

GW - 288

**GENERAL
CORRESPONDENCE**

2003 - Present

Chavez, Carl J, EMNRD

From: Kocis, Diane E [DEKocis@dcpmidstream.com]
Sent: Monday, November 10, 2008 6:10 PM
To: Chavez, Carl J, EMNRD
Cc: Admire, John D; Bebbington, Jon D; Bradford, Johnnie; Epel, Joshua B; Kardos, Gregory C; Lamb, Johnny F; Lang, Ruth M; Trammell, Ronnie D; Jamerson, Kelly D; Weathers, Stephen W
Subject: DCP response to OCD inspection findings
Attachments: Memo to OCD re inspection findings.doc

Mr. Chavez,

Attached is the DCP response to the OCD inspection findings from the 8/26/08 inspections of the Rambo (former Avalon Gas Plant) Booster Station, the former Indian Hills Gas Plant, the former Hobbs Gas Plant, the Pardue Booster Station and the Jackson Booster Station.

RE our communication today concerning the tank removals at Indian Hills: During further discussion with DCP Operations, it has been determined that the tanks will be removed; however, the pig launcher will be reconfigured into a pig receiver with a potential to release fluids to the soil. Therefore, DCP will submit a discharge permit renewal application for this facility.

Please contact me if you have any questions or need any further information.

Thank you,

Diane E. Kocis
Sr. Environmental Specialist
DCP Midstream

303.605.2176 direct line
720.236.2285 cell

DEKocis@dcpmidstream.com

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MEMORANDUM

DATE: November 10, 2008

TO: Carl Chavez, New Mexico Oil Conservation Division, Environmental Engineer

FROM: Diane Kocis, DCP Midstream, Sr. Environmental Specialist

SUBJECT: Response to August 26, 2008, New Mexico OCD Inspection Findings:
Rambo Booster Station (former Avalon Gas Plant), former Indian Hills Gas Plant,
former Hobbs Gas Plant, Pardue Booster Station and Jackson Booster Station

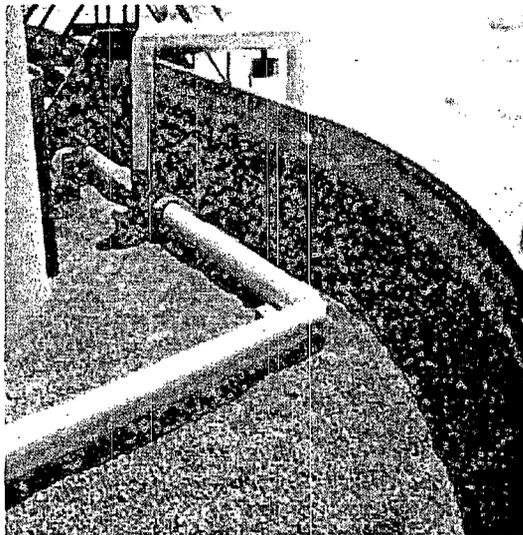
Former Avalon Gas Plant (Discharge Permit GW-024; Permit Expired 9/18/2005) and Current Site of Rambo Booster Station:

Former Avalon Gas Plant: The OCD inspector noted that "there are no remaining items left from the gas plant other than the flare stack. Flare stack needs to be removed." DCP Operations has demolished the flare stack and placed it in the onsite scrap pile. DCP has committed to submit a discharge permit closure plan for the discharge permit associated with the former gas plant. OCD was also aware that the former gas plant had a few pits pertaining "but were all closed up". DCP submitted pit closure reports and analytical results on 4/7/04. DCP will provide OCD with a copy of the pit closure reports.

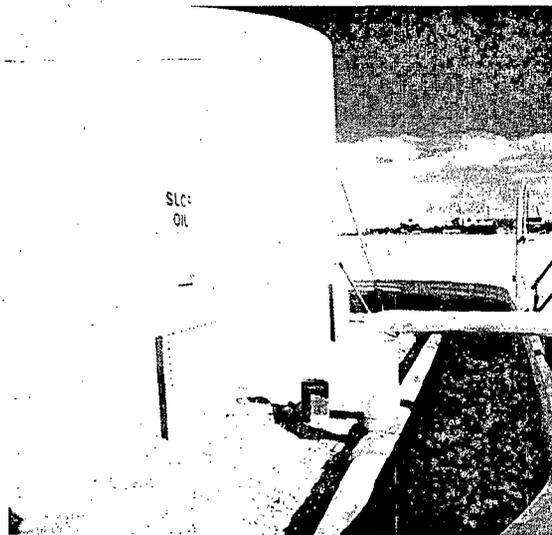
Rambo Booster Station: DCP has initiated preparation of a discharge permit for this facility. During the site inspection, the OCD inspector noted that:

- 1) "Two ASTs had overflowed" within secondary containment and "still had residual contamination".

DCP Response: The gravel within the secondary containment has been replaced with new gravel. Please see DCP Rambo Photo 1 below.



OCD Rambo Photo 2



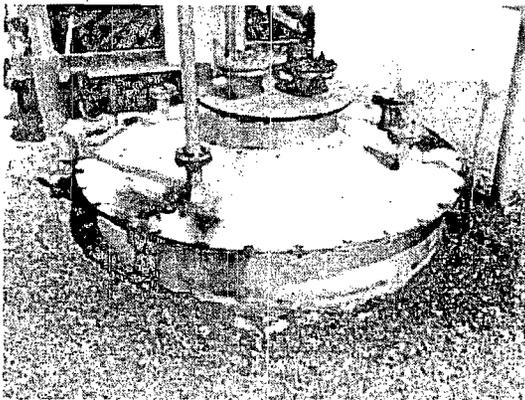
DCP Rambo Photo 1 of secondary containment taken 11/04/2008

2) Standing fluids were observed in several secondary containment areas;

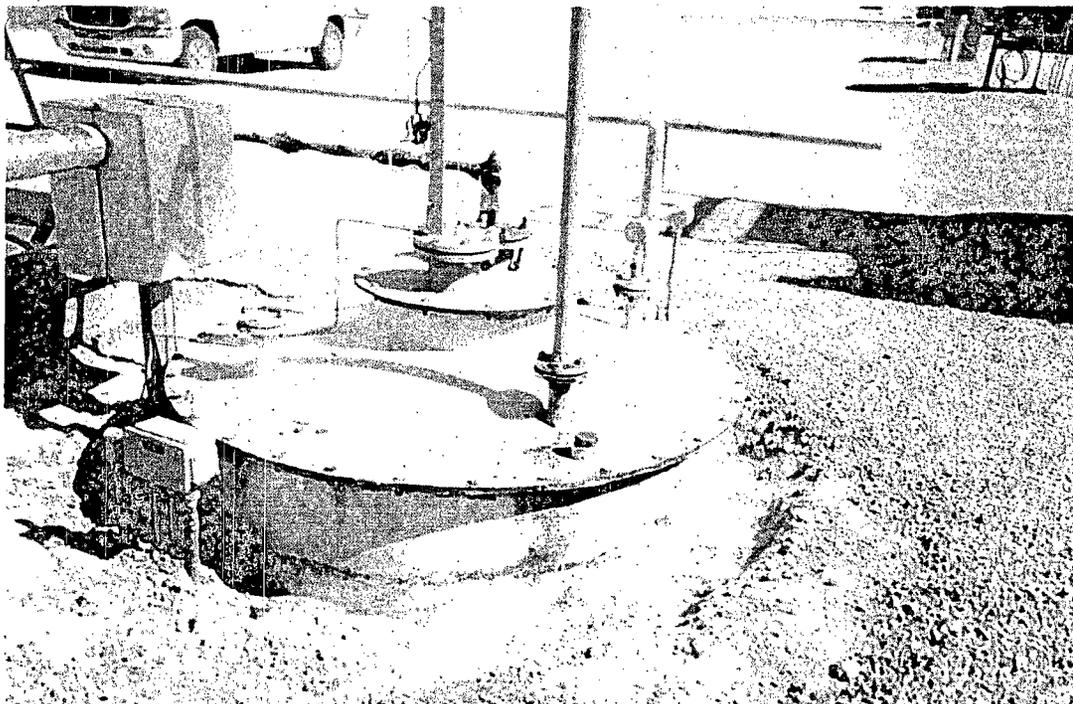
DCP Response: DCP Operations is currently working with a contractor to have the fluids removed and we will update OCD when this item is completed.

3) The below-grade tank had overflowed. No release report was filed with OCD.

DCP Response: Please see the DCP Rambo Photo 2 below. A release report was not filed because the release was calculated to be under the 5 barrel reporting threshold. Excavation around the sump proved that the contamination was shallow and the estimated volume released is less than 5 barrels.



OCD Rambo Photo 17



DCP Rambo Photo 2 taken 10/22/08

4) "Improper storage of tanks";

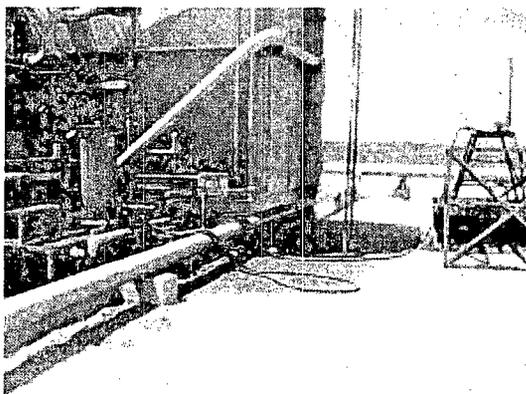
DCP Response: DCP is currently addressing this issue and will update OCD when this issue is resolved.

5) "Questionable storage of used oil"; and 6) "Container for the filter area was triple-contained but still had a discharge to the ground";

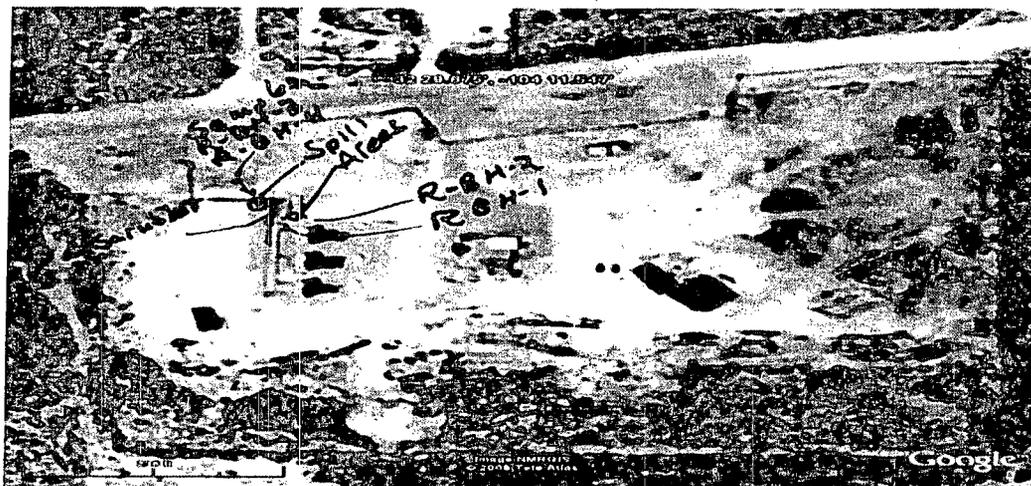
DCP Response: DCP will need clarification on these two items and will respond after OCD provides further information. Were both items 5 and 6 regarding the same used filter storage area?

- 7) "Ground contamination around the engines"; there appears to be "a crack in the cement containment around the engine".

DCP Response: Operations removed some stained soil and gravel around the engines. A consultant has collected samples to determine if the remaining soil and gravel are below OCD action levels. Please see the consultant's sample collection location map below. "BH" indicates a "bottom hole" sample. DCP expects analytical results during the week of 11/10/08. Operations has arranged for the repair of the crack in the cement containment around the engine on 11/10/08.



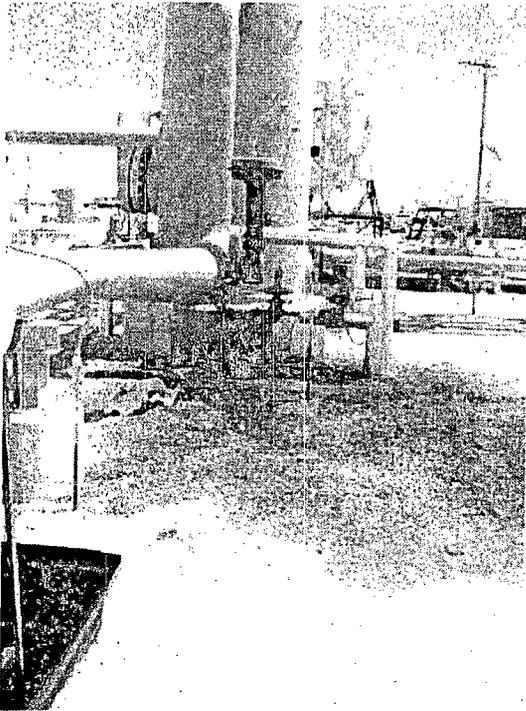
OCD Rambo Photo 14



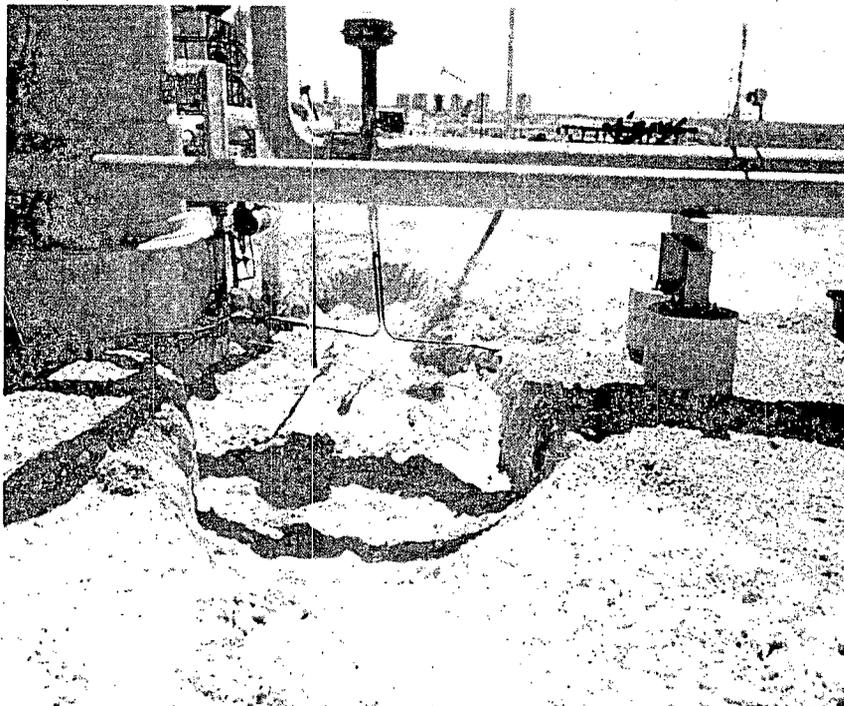
Rambo
Stockpile Sample
R-BH-3

8) Discharge to the ground of "black stuff near the H₂S treater".

DCP Response: The equipment referred to is actually a scrubber. Soil and gravel around the scrubber have been removed. DCP is currently waiting confirmation sample results and will update OCD after the results are received and evaluated.



