HOLLAND&HART LLP

William F. Carr
wcarr@hollandhart.com

May 26, 2009

VIA HAND DELIVERY

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14332

RECEIVED
2009 MAY 26 PM 4 00

Re: Application of Enstor Grama Ridge Storage and Transportation, LLC for approval of a gas storage well, Grama Ridge Morrow Storage Unit, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is an original and one copy of the application of Enstor Grama Ridge Storage and Transportation, LLC in the above-referenced case (Oil Conservation Division Form C-108) as well as a copy of a legal advertisement. By copy of this letter, an additional copy of this Form C-108 is being transmitted to the Oil Conservation Division District Office in Hobbs.

Enstor requests that this matter be placed on the docket for the June 25, 2009 Examiner Hearings.

Very truly yours,

William F. Carr
Ocean Munds-Dry
Attorneys for Enstor Grama Ridge Storage and Transportation, LLC
Enclosures

cc: Oil Conservation Division
District I
1625 North French Drive
Hobbs, New Mexico 88240

C108 APPLICATION FOR AUTHORIZATION TO INJECT

Prepared for:

State Of New Mexico
Energy, Minerals And Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Prepared by:

ENSTOR
An Iberdrola Renewables Company

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Case 14332

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance _____Disposal ___X___Storage
Application qualifies for administrative approval? _____Yes _____No

II. OPERATOR: ENSTOR GRAMA RIDGE STORAGE AND TRANSPORTATION, LLC

ADDRESS: 20329 State Highway 249, Suite 400, Houston, Texas 77070

CONTACT PARTY: Daryl Gee PHONE: 1 (281) 379-7499

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary. *See Attachment III*

IV. Is this an expansion of an existing project? ___X___Yes _____No
If yes, give the Division order number authorizing the project: R-11611

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review. *See Attachment V*

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail. *See Attachment VI*

VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected; *N/A*
2. Whether the system is open or closed; *N/A*
3. Proposed average and maximum injection pressure; *See Attachment VII*
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, *N/A*
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.). *N/A*

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval. *See Attachment VIII*

IX. Describe the proposed stimulation program, if any. *N/A*

*X. Attach appropriate logging and test data on the well. *Well Logs are on file with OCD.*

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken. *Only one water well falls within the 1-mile radius from the proposed injection well. The chemical analysis of this well is attached (See Attachment XI).*

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Daryl W. Gee TITLE: Director, Land & Regulatory

SIGNATURE: _____ DATE: 5/22/09

E-MAIL ADDRESS: daryl.gee@enstorinc.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Attachment III

Grama Ridge Federal, 8817 JV-P, #1

Well Data

Section III

(1) API # 30-025-30686
Location: 660' FNL, 1980' FEL Sec. 9, T22S, R34E
Spudded: 10/14/1989
Completed: 12/27/1989

(2) Casing Record:

	Size (in)	Weight (lb/ft)	Grade	Connection	Depth Set (ft)	Hole Size (in)	Cementing Record	Top of Cement
	20"	Unknown	Unknown		Unknown			
	13-3/8"	54.5	K-55	STC & BTC	1,720'	17-1/2"	1,300 sacks	403 sacks to Surface
	9-5/8"	36.0	K-55	STC	5,000'	12-1/4"	2,025 sacks	414 sacks to Surface
	7"	26.0	N&L 80	LTC	11,700'	8-3/4"	1,100 sacks	6,550' Temp Log
Liner Record:	4-1/2"	13.5	N-80	LTC	11,468'-13,348'	6-1/8"	280 sacks	Drill cement to 11,468'
					Lindsey Model R liner hanger with 6' tie back sleeve @ 11,468' *			
(3) Post work over Tubing:	5"	18.0	P-110	SLX or equiv.	11,435'			
(4) Post work over Packer:	7" Baker FA or equiv.			SLX or equiv.	11,435'			

*Lindsey Model R liner hanger is specified in Sun Petroleum's 1989 drilling plan but there is no verification on daily drilling reports confirming actual model used.

