likely to be affected by the discharge

The proposed discharge area is within the Carlsbad Underground Water Basin (UWB). According to information available from the New Mexico Office of the State Engineer, depth to groundwater averages between 60 and 80 feet in most wells found in this area. Total dissolved solids in groundwater from Santa Rosa Sandstone ranges from 635 to 1,950 mg/L.

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

The discharge site and the lands surrounding the discharge site are owned by the federal government and managed by the Bureau of Land Management and the Lessee of the dewatering site is Limestone Livestock LLC. DCP has a 30 foot wide right-of-way along the proposed pipeline route for use (including testing) of the pipeline.

FIGURES

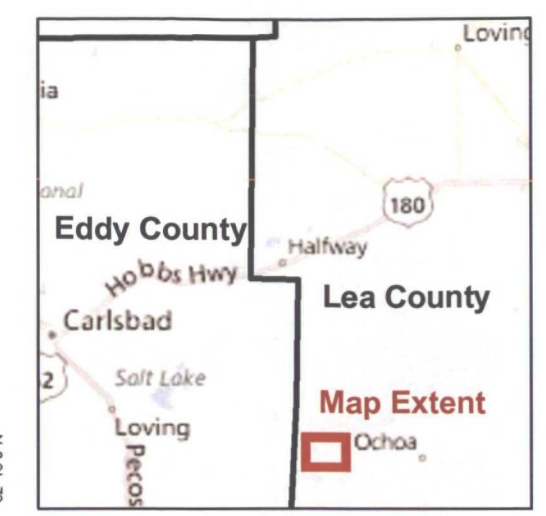
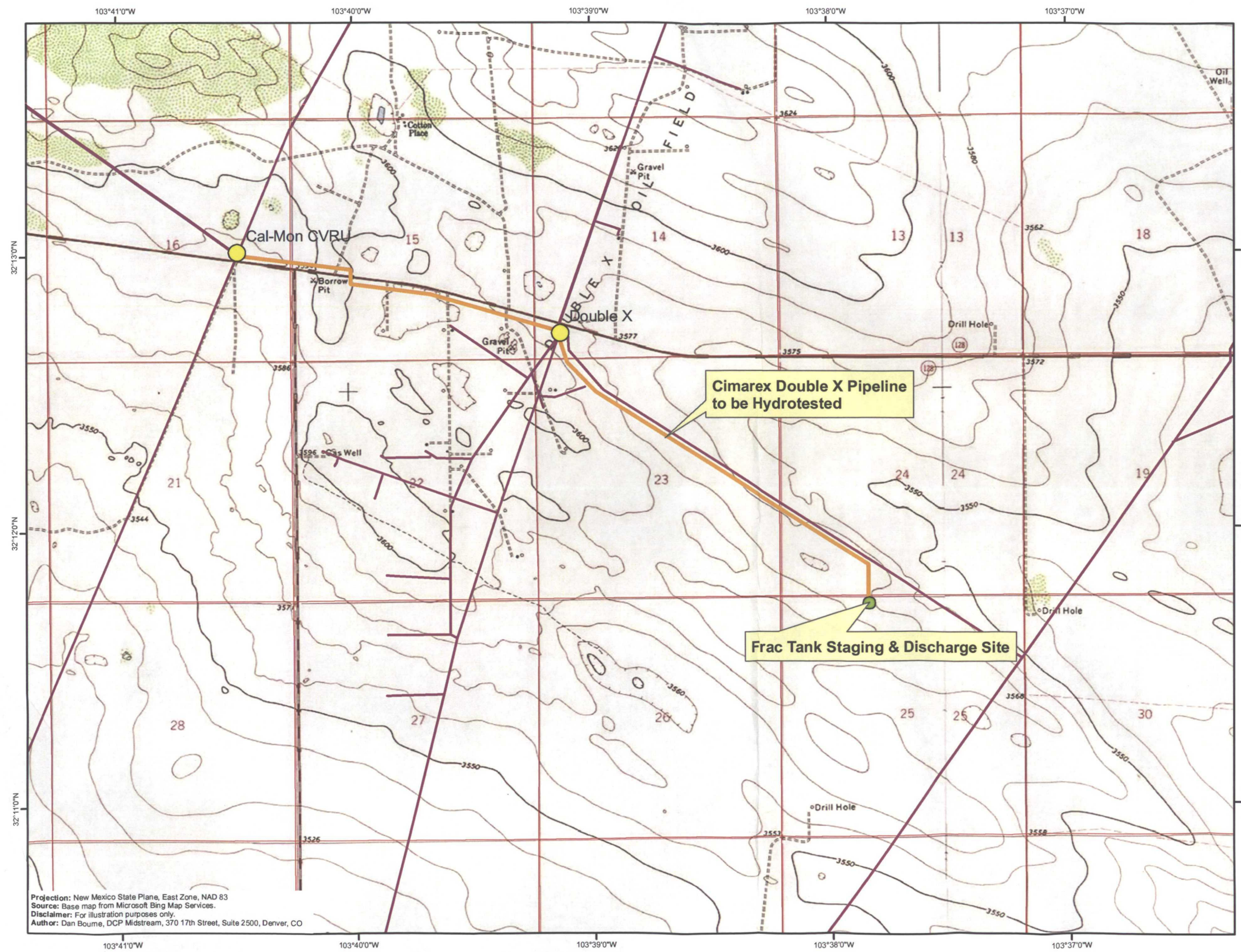