OCD Photo 26



DCP Rambo Photo 3 taken 10/22/08

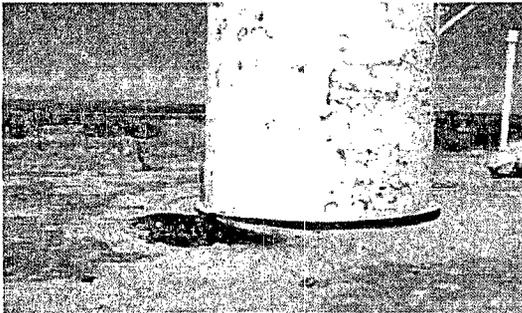


Indian Hill Gas Plant (Discharge Permit GW-042; Permit Expired 4/6/02)

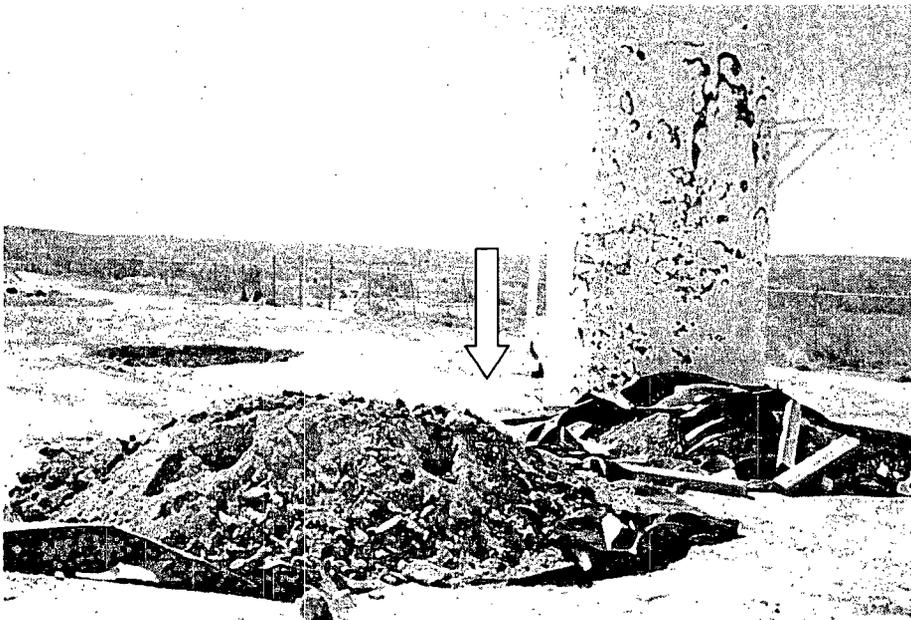
The Indian Hills Gas Plant was dismantled prior to ownership by DCP and its predecessor companies. Only a meter facility, an active gas pipeline, and pig launcher currently exist at the site. OCD was notified of the facility status on 12/10/01 and requested a closure plan, prior to the 8/16/08 site inspection. After the inspection, OCD provided the following statement: "At the time of inspection the site was not viewed to be closed due to the findings." The two OCD findings were: 1) "Significant equipment remains on site, i.e., tanks and underground piping. Removal needed"; and 2) "One area of small surface contamination was noticed from an unused AST that should be cleaned up".

DCP Response: During the course of discussions with DCP Operations, it has been determined the tanks will be removed; however, the pig launcher will be reconfigured into a pig receiver with a potential to release fluids to the soil. Therefore, DCP will submit a discharge permit renewal application for this facility.

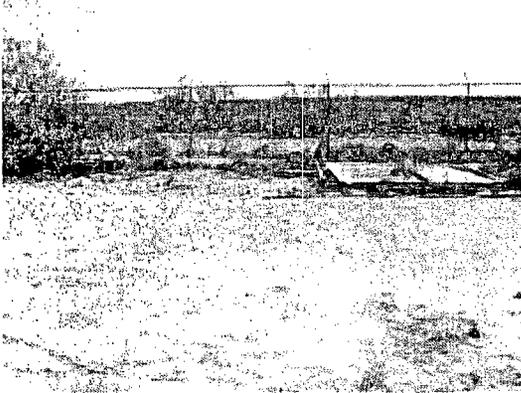
DCP has removed the contaminated soil near the base of the AST (OCD Indian Hills Photo 1). An additional area of stained soil was also removed. Please see DCP photo 1. When the tanks are removed, any stained soil beneath the tanks will be sampled to determine if there is any hydrocarbon contamination above OCD cleanup levels. Soils with hydrocarbon contamination higher than OCD cleanup levels will be removed. Additionally, DCP is in the process of removing the debris from the fence, noted in OCD Indian Hills Photo 7.



OCD Indian Hills Photo 1



DCP Indian Hills Photo 1 taken 10/22/08. Arrow indicates where stained soil was removed at the base of the tank.



OCD Indian Hills Photo 7

Hobbs Gas Plant (Discharge Permit GW-044; Permit Expired 12/27/2007)

A discharge permit renewal application was approved by OCD on 3/7/2008; however, DCP contacted the OCD at that time to inform OCD that the facility was closed and that we chose to withdraw the permit renewal.

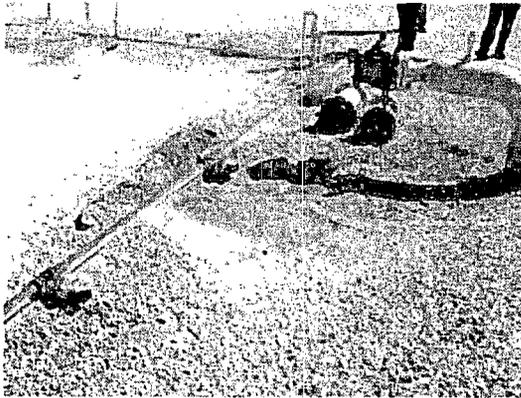
During the 8/26/08 inspection, the OCD inspector noted that: 1) Several remaining concrete skids/slabs "need to be removed"; 2) Several underground conduits need to be removed; 3) Wastes on site are located directly on the ground; and 4) The facility has a ground water monitoring program with further investigation and/or corrective action pending.

DCP Response: After the OCD site inspection and communication with OCD, DCP has committed to renew the facility discharge permit because the active groundwater remediation system precludes closure. In recent communication, OCD has inquired if DCP is "going to remove all the concrete slabs and the solid waste on this site." The intent was to remove the slabs after remediation was completed. DCP will power-wash the concrete slabs and remove the on-site wastes and fluids noted during the OCD inspection. DCP will update OCD when this effort is completed.

Pardue Booster Station (Discharge Permit GW-288, Permit Expired 3/7/08)

A permit renewal application was approved by OCD but DCP then chose to close the facility instead and terminate the permit renewal process. Prior to the 8/26/08 site inspection, OCD anticipated that DCP would submit a closure plan. OCD inspected this facility as part of its determination of eligibility of closure. During the inspection, the inspector noted: 1) Some equipment remains on site that needs to be removed; and 2) One small area of surface contamination needs to be cleaned up. DCP committed to renew the discharge permit. OCD has inquired if DCP intends to reactivate this site in the future.

DCP Response: DCP has determined that the facility could be reactivated and therefore chooses to retain the equipment on site. DCP has removed the area of surface contamination (see DCP Pardue Photo 1 below) and is currently awaiting analytical results from confirmation sampling. DCP will update OCD when the analytical data is received and evaluated and wants to complete the discharge permit renewal process for this facility.



OCD Pardue Photo 6



DCP Pardue Photo 1 taken 10/22/08

Jackson Booster Station (No existing discharge permit for this facility)

OCD inspected this facility due to a release that occurred on 5/23/08, when two ASTs overflowed. The spill was not contained within the secondary containment. A prior release, also from the same ASTs, occurred on June 25, 2007 and was reported to OCD. The first release consisted of lube oil and antifreeze from three engine compressors and condensate was released during both incidents. The inspector noted that the area around the below-grade tank had a discharge to the ground. The below-grade tank "could not be inspected" because a nut could not be removed to view "the leak detection access point". He further stated that the "facility workers did not know how to inspect such systems."

DCP Response: DCP is addressing items noted during the OCD inspection and after completion of all corrective actions DCP expects to submit a completed final C-141 by 1/15/09 for the Jackson Booster Station. The inspector recommended that this facility apply for a discharge permit. DCP is about to commence preparation of a discharge permit application for the Jackson Booster Station. We will inform OCD when the application is ready for submittal.

To minimize the possibility of a future overflow from the tanks, new gauges have been ordered to replace the malfunctioning gauges that contributed to the overflows. To minimize release of fluids from the secondary containment, the screw holes will be sealed with silicone. Contaminated soil excavation was in progress at the time of the inspection on the north and east sides of the secondary containment. However, other soil contamination was evident in the area of the secondary containment. DCP is in the process of addressing the remaining soil contamination in the area of the secondary containment.



Regarding issues associated with the below-grade tank: knowledgeable DCP staff personnel are reviewing existing company policies and procedures, including best management practices, with the operations personnel responsible for this facility. Contaminated soil and gravel around the BGT will be excavated along with the excavation of the remaining stained soil adjacent to the ASTs. A consultant will conduct confirmation sampling after the areas of contamination have been addressed.

Please contact me if you have any questions concerning this information.

Thank you,
Diane E. Kocis
Sr. Environmental Specialist
DCP Midstream
(303) 605-2176



cc: John Admire
Jon Bebbington
Johnnie Bradford
Joshua Epel
Kelly Jamerson
Greg Kardos
Johnnie Lamb
Ruth Lang
Ronny Trammel
Stephen Weathers

Lowe, Leonard, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, October 02, 2008 4:54 PM
To: Lang, Ruth M; Lowe, Leonard, EMNRD
Cc: Kocis, Diane E; Price, Wayne, EMNRD
Subject: RE: DCP Midstream LP. Closure & Other Facility Inspections Follow-up
Attachments: GW-024 Rambo CS Inspection Photos 8-2008.pdf; GW-042 Indian Hills Inspection Photos.pdf; GW-044 Hobbs Booster inspection photos.pdf; GW-288 Pardue CS Inspection Photos.pdf; Jackson CS inspection photos.pdf

Ms. Lang:

Please find below the DCP facilities that were inspected in August of 2008. Below each facility I inserted a section on "OCD Status" (from prior OCD correspondence from Mr. Chavez), "DCP Status" (from prior DCP Midstream correspondence from Ms. Klein), and "OCD Inspector Lowe's Comments" from the inspections.

The OCD feels that some of the facilities listed below may be closed with the condition that inspection items are adequately addressed, final site cleanup activities are documented, and a final closure report is submitted to Carl Chavez for final site closure approval. Any facility under a monitoring program and/or ground water abatement process with the OCD cannot be closed.

Finally, the Jackson CS requires at a minimum significant corrective action that includes the inspection items listed by Mr. Lowe (see Jackson CS inspection write-up below). The OCD has yet to receive the final C-141 that outlines corrective actions taken to address the initial C-141 submitted, which precipitated the OCD's follow-up of the initial reported release. However, there appears to have been several tank overflow releases that were not reported that need to be addressed. The OCD would consider and may approve in lieu of a discharge permit application or compliance and enforcement case against DCP Midstream LP, a final C-141 form submittal (within 6 months of the date of this e-mail), which must include all corrective actions taken to restore the facility back to its original condition (see disclaimer below). There may be other options that DCP Midstream LP may wish to propose to the OCD? DCP Midstream LP needs to initiate communication with the OCD about any other options soon.

GW-24 Avalon Gas Plant

OCD Status: Rambo CS. (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.

DCP Status: 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.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

Closure inspection recommendations: DCP Midstream wants to close the Avalon gas plant. This site also has the Rambo compressor station. There are no remaining items left from the gas plant other than the flare stack. Flare stack needs to be removed. There were references to a few pits pertaining to the plant but were all closed up. I could not see any remnants of any pits or ponds on site. The entire area where the plant used to be is being used as a welding area for tubing/piping. I could not verify any soil contamination verification due to working in process at the time. I think they did not want to permit this facility again because they have closed the plant. I do not think they intended to permit the compressor station. I did inspect the Rambo compressor station.

Rambo CS.

Concerns: Two AST's had overflowed. The secondary containment still had residual contamination. A dead bird was noted in the secondary containment area. Improper storage of tanks. Questionable storage of used oil. Container for filter area was triple contained but still had discharge on the ground. Debris appears to be on site for longer than 180 days. Ground contamination around engines. Appears to have a crack in the cement containment around engine. Below ground tank has overflowed and contaminated the ground and left unattended. Standing fluids were observed in several secondary containment areas. Discharge on to the ground of black stuff near H₂S treater.

Recommend they permit the compressor station. It looked pretty bad. At the time of inspection, the site is not ready to be closed due to the above and the flare stack remaining on site..

GW-42 Indian Hills Gas Plant (last permit 6/18/1997 Stage.1)

OCD Status: Indian Hills Gas Plant (GW-42): OCO 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.

DCP Status: 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.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

Closure inspection recommendations:

1. Significant equipment remains on site, i.e., tanks and underground piping. Removal needed.
2. One area of small surface contamination was noticed from an unused AST that should be cleaned up.

At the time of inspection the site was not viewed to be closed due to the findings.

GW-44 Hobbs Booster Station (OCD has processed the DP 3/7/2008 Stage 4, but DCP appears to want to close it instead?)

OCD Status: 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.

DCP Status:

Discharge Plan GW-044: Summary of First Quarter 2008 Groundwater Monitoring Results and Additional Site Characterization Activities at the Hobbs Booster Station: Hobbs, New Mexico
Units C and D Section 4, T 19 S, R 38 E, NMPM

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

At the time of inspection, this facility was far from being closed due to the following:

- 1) Several remaining concrete skids/slabs that need to be removed. Several underground conduits need to be removed;
- 2) Waste on site are located directly on the ground, and
- 3) The facility is under a ground water monitoring program with further investigation and/or corrective action pending.

All items stated above need to be removed and a facility under permit and ground water monitoring cannot be closed by the OCD..

GW-288 Pardue Compressor Station (OCD has process the DP 3/7/2008 Stage 4, but DCP appears to want to close it instead?)

OCD Status: Pardue CS. (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 Status: Pardue CS. (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.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

At the time of inspection, this facility cannot be closed due to the following:

Closure inspection recommendations:

1. Some equipment remains on site that needs to be removed.
2. One small area of surface contamination was noticed and needs to be cleaned up.

At the time of inspection the site was not viewed to be closed due to the above findings.

Jackson CS Inspection:

OCD Status: Inspected due to a release on site and C-141 submittal as follow-up.

DCP Status: This facility does not have a permit.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

Two above-ground storage tanks (AST's) had overflowed and discharged from the secondary containment area on to the ground. Excavation was in progress at the time of inspection

Concern: Below grade tank (BGT) could not be inspected due to the leak detection access point (nut) that could not be removed. Facility workers did not know how to inspect such systems.
The BGT overflowed.

Recommend that this facility apply for a permit.

The OCD would appreciate your responses for each facility listed above within 10 working days of receipt of this message. Thank you for coordinating the inspections. Please contact me if you have questions or we need to communicate on each site together. Thank you.

Please be advised that NMOCD approval of any plan or corrective action does not relieve DCP Midstream LP of responsibility should their operations fail to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve DCP Midstream LP of responsibility for compliance with any other federal, state, or local laws and/or regulations.

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: Lang, Ruth M [mailto:RMLang@dcpmidstream.com]
Sent: Tuesday, August 05, 2008 3:58 PM
To: Lowe, Leonard, EMNRD
Cc: Kocis, Diane E; Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Mr. Lowe,

I am sorry for not getting back to you sooner; I had been waiting on some information from our folks in Carlsbad.

The proposed date is fine and I am planning on meeting you on August 26th and I am keeping August 27th open if needed. I propose that we meet on August 26th at 8:00 am at DCP's Carlsbad office, which is located at:

2010 East Orchard Lane
Carlsbad, NM 88220
Carlsbad Office Phone 505-234-6400
(See attachment for map)

Diane Kocis will accompany me. She is taking over supporting our New Mexico operations from Liz Klein, who was recently promoted to manager of another group at DCP.

