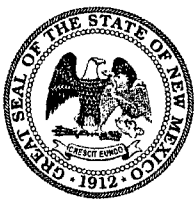


HIP - 101

**PERMITS,
RENEWALS, &
MODS**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 27, 2006

Mr. Larry Loveless
Northern Natural Gas Company
700 S. Fillmore, Suite 330
Amarillo, TX 79101

Re: Hydrostatic Test Water Discharge HIP-0101
Northern Natural Gas Co. Pipeline # NMM10101 26" B-Line
Lea County, New Mexico

Dear Mr. Loveless:

The New Mexico Oil Conservation Division (NMOCD) has received Northern Natural Gas Company's (Northern) request, dated March 8, 2006, for authorization to discharge approximately 21,000 gallons of wastewater from the hydrostatic test of approximately 400 feet of used pipeline in Lea County, New Mexico.

Based on the information provided in the request, the hydrostatic test water discharge is hereby approved with the following understandings and conditions:

1. Northern plans to replace casing under railroad right of way and Highway 18 outside of Hobbs, NM.
2. Hydrostatic test water will be trucked from Hobbs, NM and the resulting effluent from the testing will be discharged at the POTW in Hobbs, NM.
3. The 400 feet of pipeline is located in sections 8 and 17 of Township 18 South, Range 38 East in Lea County, New Mexico.
4. Approximately 21,000 gallons of test water will be used and no chemicals will be added.
5. Any accidental spills will be reported to the NMOCD Hobbs office.

Pursuant to WQCC Regulation 3-106.B, this approval will allow Northern to discharge without an approved discharge plan for a period not to exceed 120 days. If the site is to be used for more than one test discharge, formal reapplication must be made. If the discharge exceeds 120 days, a formal discharge plan must be submitted for review.

This approval does not relieve Northern of responsibility should its operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Northern of responsibility for compliance with other federal, state or local regulations.

If there are any questions, please contact Ed Martin at (505) 476-3492 or ed.martin@state.nm.us.

Sincerely,

Wayne Price
Environmental Bureau Chief

Copy: NMOCD, Hobbs