III

(1) Injection Formation: Morrow Clastics

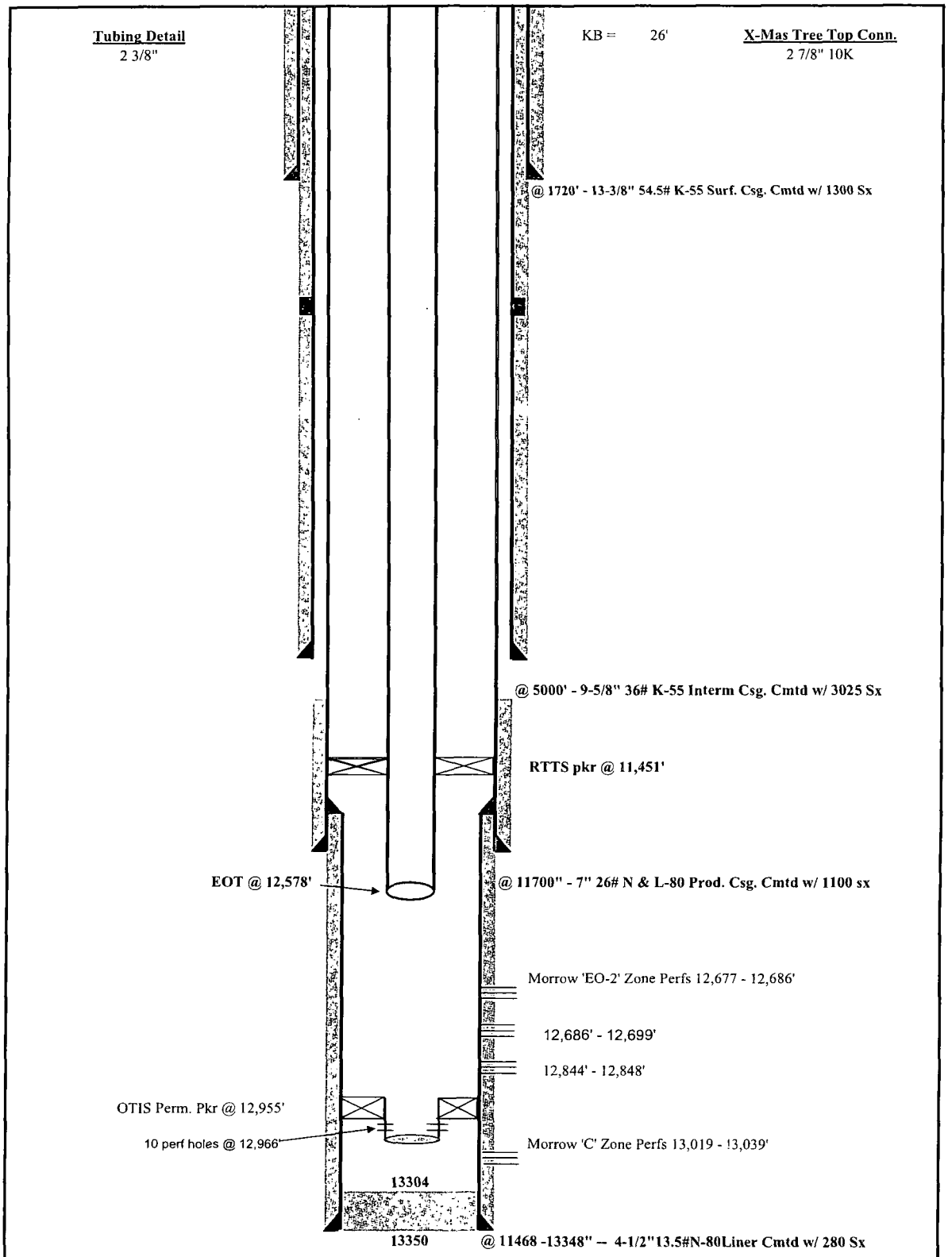
(2) Post work over Perforations: 12,844-48' Morrow "A"
13,019-39' Morrow "C"