I will have maps and driving directions to each of the sites and when we meet we can determine in which order you would like to see them. My contact information is provided below. I am looking forward to August 26th and please contact me if you have any additional questions.

Respectfully,
Ruth Lang, P.G.
DCP Midstream, LP
Manager of Water Waste and Remediation Programs
303-605-1713 (direct office)
303-619-4995 (cell)
303-605-1957 (fax)

rmlang@dcpmidstream.com

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Tuesday, August 05, 2008 2:18 PM
To: Lang, Ruth M
Cc: Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Ruth,

I have not heard from you to confirm the below stated dates for these closure inspections. Please let me know if they work with you or not. When and where shall I meet you?

Leonard Lowe
Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>

From: Lowe, Leonard, EMNRD
Sent: Tuesday, July 29, 2008 7:59 AM
To: 'Lang, Ruth M'
Cc: Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Ruth,

Let's plan for an August 26th time frame and maybe August 27th if we don't finish in one day.

I'm going to assume these inspections will be brief being that they are closure inspections. It all depends on what I see out there..

Where is your office located? Where shall I meet you? What time?

Leonard Lowe

Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>

From: Lang, Ruth M [<mailto:RMLang@dcpmidstream.com>]
Sent: Monday, July 28, 2008 7:59 PM
To: Lowe, Leonard, EMNRD
Cc: Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Mr. Lowe,

I am sorry I was in a meeting when you called today. I am available for these inspections on August 19, 20, 21, 26, 27, or 28th. I hope one of these dates will be convenient for you. How long do you think you will need to spend at each site? I would like to put together a preliminary schedule and route to reach these four locations.

For your lodging arrangements - 3 of the facilities are within 10-15 miles of Carlsbad and last facility is in the Hobbs area.

Thank you,

Ruth M. Lang, P.G.

DCP Midstream, LP

Manager of Water Waste and Remediation
EHS - Environmental Protection Department
303-605-1713 office
303-619-4995 cell
303-605-1957 fax

From: Lowe, Leonard, EMNRD [<mailto:Leonard.Lowe@state.nm.us>]
Sent: Monday, July 28, 2008 11:58 AM
To: Lang, Ruth M
Cc: Chavez, Carl J, EMNRD
Subject: DCP Midstream LP. Closure Inspection

Ms. Ruth Lang,

Good morning.

When are you able to perform these inspections of these 'closing' facilities? Let me know what dates you have planned and will reply to those dates.

Are these locations closer to Hobbs, Carlsbad or Artesia? This will aid me in planning my lodging.

I will be in the office the rest of today, Monday July 28th and will be here Tuesday morning, July 29th. I will be out of the office the rest of the week to return late Friday afternoon, August 1st.

llowe

Leonard Lowe

Environmental Engineer

Oil Conservation Division/EMNRD

1220 S. St. Francis Drive

Santa Fe, N.M. 87505

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>

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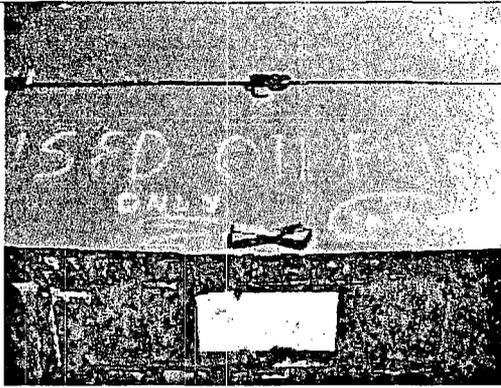


Photo 7: Used oil filter holding area.

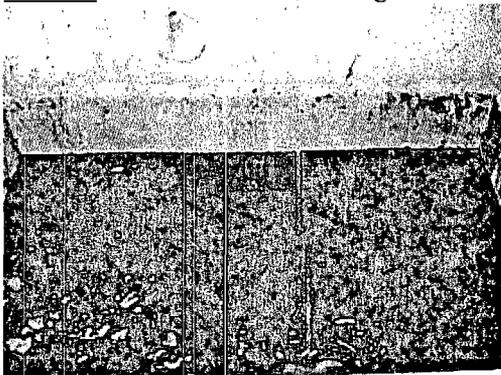


Photo 8: Inside of used oil filter holding area.

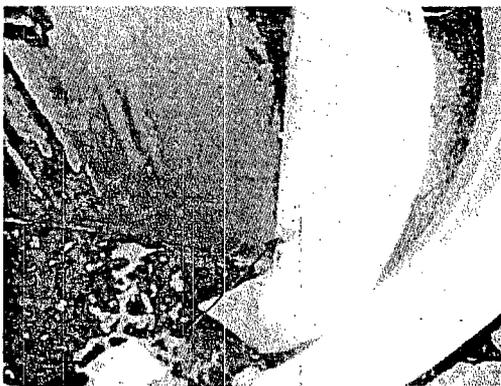


Photo 9: Arrow shows the used oil filter secondary containment plug.

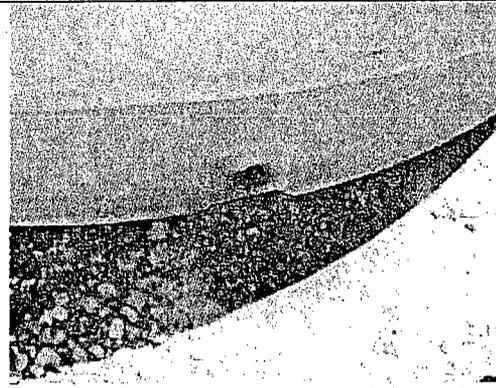


Photo 10: Third containment barrier for used filter holding area missing its bung, with discharge on to the ground.

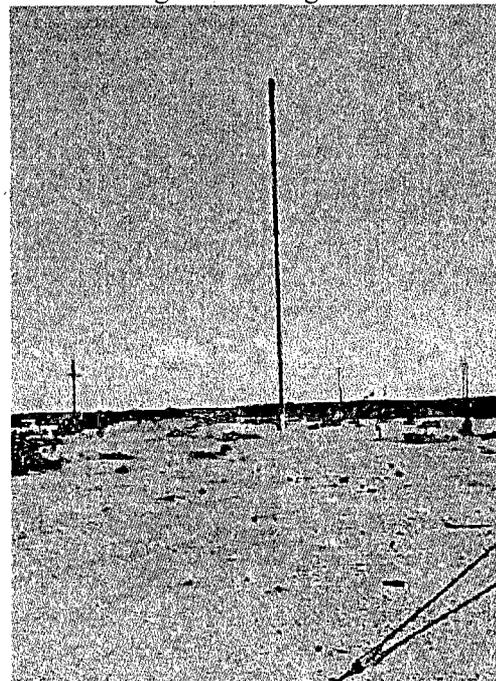


Photo 11: Avalon gas plant's flare stack located on the south side yard.

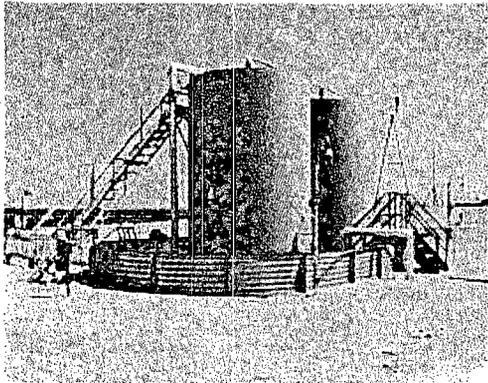


Photo 1: Two AST's with secondary containment.

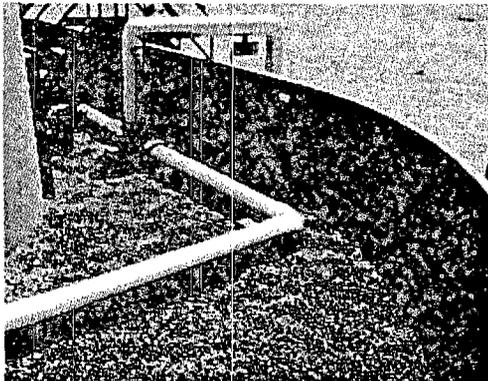


Photo 2: discharge within the secondary containment area

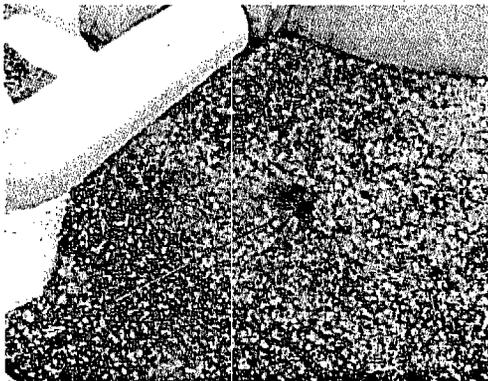


Photo 3: Free liquids still present in secondary containment. Dead fowl.



Photo 4: Free liquids in secondary containment.

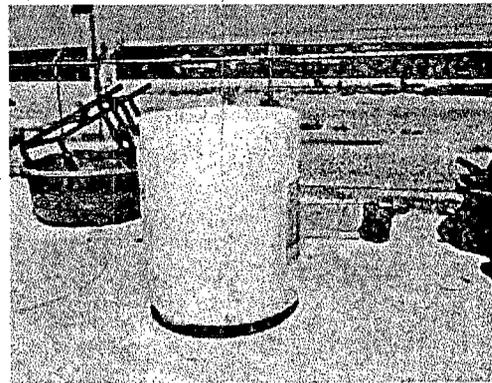


Photo 5: Upside down empty barrel.



Photo 6: Barrel located directly on the ground missing its bung.



Photo 12: Debris and waste located in a bin.



Photo 13: Soil staining south of compressor location.

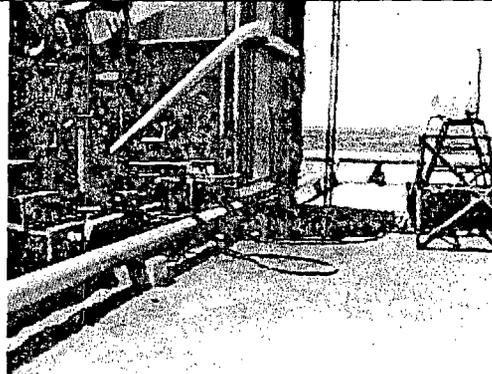


Photo 14: Ground contaminated around compressor



Photo 15: A secondary containment area with cracks and presence of leaks.

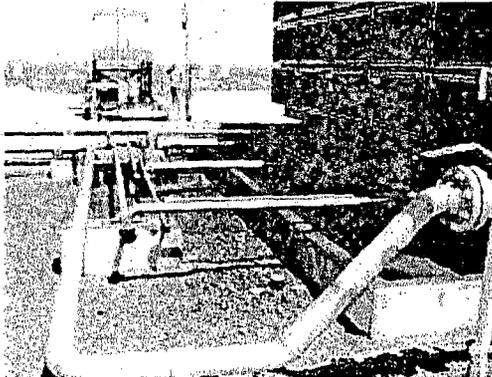


Photo 16: Gravel soiled around compressor.

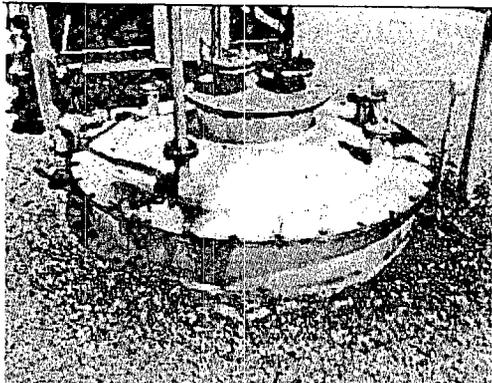


Photo 17: BGT with discharge around its area.



Photo 20: Fluids are present in leak detection system.

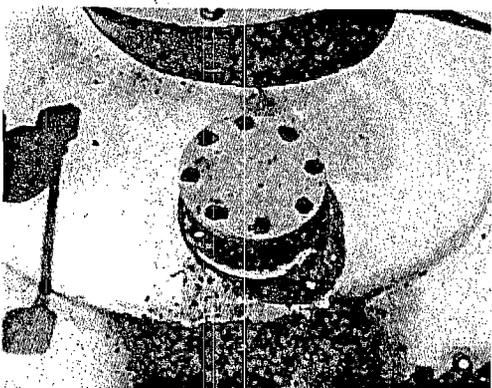


Photo 18: Flange resting over port above BGT. Pressurized flow of "air".

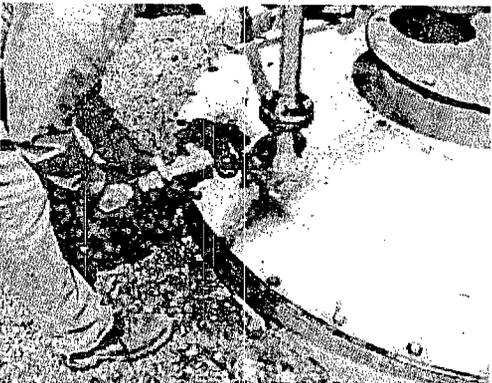


Photo 19: Leak detection being removed using a tool.

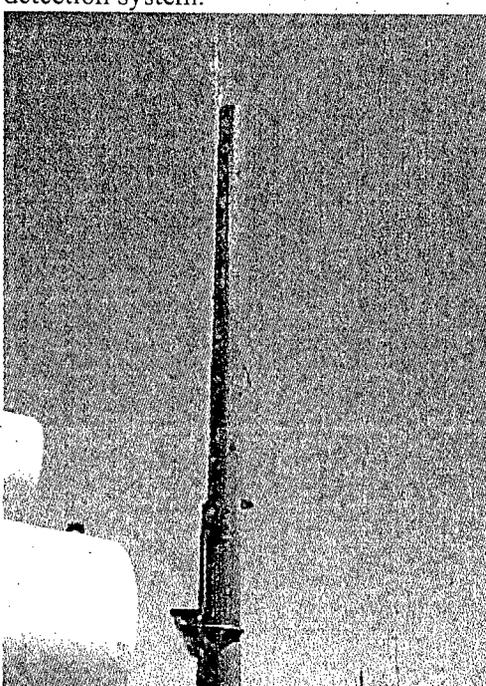


Photo 21: BGT fluids appears to have been discharged from riser.

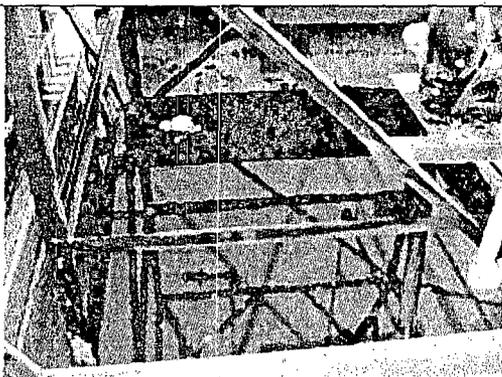


Photo 22: Secondary containment holding fluids.

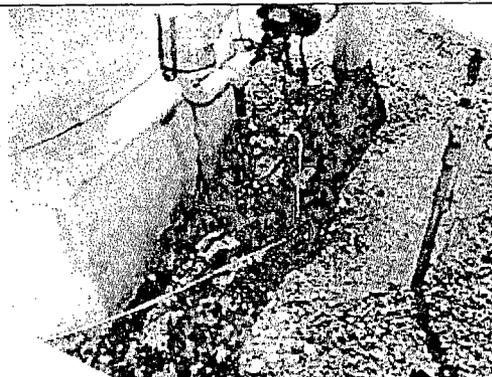


Photo 25: Sulfur unit with discharge on to ground.