1 inch = 0.25 miles

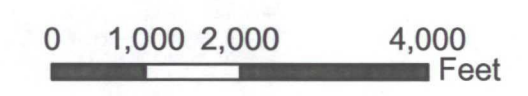
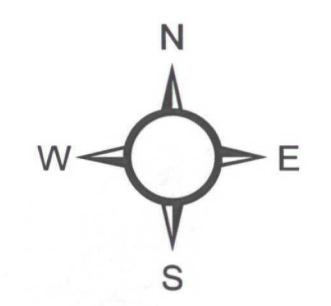
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Figure 2
 Groundcover Around
 Dewater Site
 Cimarex Double X
 Proposed Hydrotest
 Lea County, New Mexico
 October 2012





Locator Map



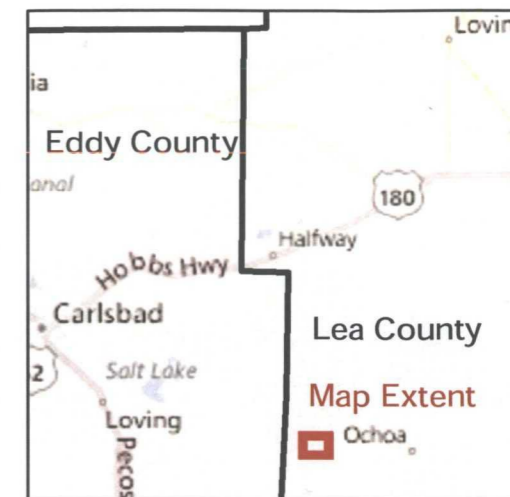
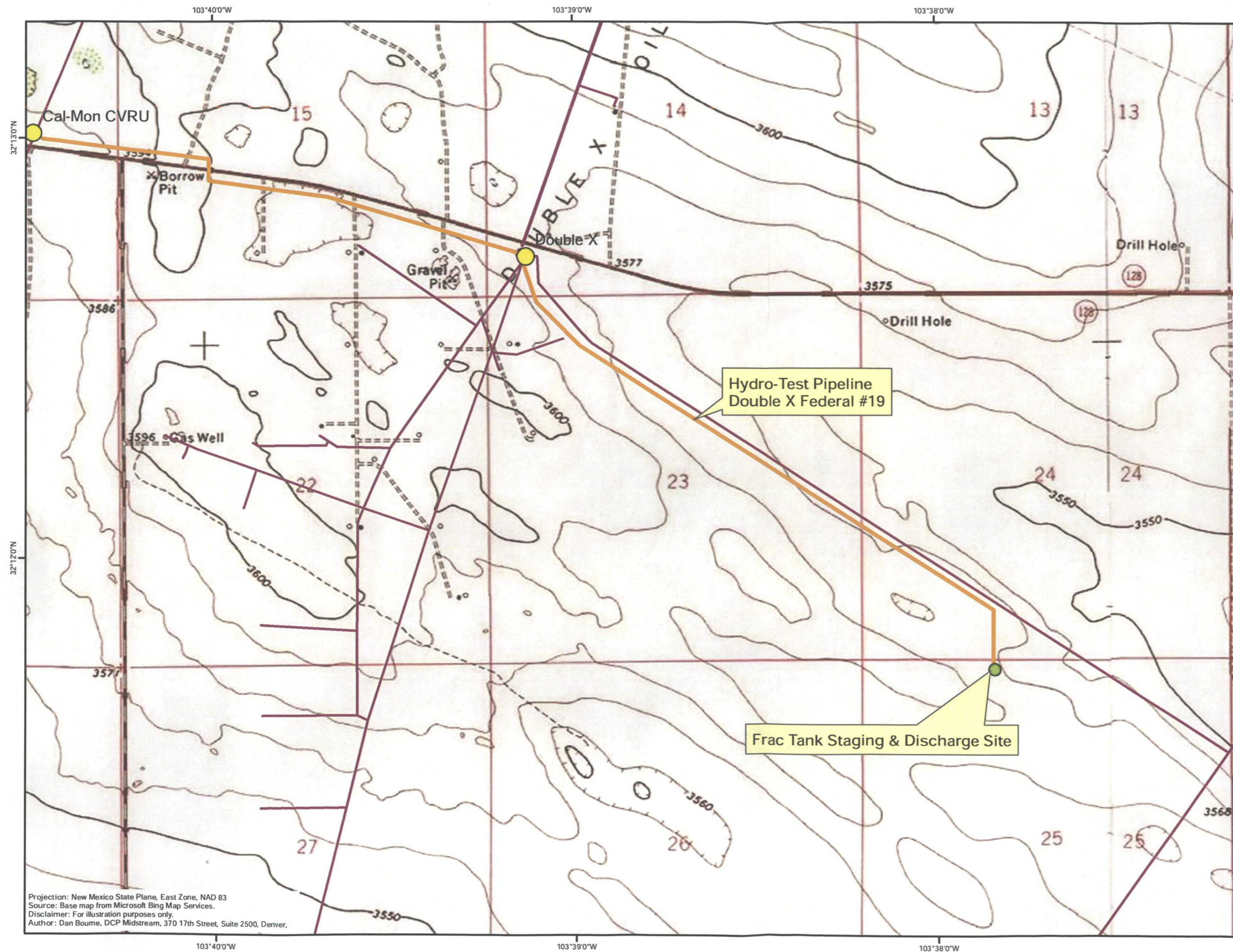
1 inch = 2,000 feet

1:24,000

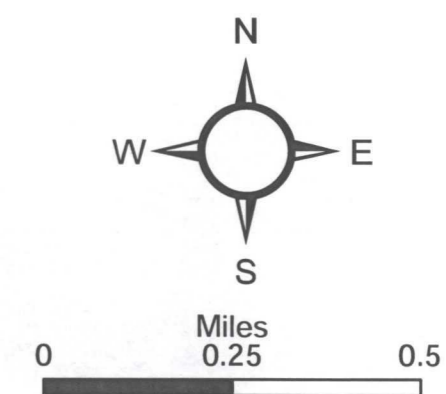
Figure 1
Overview Map
Cimarex Double X
Proposed Hydrotest
Lea County, New Mexico
October 2012



Projection: New Mexico State Plane, East Zone, NAD 83
 Source: Base map from Microsoft Bing Map Services.
 Disclaimer: For illustration purposes only.
 Author: Dan Bourne, DCP Midstream, 370 17th Street, Suite 2500, Denver, CO