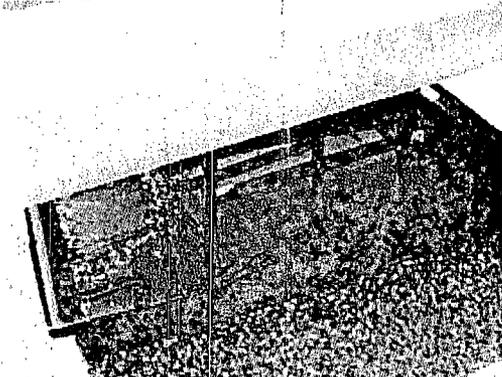


Photo 23: Another secondary containment full of fluids.

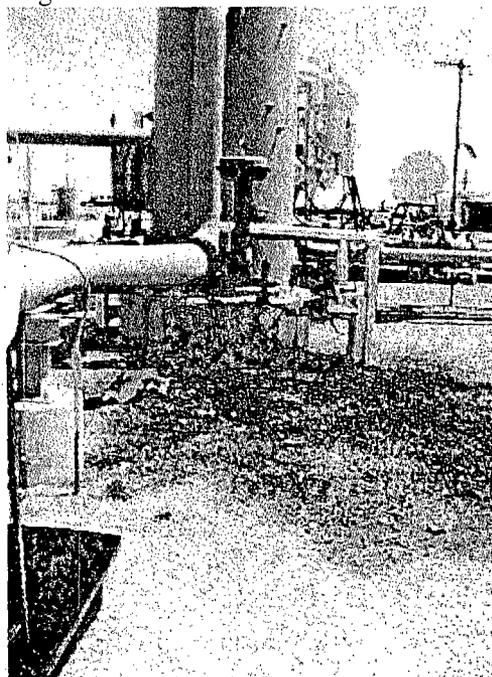


Photo 26: Sulfur unit with discharge on ground.

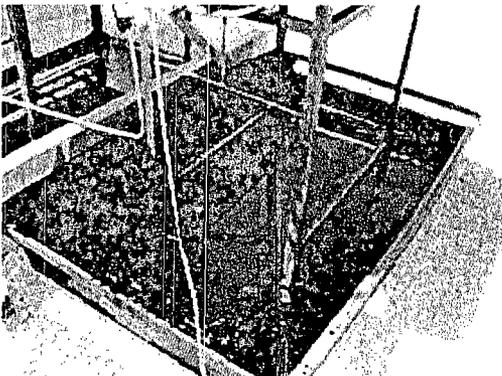


Photo 24: Another secondary container holding fluids.

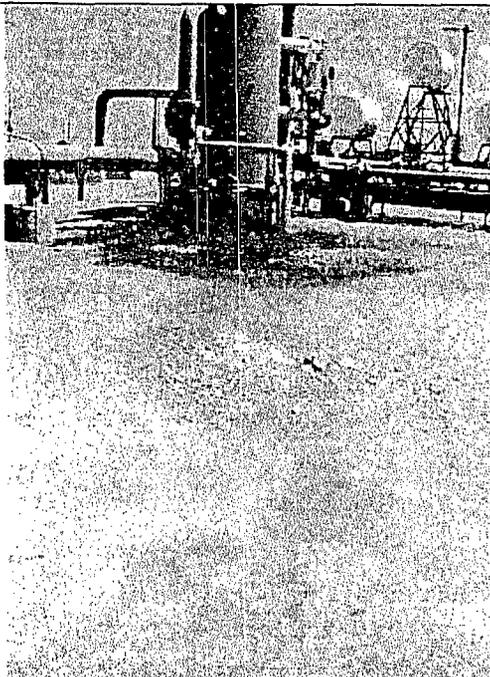


Photo 27: Discharge on ground from sulfur unit, allowed to drain.

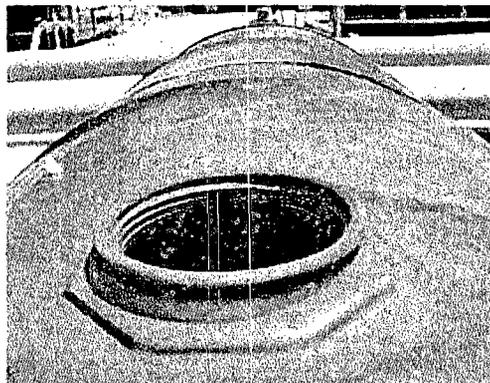


Photo 28: Saddle tank missing bung, two of three tanks missing lid.



Photo 1: Used tank not in service.
Leaking substance on to ground.



Photo 2: Close up of leak in photo 1.

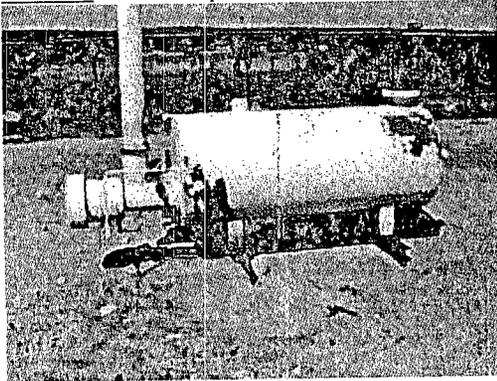


Photo 3: Used not in service equipment.

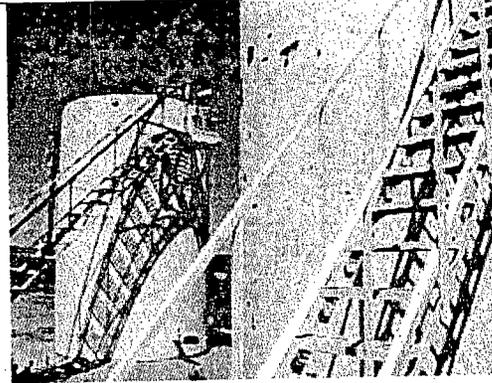


Photo 4: Empty used ASTs.

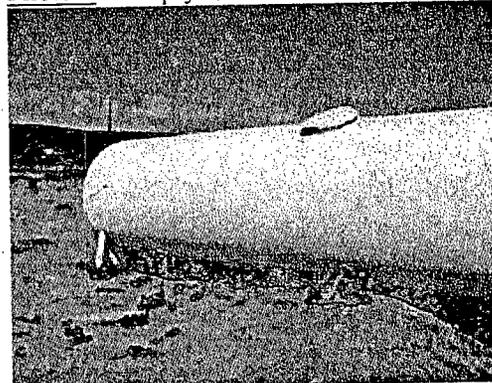


Photo 5: Tank not in use.

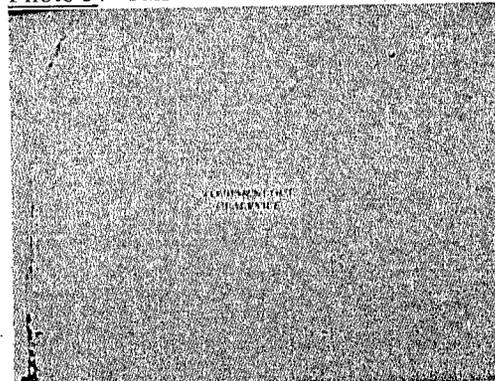


Photo 6: Close of identified tank in
photo 5.

OCD Inspection: DCM Midstream Indian Hills C.S., GW - 042

Inspector(s): Leonard Lowe

Company Rep: Ruth Lang, Diane Kocis, Robert St. John

Date: 08.26.08

Time: 10:40 - 11:10

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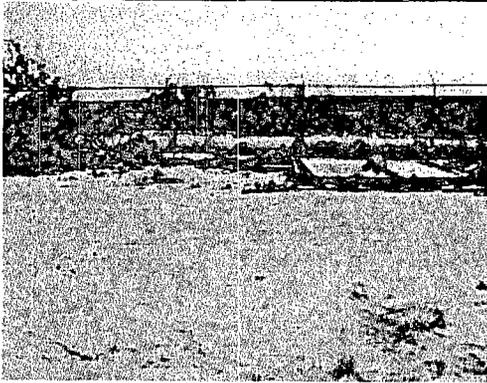


Photo 7: Debris located near facility boundary.

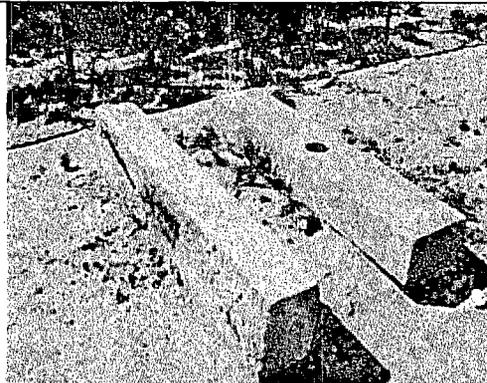


Photo 10: Two cement blocks near fence.

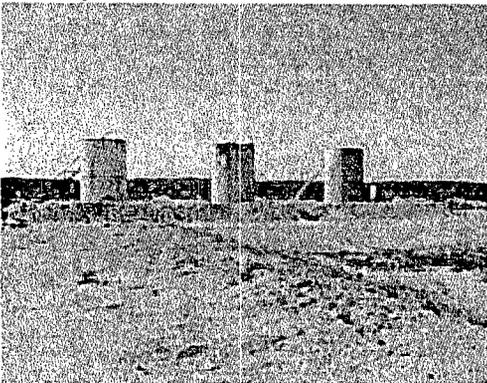


Photo 8: Three ASTs located on south side of grounds.

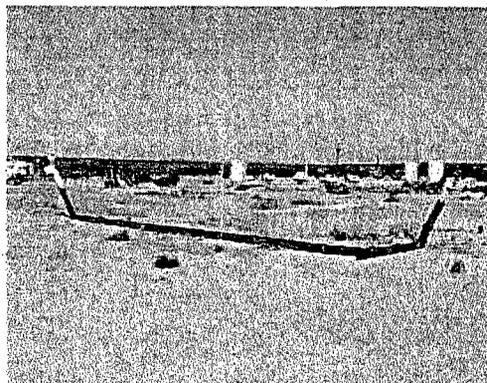


Photo 11: Conduit on grounds.

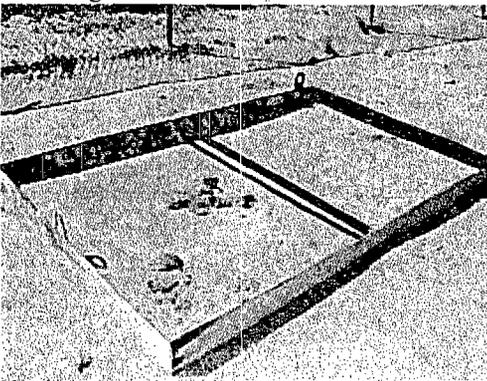


Photo 9: Metal debris remaining.

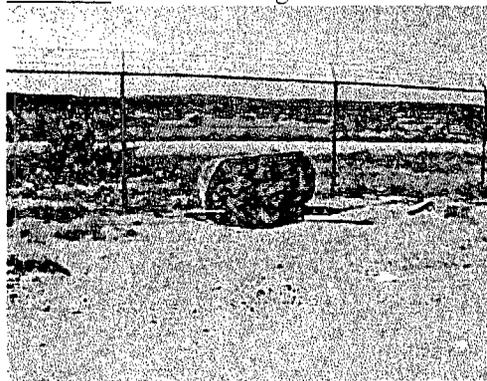


Photo 12: Fiberglass tank near fence, not in use.

OCD Inspection: DCM Midstream Indian Hills C.S., GW - 042

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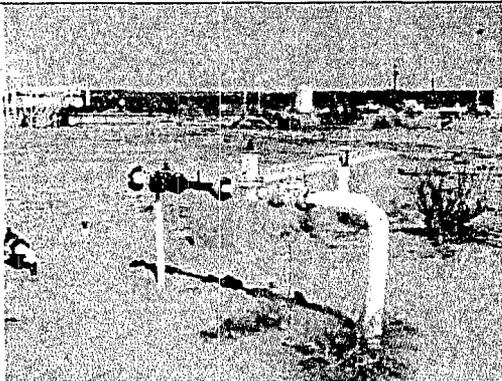


Photo 13: Remaining protruding underground conduit.

OCD Inspection: DCM Midstream Hobbs Booster. GW - 044

Inspector(s): Leonard Lowe

Company Rep: Robert St. John

Date: 08.26.08

Time: 16:15 - 17:30

Page 1

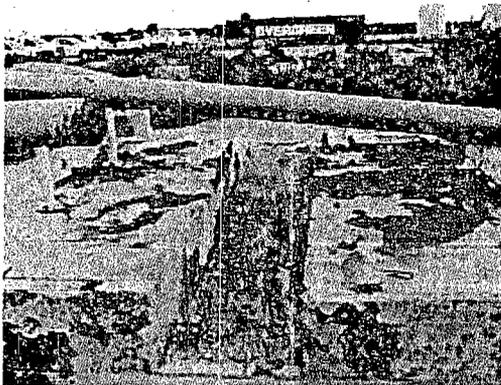


Photo 1: Concrete skids still in place.



Photo 2: Protruding underground conduits remaining.



Photo 3: Exposed underground piping.

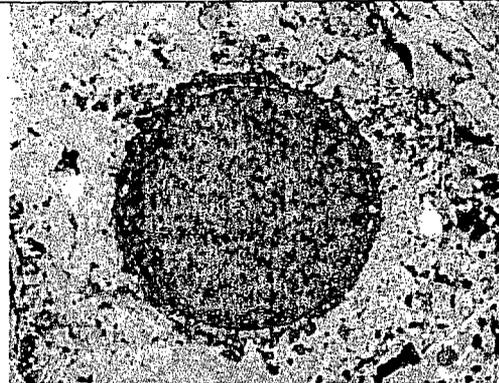


Photo 4: Close up of several underground conduits remaining on site.



Photo 5: concrete slab remaining.



Photo 6: Underground piping holding fluids.

OCD Inspection: DCM Midstream Hobbs Booster, GW - 044

Inspector(s): Leonard Lowe

Company Rep: Robert St. John

Date: 08.26.08

Time: 16:15 - 17:30

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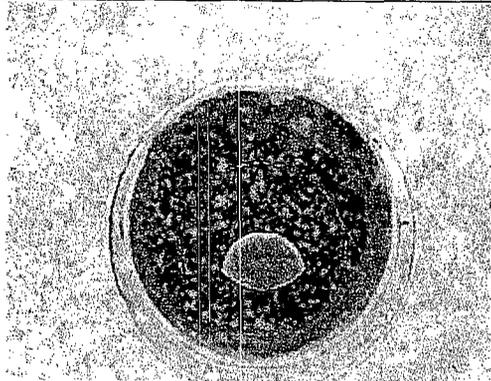


Photo 7: Underground conduit holding fluids.

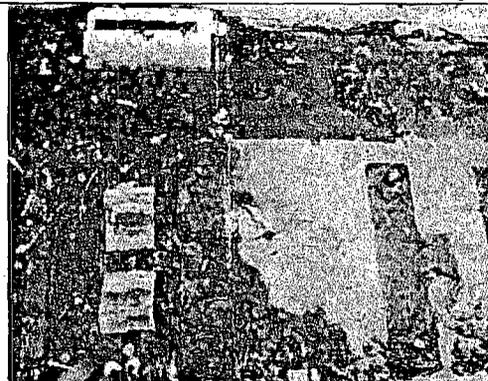


Photo 10: Concrete skid holding fluids.



Photo 8: Underground piping holding fluids.



Photo 11: Debris and concrete on location.

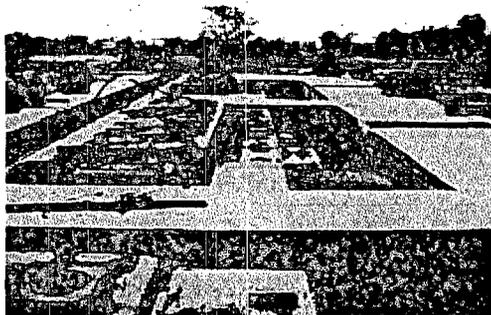


Photo 9: Concrete slabs remaining.

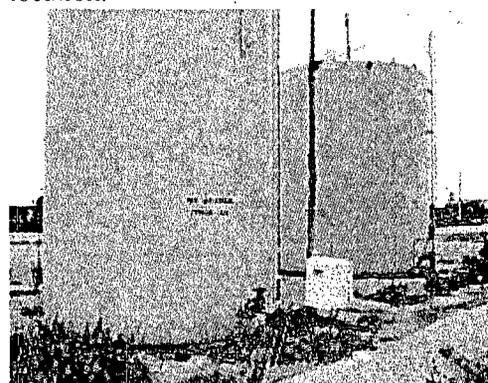


Photo 12: Two AST's still in use.



Photo 13: Used/new filters piled and remaining.

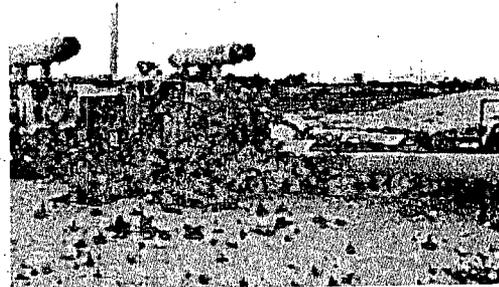


Photo 16: Used equipment on site.



Photo 14: Flare stack remaining.

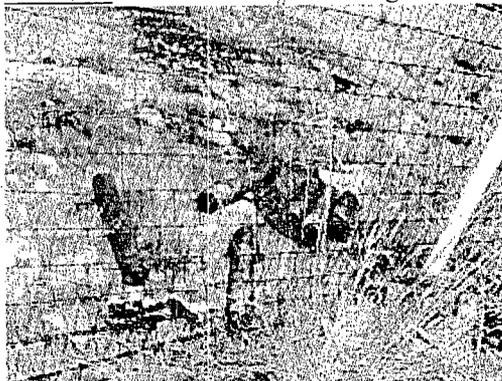


Photo 15: Used filters located directly on ground.

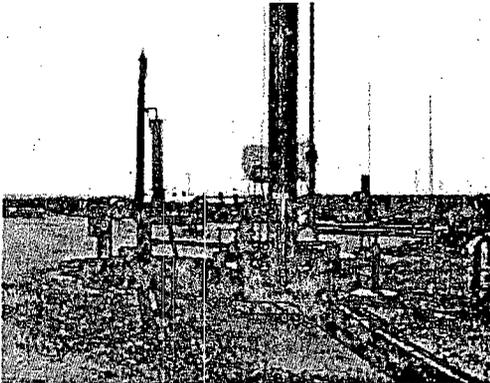


Photo 1: Remaining equipment.

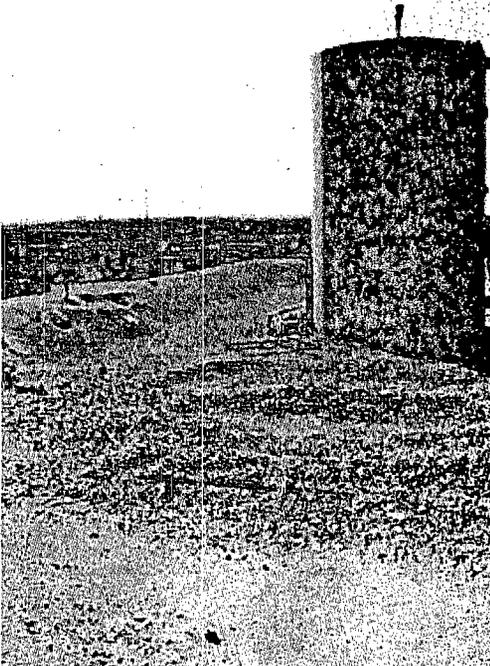


Photo 2: Out of service AST.



Photo 3: Labeled AST:

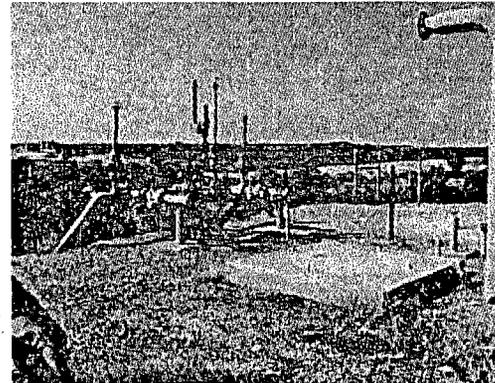


Photo 4: Remaining concrete slabs with exposed conduits.

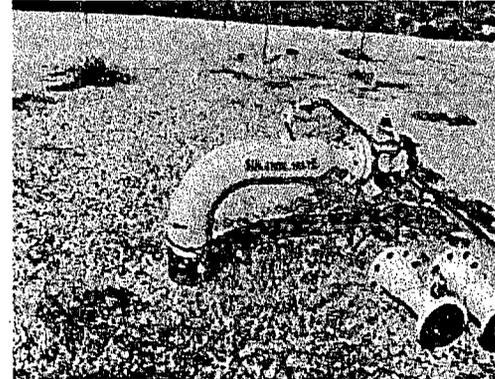


Photo 5: Remaining underground conduits.

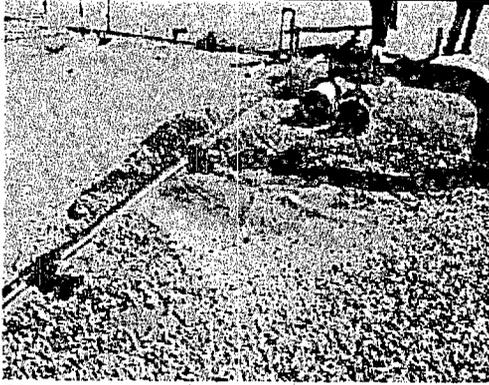


Photo 6: Contaminated soil near compressor skid.

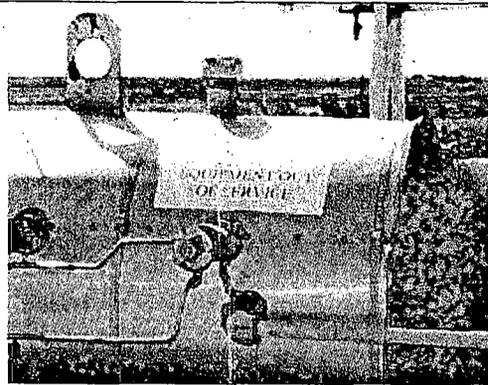


Photo 8: Out of service equipment.

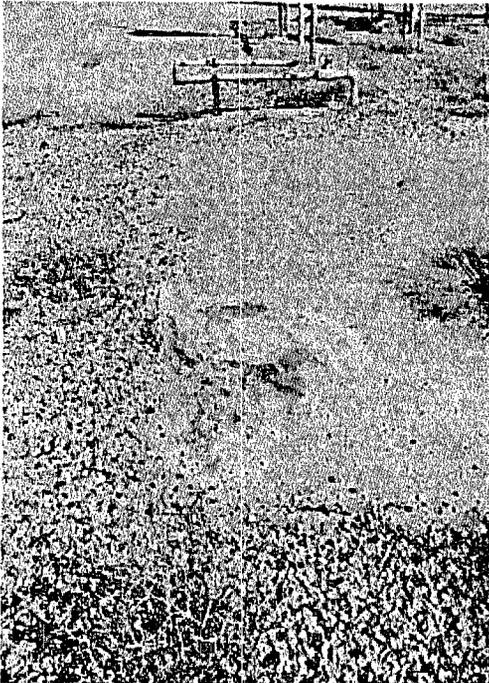


Photo 7: Contaminated soil.

OCD Inspection: DCM Midstream Jackson C.S., No DP Permit

Inspector(s): Leonard Lowe

Company Rep: Ruth Lang, Diane Kocis, Johnnie Bradford

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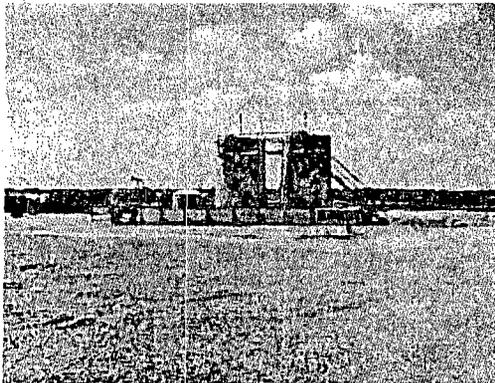


Photo 1: Tank batteries in use, located on north side of yard.

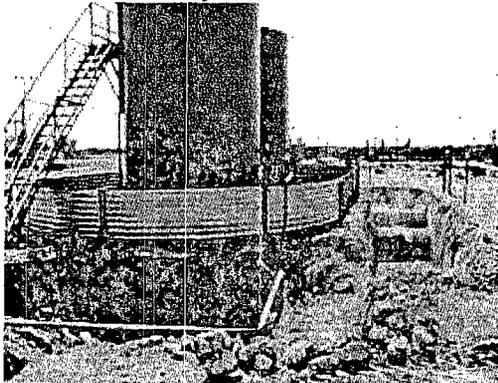


Photo 2: Excavation of spill on north and east side of tank batteries.

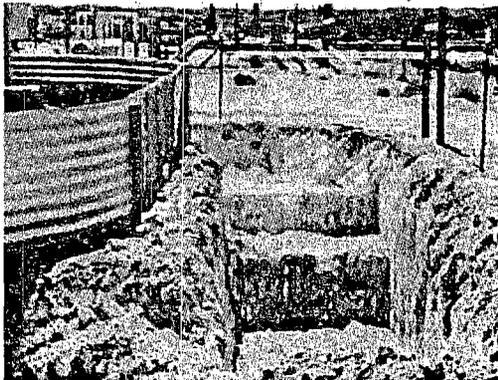


Photo 3: Close up of north side excavation.

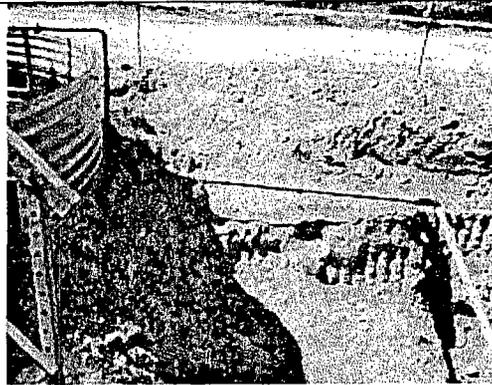


Photo 4: East side of excavation.

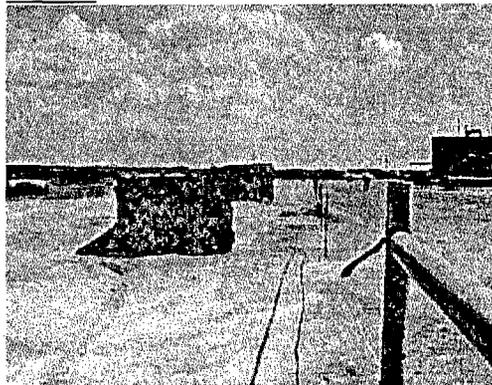


Photo 5: Bins where contaminated soils are being placed. Located on far east side outside of fenced area.

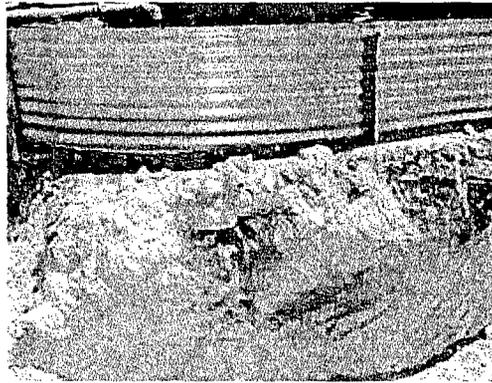


Photo 6: Close up of north side of contamination.

OCD Inspection: DCM Midstream Jackson C.S., No DP Permit

Inspector(s): Leonard Lowe

Company Rep: Ruth Lang, Diane Kocis, Johnnie Bradford

Date: 08.26.08

Time: 14:30 - 14:50

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Photo 7: West side of batteries.

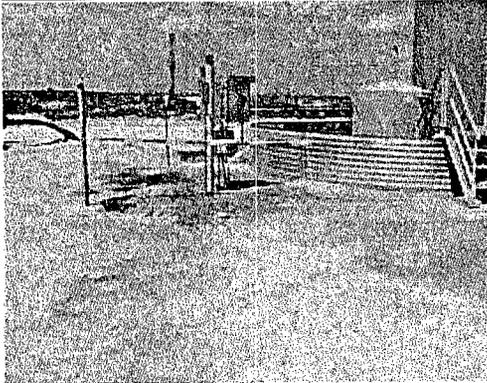


Photo 8: West side of batteries.



Photo 9: Inside secondary containment area of tank batteries.

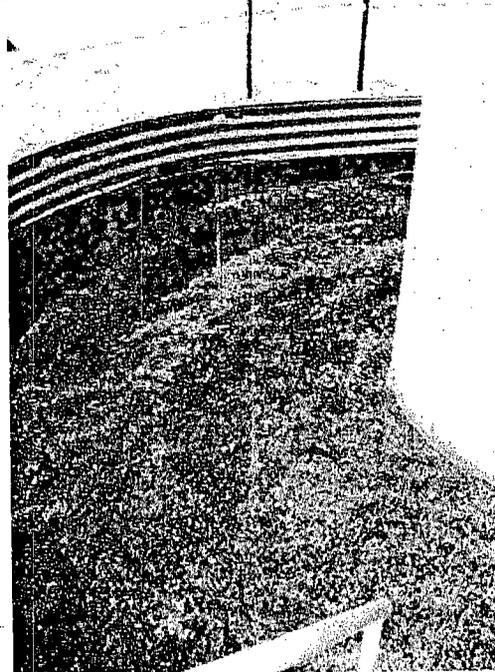


Photo 10: Inside secondary containment.

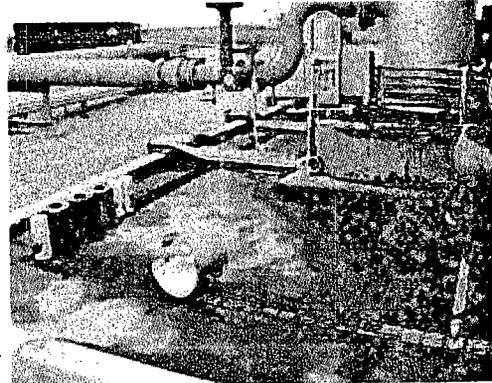


Photo 11: Compressor skid with draining filters.

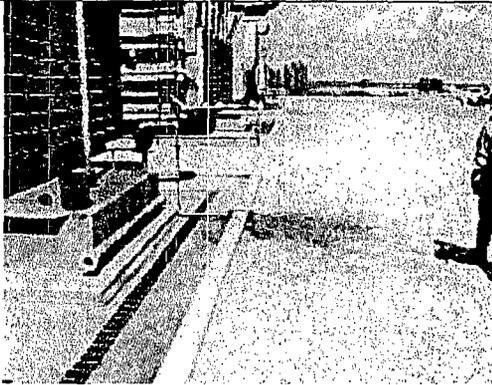


Photo 12: Gravel contamination near fans.