Locator Map

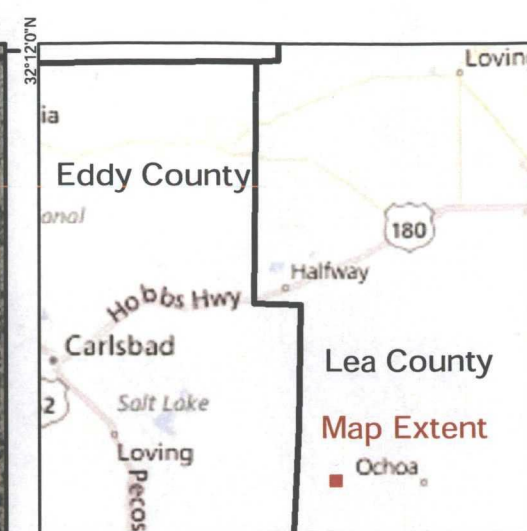
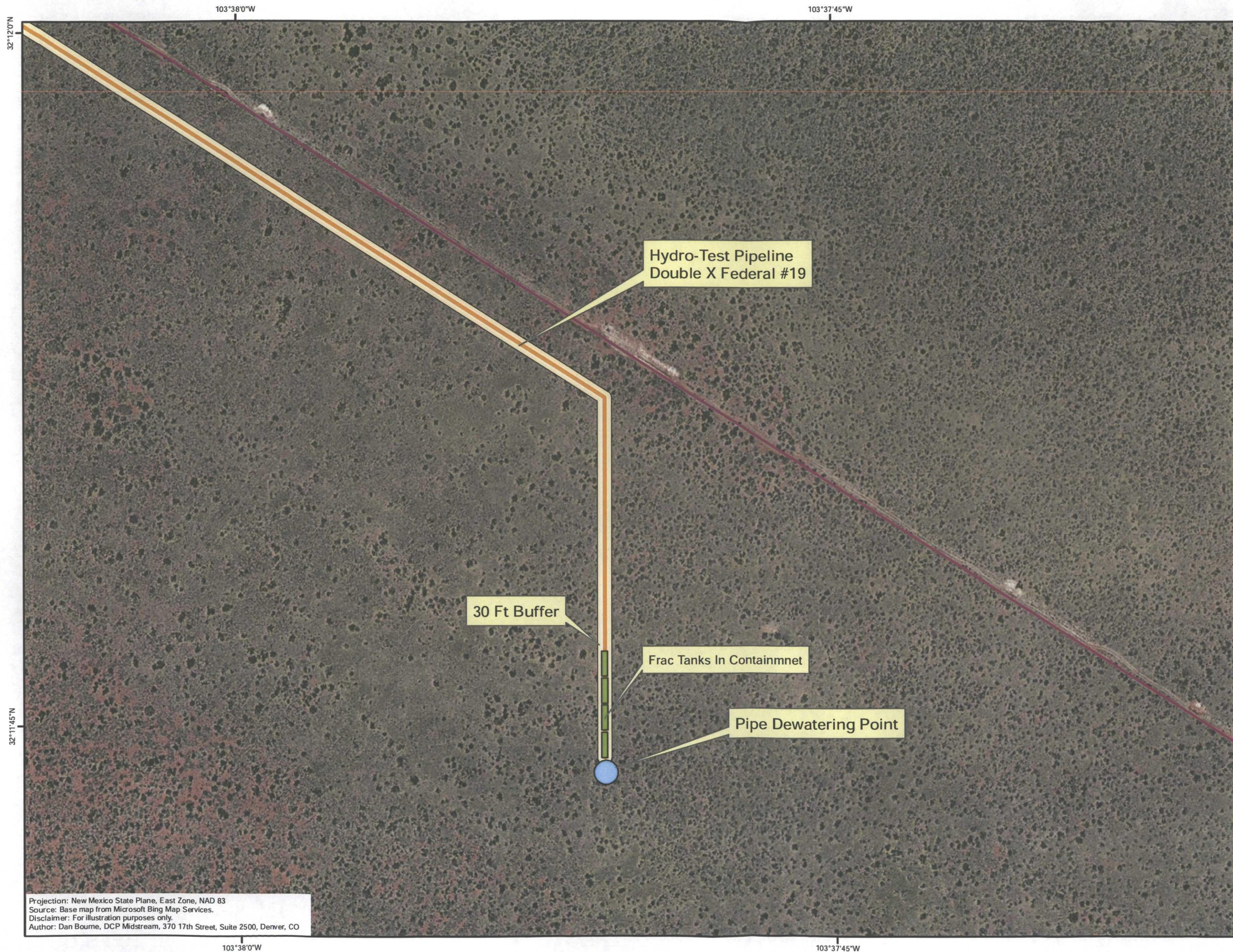