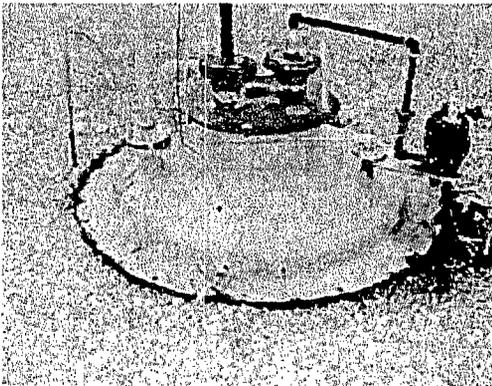


Photo 13: Below grade tank with leak.

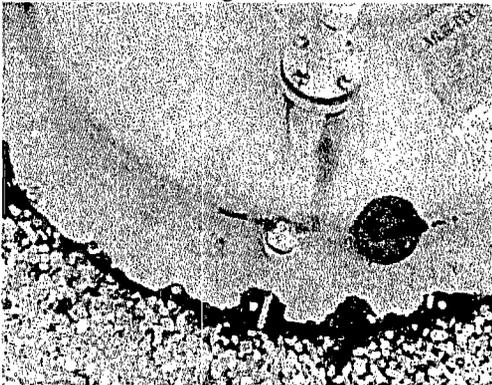


Photo 14: Leak detection cover was not able to be removed for inspection.

Chavez, Carl J, EMNRD

From: Kocis, Diane E [DEKocis@dcpmidstream.com]
Sent: Monday, November 10, 2008 6:10 PM
To: Chavez, Carl J, EMNRD
Cc: Admire, John D; Bebbington, Jon D; Bradford, Johnnie; Epel, Joshua B; Kardos, Gregory C; Lamb, Johnny F; Lang, Ruth M; Trammell, Ronnie D; Jamerson, Kelly D; Weathers, Stephen W
Subject: DCP response to OCD inspection findings
Attachments: Memo to OCD re inspection findings.doc

Mr. Chavez,

Attached is the DCP response to the OCD inspection findings from the 8/26/08 inspections of the Rambo (former Avalon Gas Plant) Booster Station, the former Indian Hills Gas Plant, the former Hobbs Gas Plant, the Pardue Booster Station and the Jackson Booster Station.

RE our communication today concerning the tank removals at Indian Hills: During further discussion with DCP Operations, it has been determined that the tanks will be removed; however, the pig launcher will be reconfigured into a pig receiver with a potential to release fluids to the soil. Therefore, DCP will submit a discharge permit renewal application for this facility.

Please contact me if you have any questions or need any further information.

Thank you,

Diane E. Kocis
Sr. Environmental Specialist
DCP Midstream

303.605.2176 direct line
720.236.2285 cell

DEKocis@dcpmidstream.com

This inbound email has been scanned by the MessageLabs Email Security System.



MEMORANDUM

DATE: November 10, 2008

TO: Carl Chavez, New Mexico Oil Conservation Division, Environmental Engineer

FROM: Diane Kocis, DCP Midstream, Sr. Environmental Specialist

SUBJECT: Response to August 26, 2008, New Mexico OCD Inspection Findings:
Rambo Booster Station (former Avalon Gas Plant), former Indian Hills Gas Plant,
former Hobbs Gas Plant, Pardue Booster Station and Jackson Booster Station

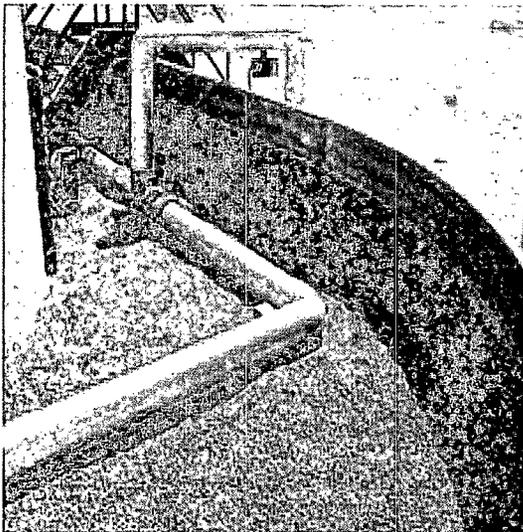
Former Avalon Gas Plant (Discharge Permit GW-024; Permit Expired 9/18/2005) and Current Site of Rambo Booster Station:

Former Avalon Gas Plant: The OCD inspector noted that “there are no remaining items left from the gas plant other than the flare stack. Flare stack needs to be removed.” DCP Operations has demolished the flare stack and placed it in the onsite scrap pile. DCP has committed to submit a discharge permit closure plan for the discharge permit associated with the former gas plant. OCD was also aware that the former gas plant had a few pits pertaining “but were all closed up”. DCP submitted pit closure reports and analytical results on 4/7/04. DCP will provide OCD with a copy of the pit closure reports.

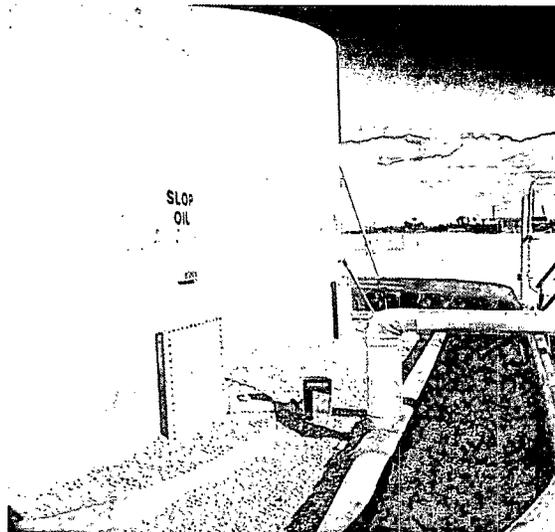
Rambo Booster Station: DCP has initiated preparation of a discharge permit for this facility. During the site inspection, the OCD inspector noted that:

- 1) “Two ASTs had overflowed” within secondary containment and “still had residual contamination”.

DCP Response: The gravel within the secondary containment has been replaced with new gravel. Please see DCP Rambo Photo 1 below.



OCD Rambo Photo 2



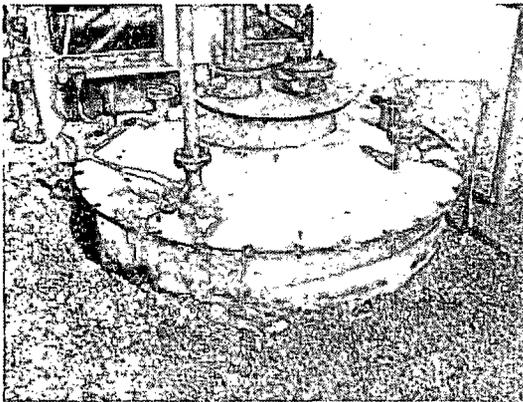
DCP Rambo Photo 1 of secondary containment taken 11/04/2008

2) Standing fluids were observed in several secondary containment areas;

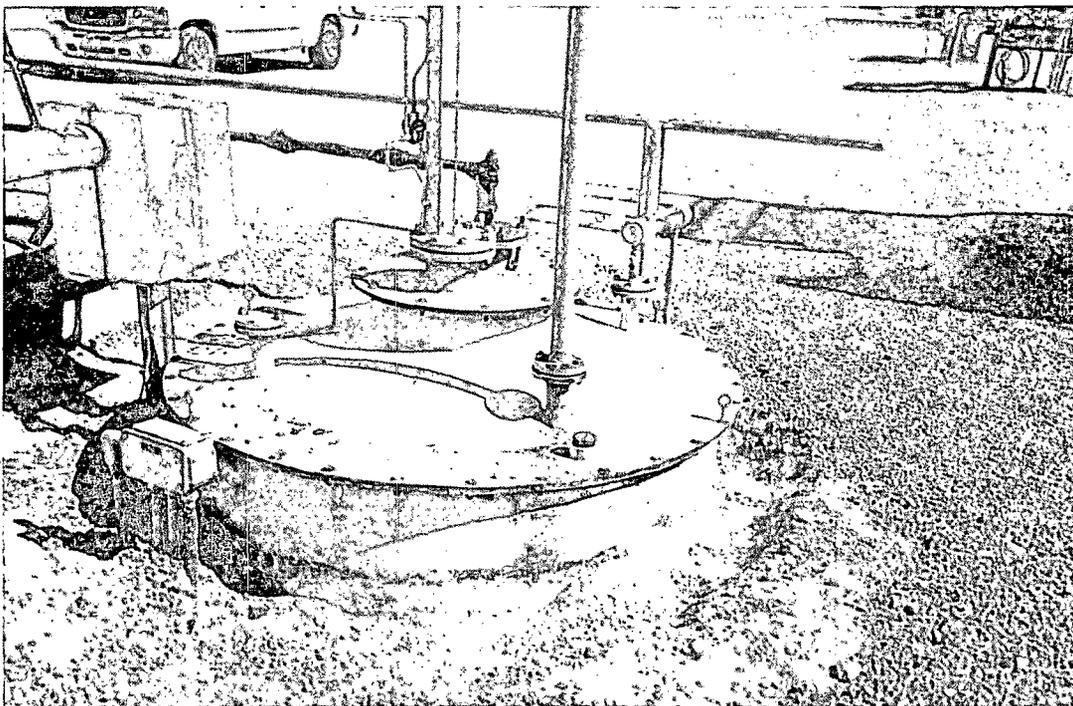
DCP Response: DCP Operations is currently working with a contractor to have the fluids removed and we will update OCD when this item is completed.

3) The below-grade tank had overflowed. No release report was filed with OCD.

DCP Response: Please see the DCP Rambo Photo 2 below. A release report was not filed because the release was calculated to be under the 5 barrel reporting threshold. Excavation around the sump proved that the contamination was shallow and the estimated volume released is less than 5 barrels.



OCD Rambo Photo 17



DCP Rambo Photo 2 taken 10/22/08

4) "Improper storage of tanks";

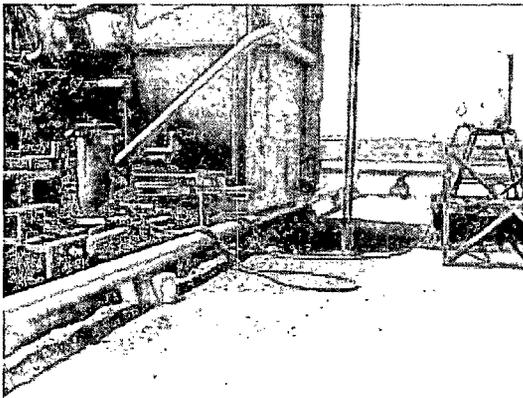
DCP Response: DCP is currently addressing this issue and will update OCD when this issue is resolved.

5) "Questionable storage of used oil"; and 6) "Container for the filter area was triple-contained but still had a discharge to the ground";

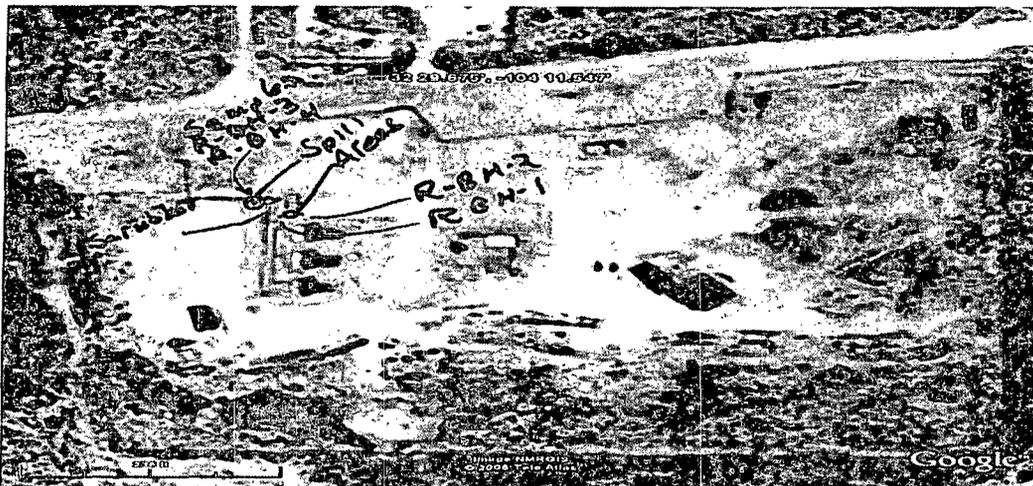
DCP Response: DCP will need clarification on these two items and will respond after OCD provides further information. Were both items 5 and 6 regarding the same used filter storage area?

7) "Ground contamination around the engines"; there appears to be "a crack in the cement containment around the engine".

DCP Response: Operations removed some stained soil and gravel around the engines. A consultant has collected samples to determine if the remaining soil and gravel are below OCD action levels. Please see the consultant's sample collection location map below. "BH" indicates a "bottom hole" sample. DCP expects analytical results during the week of 11/10/08. Operations has arranged for the repair of the crack in the cement containment around the engine on 11/10/08.



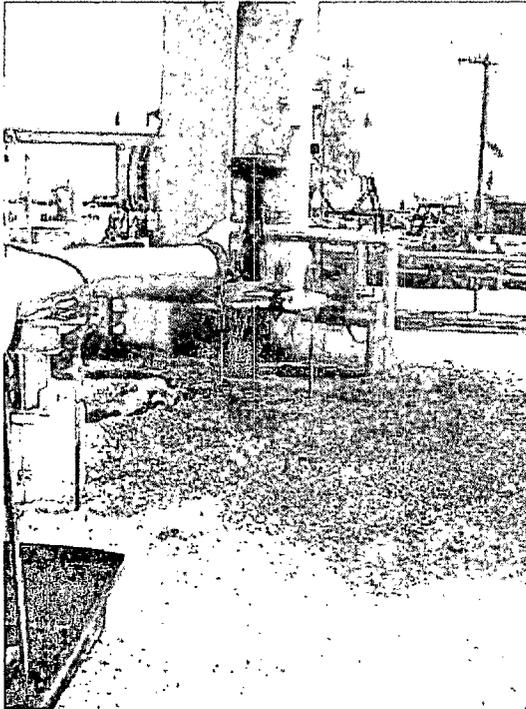
OCD Rambo Photo 14



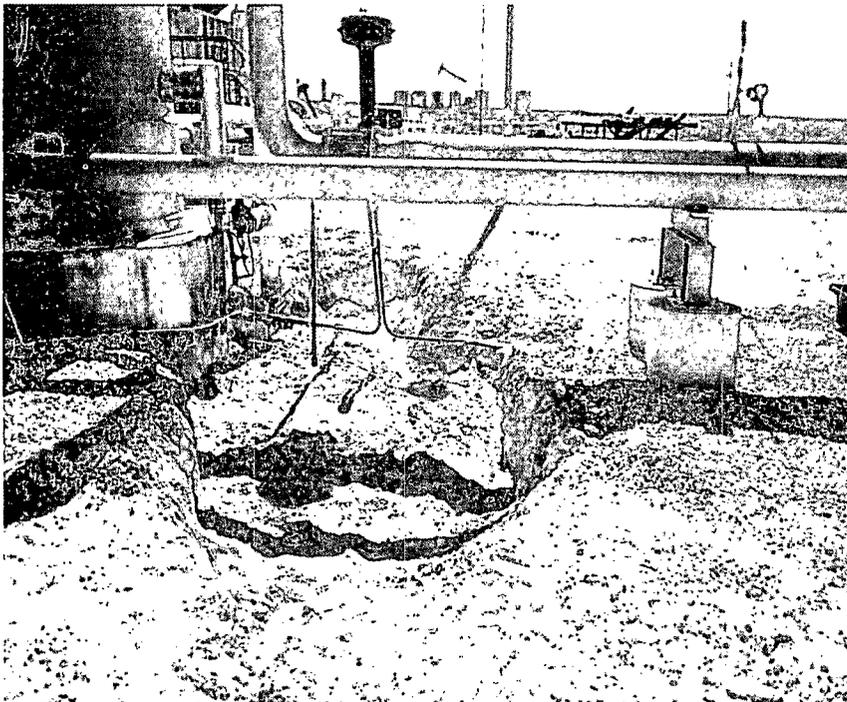
Rambo
Stackpile Sample
R-BH-3

8) Discharge to the ground of “black stuff near the H₂S treater”.

DCP Response: The equipment referred to is actually a scrubber. Soil and gravel around the scrubber have been removed. DCP is currently waiting confirmation sample results and will update OCD after the results are received and evaluated.



OCD Photo 26



DCP Rambo Photo 3 taken 10/22/08



Indian Hill Gas Plant (Discharge Permit GW-042; Permit Expired 4/6/02)

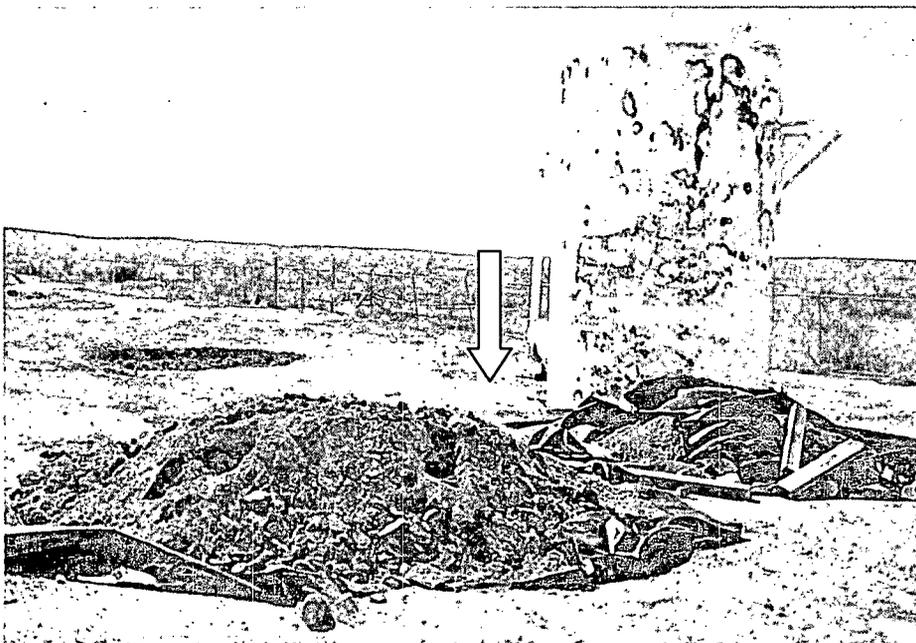
The Indian Hills Gas Plant was dismantled prior to ownership by DCP and its predecessor companies. Only a meter facility, an active gas pipeline, and pig launcher currently exist at the site. OCD was notified of the facility status on 12/10/01 and requested a closure plan, prior to the 8/16/08 site inspection. After the inspection, OCD provided the following statement: "At the time of inspection the site was not viewed to be closed due to the findings." The two OCD findings were: 1) "Significant equipment remains on site, i.e., tanks and underground piping. Removal needed"; and 2) "One area of small surface contamination was noticed from an unused AST that should be cleaned up".

DCP Response: During the course of discussions with DCP Operations, it has been determined the tanks will be removed; however, the pig launcher will be reconfigured into a pig receiver with a potential to release fluids to the soil. Therefore, DCP will submit a discharge permit renewal application for this facility.

DCP has removed the contaminated soil near the base of the AST (OCD Indian Hills Photo 1). An additional area of stained soil was also removed. Please see DCP photo 1. When the tanks are removed, any stained soil beneath the tanks will be sampled to determine if there is any hydrocarbon contamination above OCD cleanup levels. Soils with hydrocarbon contamination higher than OCD cleanup levels will be removed. Additionally, DCP is in the process of removing the debris from the fence, noted in OCD Indian Hills Photo 7.



OCD Indian Hills Photo 1



DCP Indian Hills Photo 1 taken 10/22/08. Arrow indicates where stained soil was removed at the base of the tank.



OCD Indian Hills Photo 7

Hobbs Gas Plant (Discharge Permit GW-044; Permit Expired 12/27/2007)

A discharge permit renewal application was approved by OCD on 3/7/2008; however, DCP contacted the OCD at that time to inform OCD that the facility was closed and that we chose to withdraw the permit renewal.

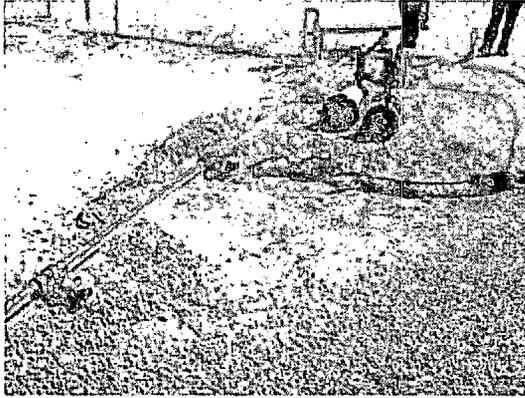
During the 8/26/08 inspection, the OCD inspector noted that: 1) Several remaining concrete skids/slabs "need to be removed"; 2) Several underground conduits need to be removed; 3) Wastes on site are located directly on the ground; and 4) The facility has a ground water monitoring program with further investigation and/or corrective action pending.

DCP Response: After the OCD site inspection and communication with OCD, DCP has committed to renew the facility discharge permit because the active groundwater remediation system precludes closure. In recent communication, OCD has inquired if DCP is "going to remove all the concrete slabs and the solid waste on this site." The intent was to remove the slabs after remediation was completed. DCP will power-wash the concrete slabs and remove the on-site wastes and fluids noted during the OCD inspection. DCP will update OCD when this effort is completed.

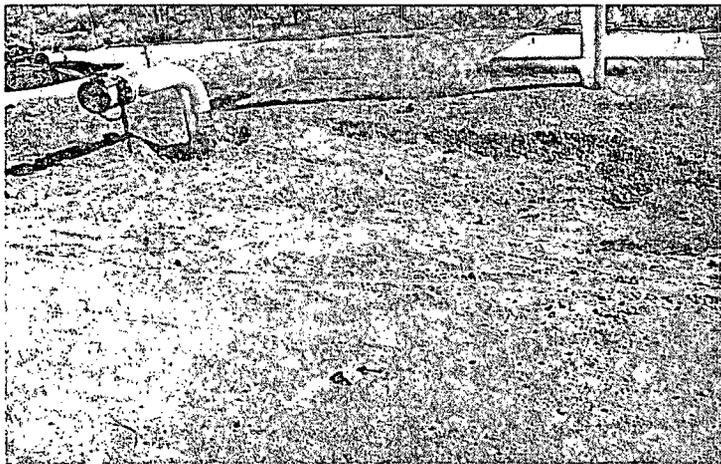
Pardue Booster Station (Discharge Permit GW-288, Permit Expired 3/7/08)

A permit renewal application was approved by OCD but DCP then chose to close the facility instead and terminate the permit renewal process. Prior to the 8/26/08 site inspection, OCD anticipated that DCP would submit a closure plan. OCD inspected this facility as part of its determination of eligibility of closure. During the inspection, the inspector noted: 1) Some equipment remains on site that needs to be removed; and 2) One small area of surface contamination needs to be cleaned up. DCP committed to renew the discharge permit. OCD has inquired if DCP intends to reactivate this site in the future.

DCP Response: DCP has determined that the facility could be reactivated and therefore chooses to retain the equipment on site. DCP has removed the area of surface contamination (see DCP Pardue Photo 1 below) and is currently awaiting analytical results from confirmation sampling. DCP will update OCD when the analytical data is received and evaluated and wants to complete the discharge permit renewal process for this facility.



OCD Pardue Photo 6



DCP Pardue Photo 1 taken 10/22/08

Jackson Booster Station (No existing discharge permit for this facility)

OCD inspected this facility due to a release that occurred on 5/23/08, when two ASTs overflowed. The spill was not contained within the secondary containment. A prior release, also from the same ASTs, occurred on June 25, 2007 and was reported to OCD. The first release consisted of lube oil and antifreeze from three engine compressors and condensate was released during both incidents. The inspector noted that the area around the below-grade tank had a discharge to the ground. The below-grade tank "could not be inspected" because a nut could not be removed to view "the leak detection access point". He further stated that the "facility workers did not know how to inspect such systems."

DCP Response: DCP is addressing items noted during the OCD inspection and after completion of all corrective actions DCP expects to submit a completed final C-141 by 1/15/09 for the Jackson Booster Station. The inspector recommended that this facility apply for a discharge permit. DCP is about to commence preparation of a discharge permit application for the Jackson Booster Station. We will inform OCD when the application is ready for submittal.

To minimize the possibility of a future overflow from the tanks, new gauges have been ordered to replace the malfunctioning gauges that contributed to the overflows. To minimize release of fluids from the secondary containment, the screw holes will be sealed with silicone. Contaminated soil excavation was in progress at the time of the inspection on the north and east sides of the secondary containment. However, other soil contamination was evident in the area of the secondary containment. DCP is in the process of addressing the remaining soil contamination in the area of the secondary containment.



Regarding issues associated with the below-grade tank: knowledgeable DCP staff personnel are reviewing existing company policies and procedures, including best management practices, with the operations personnel responsible for this facility. Contaminated soil and gravel around the BGT will be excavated along with the excavation of the remaining stained soil adjacent to the ASTs. A consultant will conduct confirmation sampling after the areas of contamination have been addressed.

Please contact me if you have any questions concerning this information.

Thank you,
Diane E. Kocis
Sr. Environmental Specialist
DCP Midstream
(303) 605-2176



cc: John Admire
Jon Bebbington
Johnnie Bradford
Joshua Epel
Kelly Jamerson
Greg Kardos
Johnnie Lamb
Ruth Lang
Ronny Trammel
Stephen Weathers

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, October 22, 2008 1:40 PM
To: Kocis, Diane E
Cc: 'Lang, Ruth M'; Price, Wayne, EMNRD
Subject: Status of DCP facilities: Pardue Booster Station, Indian Hills Booster Station, former Avalon Gas Plant, Jackson Booster Station and Hobbs Booster Station

Diane:

Good afternoon. I am in receipt of your msg. below. Thank you. The procedure to empty product tanks that reach 50% seems prudent; however, may want to pursue automatic tank shut-off mechanisms on its product tanks to prevent overflows from occurring in the future. There is no guarantee that an employee of DCP will physically be present when tanks overflow at times. I know that the OCD had developed draft permits and sent DCP the following final discharge permits:

- 1) **DCP MIDSTREAM LP (1/24/08) Hobbs Booster Compressor Station (GW-044) Draft Permit, Public Notice, Administrative Completeness;** and
- 2) **DCP MIDSTREAM LP (1/24/08) Pardue Compressor Station (GW-288) Draft Permit, Public Notice, Administrative Completeness**

Please refer to the table below, which may help DCP to track submittals to the OCD. The OCD is concerned about GW-42 below as it is unclear when either path will trigger action by DCP? DCP needs to propose a date certain to approved by the OCD, which will determine when either action will be implemented.

DCP Midstream LP Facility Status Table:

24*	DCP MIDSTREAM, LP	Former Avalon	GP	Closure Plan	A		Chavez	DCP will submit a discharge permit closure plan and conduct cleanup of the areas identified during the site inspection.
42*	DCP MIDSTREAM, LP	Indian Hills Booster Station	GP	Stage 2 9/17/2008 CC	A		Chavez	Currently under OCD DP renewal review. If the tanks are sold, the remaining surface equipment will be removed and DCP will submit a facility closure plan. If the tanks cannot be sold, DCP will renew the discharge permit. In either case, DCP will remove and dispose of the soil associated with the "one area of surface contamination" identified by Leonard Lowe.
44*	DCP MIDSTREAM, LP	Hobbs Booster Station	CS	Stage 4. 3/12/2008.CC	A	12/23/2007	Chavez	Recently requested closure after achieving Stage 4. GW Monitoring in progress and can't close. DCP will submit signed DP with final fee.
144*	DCP MIDSTREAM, LP	Duke North (Westall)	CS	Stage 1. 1/31/2008 CC	A	08/19/2008	Chavez	OCD is awaiting application renewal w/ filing fee of \$100.
150	DCP MIDSTREAM, LP	Pure Gold 28 CS	CS	Stage 2 9/17/2008 CC	A	11/22/2008	Chavez	Currently under OCD review for DP renewal.
280	DCP MIDSTREAM, LP	Dike Carlsbad	CS	Stage 5. 10/08/2008 CC	A	06/10/2012	Chavez	Facility updated in OCD system. No further action needed.
288*	DCP MIDSTREAM, LP	Pardue CS	CS	Stage 4. 3/12/2008 CC	A	11/24/2007	Chavez	Recently requested closure after achieving Stage 4. DCP will submit signed DP w/ final fee.
n/a*	DCP MIDSTREAM, LP	Jackson Booster Station	CS	C-141 CA	A		Chavez	DCP will submit a new (final) C-141 next week after a review of the report prepared by the consultants who managed cleanup of the area identified in the C-141 regarding a release that occurred on May 23, 2008.

* Awaiting submittal from DCP Midstream LP

Please contact me to discuss. 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")

10/22/2008

From: Kocis, Diane E [mailto:DEKocis@dcpmidstream.com]

Sent: Tuesday, October 21, 2008 6:08 PM

To: Chavez, Carl J, EMNRD

Cc: Lang, Ruth M; Bebbington, Jon D; Bradford, Johnnie; Lamb, Johnny F

Subject: Status of DCP facilities: Pardue Booster Station, Indian Hills Booster Station, former Avalon Gas Plant, Jackson Booster Station and Hobbs Booster Station

Mr. Chavez,

The email message below was returned to me last Friday, with an error stating that your mailbox was full so I am resending it. Please let me know if you have any questions or comments.

Thank you,

Diane E. Kocis

Sr. Environmental Specialist

DCP Midstream

303.605.2176 direct line

720.236.2285 cell

DEKocis@dcpmidstream.com

Mr Chavez,

This email is to provide you with an update of DCPs actions concerning the subject facilities. A DCP contractor began the cleanup of contaminated soil for the Pardue and Indian Hills facilities today (10-17-08). Cleanup of contaminated areas identified by Mr. Leonard Lowe during the August 26, 2008, inspections at the former Avalon Gas Plant facility and the Jackson Booster Station will begin on Thursday, October 23, 2008 (although cleanup has already been performed at Jackson as part of our response to the release of 05-23-08). Additionally, DCP has instituted a procedure to empty the product storage tanks at the 50% fill level.

- 1) **Pardue Booster Station (GW-288):** DCP will renew the discharge permit (at the least expensive permit level because this facility is currently inactive) and remove and dispose of the soil associated with the "one small area" of contamination identified by Leonard Lowe.
- 2) **Former Avalon Gas Plant (GW-024):** DCP will submit a discharge permit closure plan and conduct cleanup of the areas identified during the site inspection.
- 3) **Indian Hills Booster Station (GW-042):** DCP is currently negotiating the sale of the facility tanks. If the tanks are sold, the remaining surface equipment will be removed and DCP will submit a facility closure plan. If the tanks cannot be sold, DCP will renew the discharge permit. In either case, DCP will remove and dispose of the soil associated with the "one area of surface contamination" identified by Leonard Lowe.
- 4) **Jackson Booster Station:** DCP will submit a new (final) C-141 next week after a review of the report prepared by the consultants who managed cleanup of the area identified in the C-141 regarding a release that occurred on May 23, 2008.
- 5) **Hobbs Booster Station (GW-044):** DCP will renew the facility discharge permit. On-going remediation at the site precludes a facility closure plan. Per your email of 10/06/08, DCP will submit a signed discharge permit renewal.