1 inch = 0.25 miles

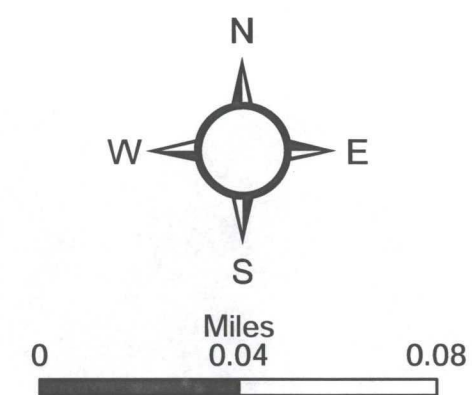
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Figure 3
 Topography Around
 Dewater Site
 Cimarex Double X
 Proposed Hydrotest
 Lea County, New Mexico
 October 2012

dcp
Midstream



Locator Map



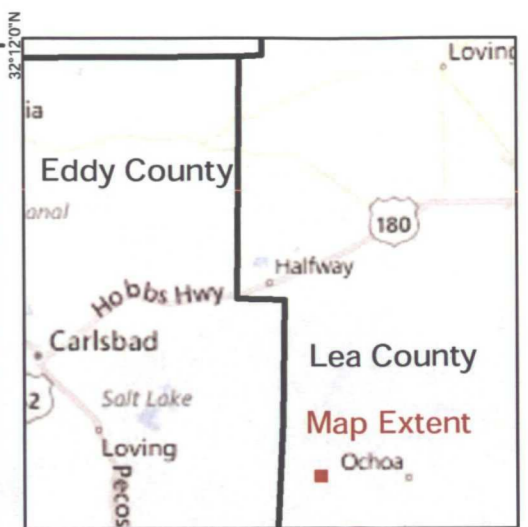
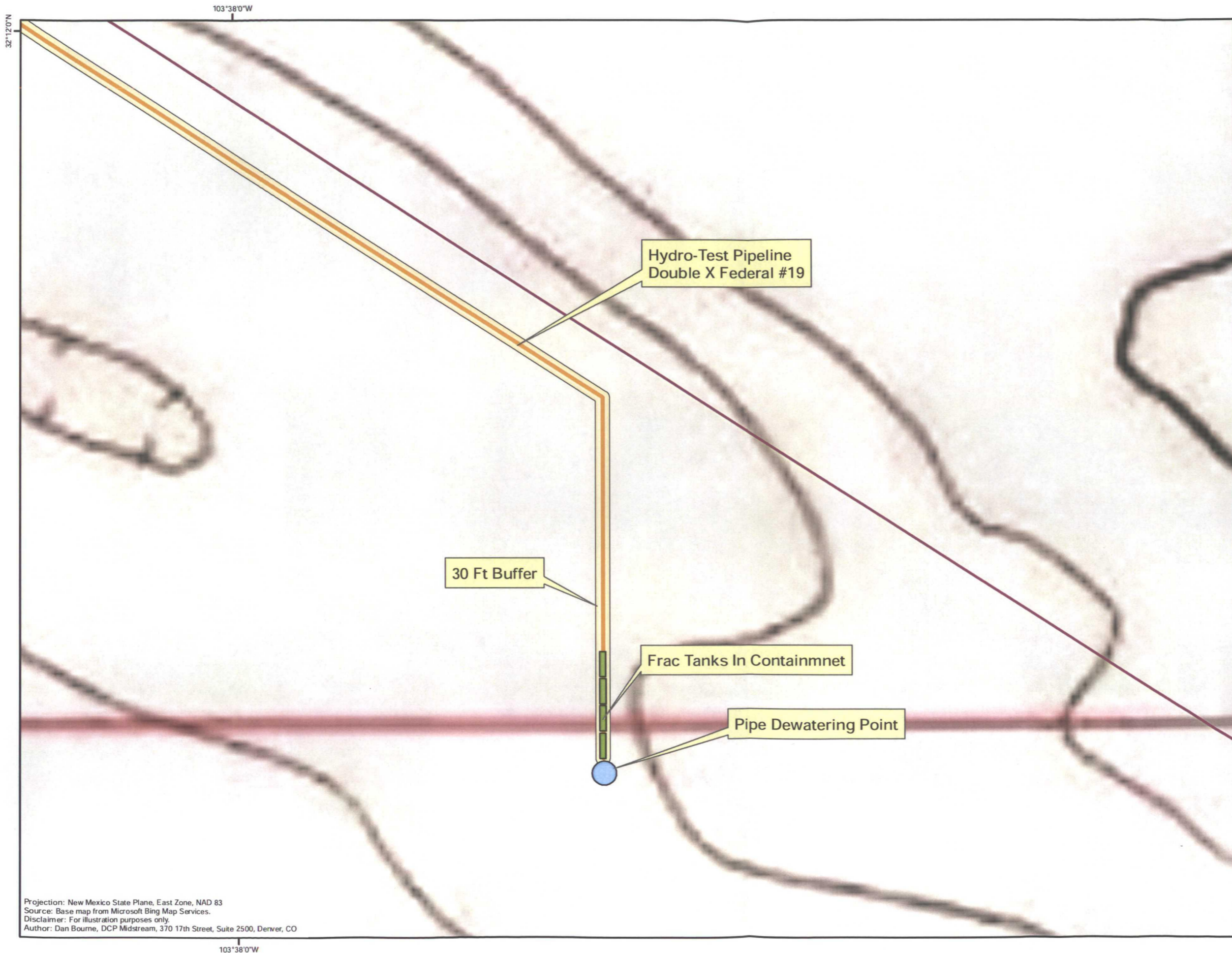
1 inch = 0.04 miles

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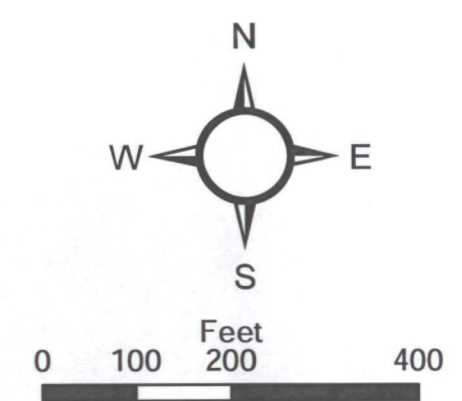
Figure 4
Groundcover Detail
Around Dewater Site
Cimarex Double X
Proposed Hydrotest
Lea County, New Mexico
October 2012



Projection: New Mexico State Plane, East Zone, NAD 83
Source: Base map from Microsoft Bing Map Services.
Disclaimer: For illustration purposes only.
Author: Dan Bourne, DCP Midstream, 370 17th Street, Suite 2500, Denver, CO



Locator Map



1 inch = 200 feet

1:2,400

Figure 5
Topography Detail Around
Dewater Site
Cimarex Double X
Proposed Hydrotest
Lea County, New Mexico
October 2012



Projection: New Mexico State Plane, East Zone, NAD 83
Source: Base map from Microsoft Bing Map Services.
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Author: Dan Bourne, DCP Midstream, 370 17th Street, Suite 2500, Denver, CO