DCP will provide OCD with photo-documentation of the cleanup activities. Please contact me if you have any questions or comments concerning this information.

Thank you,

Diane E. Kocis

Sr. Environmental Specialist

DCP Midstream

303.605.2176 direct line

720.236.2285 cell

DEKocis@dcpmidstream.com

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10/22/2008

Chavez, Carl J, EMNRD

From: Lang, Ruth M [RMLang@dcpmidstream.com]
Sent: Tuesday, October 07, 2008 5:48 PM
To: Chavez, Carl J, EMNRD
Cc: Price, Wayne, EMNRD; Kocis, Diane E
Subject: RE: DCP Midstream LP Status of DPs (GWs 44, 144, 150, 280 & 288)
Attachments: Discharge Permit GW-280_061307 (2).pdf

Mr. Chavez:

Thank you for your informative emails, below is our initial response to answer your questions. Diane Kocis has joined our company and is now the contact for permitting communications for DCP Midstream facilities in New Mexico (replacing Liz Klein). Diane's contact information is:

- 1 Diane Kocis
Dekocis@dcpmidstream.com
303-605-2176 office
DCP Midstream, LP
370 17th Street, Suite 2500
Denver, CO 80202

Now that Diane has had a chance to get up to speed with our facilities, we should be able to respond to your permitting questions in a timelier manner. I may be involved from time to time, but please direct future emails to Diane.

Thank you,
Ruth M. Lang, P.G.
DCP Midstream LP

The following is to address your emails dated 10-6-08 and 10-2-08, respectively:

GW-280: NEC aka Northeast Carlsbad Compressor Station: Attached is the signed discharge permit for the GW-280 for your files. The original signature was submitted to OCD on July 13, 2007 and a copy on January 23, 2008.

GW-288: Pardue Compressor Station: DCP is currently evaluating options to arrive at a decision to close the facility or to renew the discharge permit. We will notify you next week regarding our decision.

GW-44: Hobbs Booster Station: DCP acknowledges that this facility cannot be closed due to the active and on-going groundwater monitoring. DCP will submit signed discharge permit renewal by the end of the month. Please let us know if you need anything else from DCP to complete this renewal.

GW-144: North Compressor Station: DCP is currently preparing the discharge permit renewal application and plan to submit it within the next 30 days.

GW-24: Avalon Gas Plant/Rambo Compressor Station: DCP wants to close the discharge permit for the gas plant and will submit a closure plan.

Jackson Booster Station: DCP expects a corrective action report from consultants in the next several days; DCP received verbal approval from the OCD Artesia office - confirmation sample results showed that the site criteria levels were achieved. Upon receipt of the consultant's corrective action report, DCP will file a final C-141.

Please contact Diane Kocis if you wish to discuss these items further or if you require any additional information. Diane will update you when we reach a decision on Pardue CS and when we are ready to submit the discharge permit renewals or signature for North CS and Hobbs BS, respectfully. We expect to submit the final C-141 and corrective action report for Jackson BS sometime next week and will notify you if we anticipate a delay after we review the consultant's report.

10/8/2008

Respectfully,
Diane Kocis
DCP Midstream LP
Senior Environmental Specialist
Environmental Protection
303-605-2176 direct office

and

Ruth M. Lang, P.G.
DCP Midstream LP
Manager of Water/Waste/Remediation Programs
Environmental Protection
303-605-1713 direct office
303-605-1957 fax

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Monday, October 06, 2008 12:18 PM
To: Lang, Ruth M
Cc: Price, Wayne, EMNRD
Subject: DCP Midstream LP Status of DPs (GWs 44, 144, 150, 280 & 288)

Ms. Lang:

Good afternoon. Please find attached (Microsoft Excel) the status of DCP Midstream LP's OCD Discharge Permits.

As you will notice, the OCD is awaiting 3 signed discharge permits (GWs 44, 280 & 288), of which GW-44 is pending closure w/ OCD conditions. If DCP can address the GW-44 closure conditions, then this facility may be closed. If not, the OCD needs a signed DP from DCP Midstream LP.

GW-144 requires a discharge plan application renewal w/ filing fee.

I am currently processing the GW-150 application renewal.

Please contact me to discuss. 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/oed/index.htm>
(Pollution Prevention Guidance is under "Publications")

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10/8/2008

message. -- This email has been scanned by the Sybari - Antigen Email System.

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, October 02, 2008 4:54 PM
To: 'Lang, Ruth M'; Lowe, Leonard, EMNRD
Cc: Kocis, Diane E; Price, Wayne, EMNRD
Subject: RE: DCP Midstream LP. Closure & Other Facility Inspections Follow-up
Attachments: GW-024 Rambo CS Inspection Photos 8-2008.pdf; GW-042 Indian Hills Inspection Photos.pdf; GW-044 Hobbs Booster inspection photos.pdf; GW-288 Pardue CS Inspection Photos.pdf; Jackson CS inspection photos.pdf

Ms. Lang:

Please find below the DCP facilities that were inspected in August of 2008. Below each facility I inserted a section on "OCD Status" (from prior OCD correspondence from Mr. Chavez), "DCP Status" (from prior DCP Midstream correspondence from Ms. Klein), and "OCD Inspector Lowe's Comments" from the inspections.

The OCD feels that some of the facilities listed below may be closed with the condition that inspection items are adequately addressed, final site cleanup activities are documented, and a final closure report is submitted to Carl Chavez for final site closure approval. Any facility under a monitoring program and/or ground water abatement process with the OCD cannot be closed.

Finally, the Jackson CS requires at a minimum significant corrective action that includes the inspection items listed by Mr. Lowe (see Jackson CS inspection write-up below). The OCD has yet to receive the final C-141 that outlines corrective actions taken to address the initial C-141 submitted, which precipitated the OCD's follow-up of the initial reported release. However, there appears to have been several tank overflow releases that were not reported that need to be addressed. The OCD would consider and may approve in lieu of a discharge permit application or compliance and enforcement case against DCP Midstream LP, a final C-141 form submittal (within 6 months of the date of this e-mail), which must include all corrective actions taken to restore the facility back to its original condition (see disclaimer below). There may be other options that DCP Midstream LP may wish to propose to the OCD? DCP Midstream LP needs to initiate communication with the OCD about any other options soon.

GW-24 Avalon Gas Plant

OCD Status: Rambo CS. (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.

DCP Status: 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.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

Closure inspection recommendations: DCP Midstream wants to close the Avalon gas plant. This site also has the Rambo compressor station. There are no remaining items left from the gas plant other than the flare stack. Flare stack needs to be removed. There were references to a few pits pertaining to the plant but were all closed up. I could not see any remnants of any pits or ponds on site. The entire area where the plant used to be is being used as a welding area for tubing/piping. I could not verify any soil contamination verification due to working in process at the time. I think they did not want to permit this facility again because they have closed the plant. I do not think

10/3/2008

they intended to permit the compressor station. I did inspect the Rambo compressor station.

Concerns: Two AST's had overflowed. The secondary containment still had residual contamination. A dead bird was noted in the secondary containment area. Improper storage of tanks. Questionable storage of used oil. Container for filter area was triple contained but still had discharge on the ground. Debris appears to be on site for longer than 180 days. Ground contamination around engines. Appears to have a crack in the cement containment around engine. Below ground tank has overflowed and contaminated the ground and left unattended. Standing fluids were observed in several secondary containment areas. Discharge on to the ground of black stuff near H2S treater.

Recommend they permit the compressor station. It looked pretty bad. At the time of inspection, the site is not ready to be closed due to the above and the flare stack remaining on site..

GW-42 Indian Hills Gas Plant (last permit 6/18/1997 Stage 1)

OCD Status: Indian Hills Gas Plant (GW-42): OCO 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.

DCP Status: 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.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

Closure inspection recommendations:

1. Significant equipment remains on site, i.e., tanks and underground piping. Removal needed.
2. One area of small surface contamination was noticed from an unused AST that should be cleaned up.

At the time of inspection the site was not viewed to be closed due to the findings.

GW-44 Hobbs Booster Station (OCD has processed the DP 3/7/2008 Stage 4, but DCP appears to want to close it instead?)

OCD Status: 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.

DCP Status:

Discharge Plan GW-044: Summary of First Quarter 2008 Groundwater Monitoring Results and Additional Site Characterization Activities at the Hobbs Booster Station: Hobbs, New Mexico
Units C and D Section 4, T 19 S, R 38 E, NMPM

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

At the time of inspection, this facility was far from being closed due to the following:

- 1) Several remaining concrete skids/slabs that need to be removed. Several underground conduits need to be removed;
- 2) Waste on site are located directly on the ground, and
- 3) The facility is under a ground water monitoring program with further investigation and/or corrective action pending.

10/3/2008

All items stated above need to be removed and a facility under permit and ground water monitoring cannot be closed by the OCD..

GW-288 Pardue Compressor Station (OCD has process the DP 3/7/2008 Stage 4, but DCP appears to want to close it instead?)

OCD Status: Pardue CS. (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 Status: Pardue CS. (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.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

At the time of inspection, this facility cannot be closed due to the following:

Closure inspection recommendations:

1. Some equipment remains on site that needs to be removed.
- 2 One small area of surface contamination was noticed and needs to be cleaned up.

At the time of inspection the site was not viewed to be closed due to the above findings.

Jackson CS Inspection:

OCD Status: Inspected due to a release on site and C-141 submittal as follow-up.

DCP Status: This facility does not have a permit.

OCD Inspector Lowe Comments (see inspection attachments w/ photos):

Two above-ground storage tanks (AST's) had overflowed and discharged from the secondary containment area on to the ground. Excavation was in progress at the time of inspection

Concern: Below grade tank (BGT) could not be inspected due to the leak detection access point (nut) that could not be removed. Facility workers did not know how to inspect such systems.
The BGT overflowed.

Recommend that this facility apply for a permit.

The OCD would appreciate your responses for each facility listed above within 10 working days of receipt of this message. Thank you for coordinating the inspections. Please contact me if you have questions or we need to communicate on each site together. Thank you.

Please be advised that NMOCD approval of any plan or corrective action does not relieve DCP Midstream LP of responsibility should their operations fail to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve DCP Midstream LP of responsibility for compliance with any other federal, state, or local laws and/or regulations.

10/3/2008

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: Lang, Ruth M [mailto:RMLang@dcpmidstream.com]
Sent: Tuesday, August 05, 2008 3:58 PM
To: Lowe, Leonard, EMNRD
Cc: Kocis, Diane E; Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Mr. Lowe,
I am sorry for not getting back to you sooner; I had been waiting on some information from our folks in Carlsbad.

The proposed date is fine and I am planning on meeting you on August 26th and I am keeping August 27th open if needed. I propose that we meet on August 26th at 8:00 am at DCP's Carlsbad office, which is located at:
2010 East Orchard Lane
Carlsbad, NM 88220
Carlsbad Office Phone 505-234-6400
(See attachment for map)

Diane Kocis will accompany me. She is taking over supporting our New Mexico operations from Liz Klein, who was recently promoted to manager of another group at DCP.

I will have maps and driving directions to each of the sites and when we meet we can determine in which order you would like to see them. My contact information is provided below. I am looking forward to August 26th and please contact me if you have any additional questions.

Respectfully,
Ruth Lang, P.G.
DCP Midstream, LP
Manager of Water Waste and Remediation Programs
303-605-1713 (direct office)
303-619-4995 (cell)
303-605-1957 (fax)

rmlang@dcpmidstream.com

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Tuesday, August 05, 2008 2:18 PM
To: Lang, Ruth M
Cc: Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Ruth,

I have not heard from you to confirm the below stated dates for these closure inspections. Please let me know if they work with you or not. When and where shall I meet you?

10/3/2008

Leonard Lowe

Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>

From: Lowe, Leonard, EMNRD
Sent: Tuesday, July 29, 2008 7:59 AM
To: 'Lang, Ruth M'
Cc: Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Ruth,

Let's plan for an August 26th time frame and maybe August 27th if we don't finish in one day.

I'm going to assume these inspections will be brief being that they are closure inspections. It all depends on what I see out there.

Where is your office located? Where shall I meet you? What time?

Leonard Lowe

Environmental Engineer
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From: Lang, Ruth M [<mailto:RMLang@dcpmidstream.com>]
Sent: Monday, July 28, 2008 7:59 PM
To: Lowe, Leonard, EMNRD
Cc: Chavez, Carl J, EMNRD
Subject: RE: DCP Midstream LP. Closure Inspection

Mr. Lowe,

I am sorry I was in a meeting when you called today. I am available for these inspections on August 19, 20, 21, 26, 27, or 28th. I hope one of these dates will be convenient for you. How long do you think you will need to spend at each site? I would like to put together a preliminary schedule and route to reach these four locations.

For your lodging arrangements - 3 of the facilities are within 10-15 miles of Carlsbad and last facility is in the Hobbs area.

Thank you,

Ruth M. Lang, P.G.

DCP Mfidstream, LP

Manager of Water Waste and Remediation
EHS - Environmental Protection Department
303-605-1713 office
303-619-4995 cell
303-605-1957 fax

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Monday, July 28, 2008 11:58 AM
To: Lang, Ruth M
Cc: Chavez, Carl J, EMNRD
Subject: DCP Midstream LP. Closure Inspection

Ms. Ruth Lang,

Good morning.

When are you able to perform these inspections of these 'closing' facilities? Let me know what dates you have planned and will reply to those dates.

Are these locations closer to Hobbs, Carlsbad or Artesia? This will aid me in planning my lodging.

I will be in the office the rest of today, Monday July 28th and will be here Tuesday morning, July 29th. I will be out of the office the rest of the week to return late Friday afternoon, August 1st.

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OCD Inspection: DCM Midstream Purdue C.S., GW - 288

Inspector(s): Leonard Lowe

Company Rep: Ruth Lang, Diane Kocis, Robert St. John

Date: 08.26.08

Time: 9:35 - 10:00

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Photo 1: Remaining equipment.



Photo 2: Out of service AST.

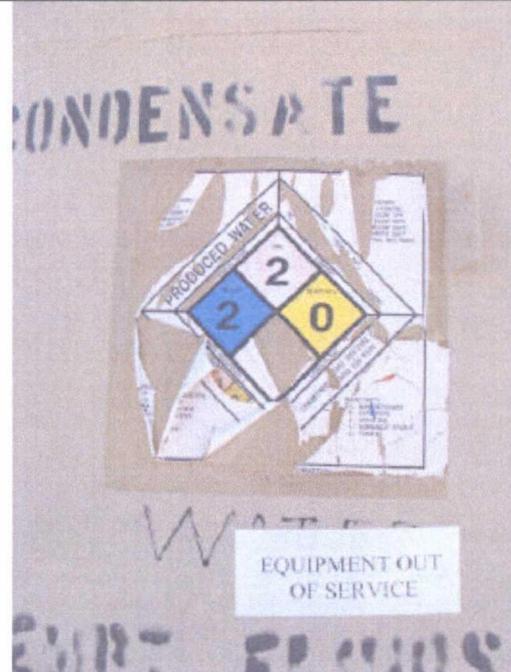


Photo 3: Labeled AST.



Photo 4: Remaining concrete slabs with exposed conduits.



Photo 5: Remaining underground conduits.

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Photo 6: Contaminated soil near compressor skid.



Photo 8: Out of service equipment.



Photo 7: Contaminated soil.