(3) Well originally drilled for production of Natural Gas

(4) Other perforated intervals 12,677-99' Morrow Lime
To be squeeze cemented with 50 sacks cement

(5) Next higher oil or gas zone: 12,677-99' Morrow Lime
Next lower oil or gas zone: None known

Attachment III (cont'd)



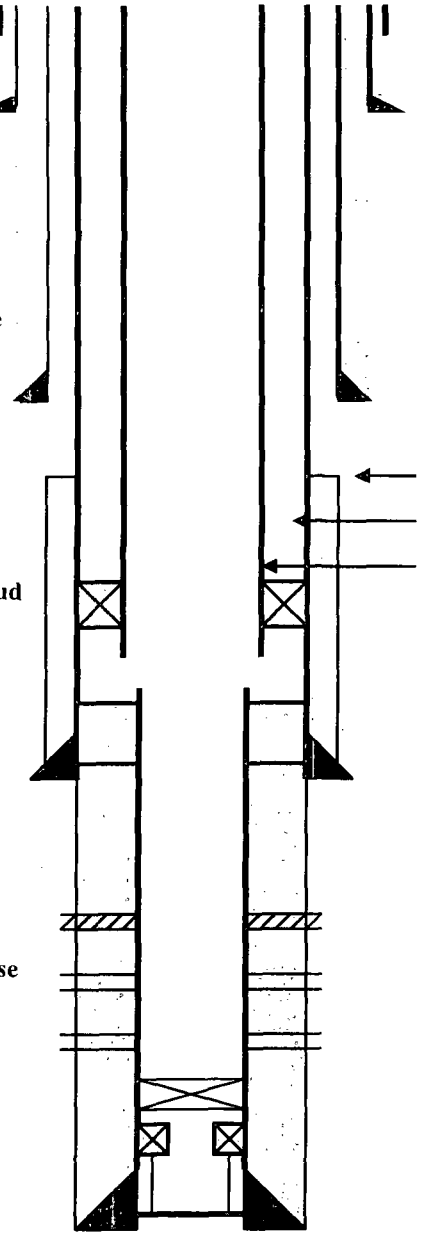
Revised	PRESENT COMPLETION	Drawn	TJW
	LEASE: 8817 Grama Ridge Fed. #1		11/28/2001
	FIELD: Grama Ridge Morrow		
	LOCATION: 660 FNL 1980 FEL Sec. 9 T22S R34E	Approved	
	COUNTY: Lea STATE: New Mexico		
	PRODUCING FORMATION: Morrow	Date	
	BTA Oil Producers		

Grama Ridge Federal, 8817 JV-P, #1

API # 30-025-30686

660' FNL, 1980' FEL Sec. 9, T22S, R34E

Following Conversion to Natural Gas Storage



17-1/2" Hole
10.0 # Mud

Anhydrite & Salt

12-1/4" Hole
10.0 # Brine Mud

8-3/4" hole
8.5# FW/Mud

6-1/8" Hole
11.6# Oil Base Mud

20" Conductor Casing @ Unknown depth

13-3/8", 54.5 ppf, K-55, STC & BTC Surface Casing @ 1,720', (existing) Cemented with 1300 sks (Cemented To Surface)

9-5/8", 36.0 ppf, K-55, STC Intermediate Casing @ 5,000' (existing) & Cemented with 2,025 sks using DV Tool @ +/- 4,000'. (Cemented To Surface)

T.O.C. @ 6,550' (Temp. Log)

8.8 # Inhibited KCl Water as annular fluid

5", 18.0 ppf, P-110, Hydril SLX or Equivalent Conn. Tubing anchored into Baker Oil Tools Model FA or equivalent Packer set @ 11,435' above liner hanger with 5.0" ID tie back sleeve (thought to be Lindsey Model R hanger and sleeve) @ 11,468'

7", 26.0, N&L-80, LTC Production Casing set at 11,700' Cemented with 1100 sks.

Morrow Limestone Squeezed perforations 12,677-99'

Morrow Sands Perforated 12,844-48', 13,019-39'

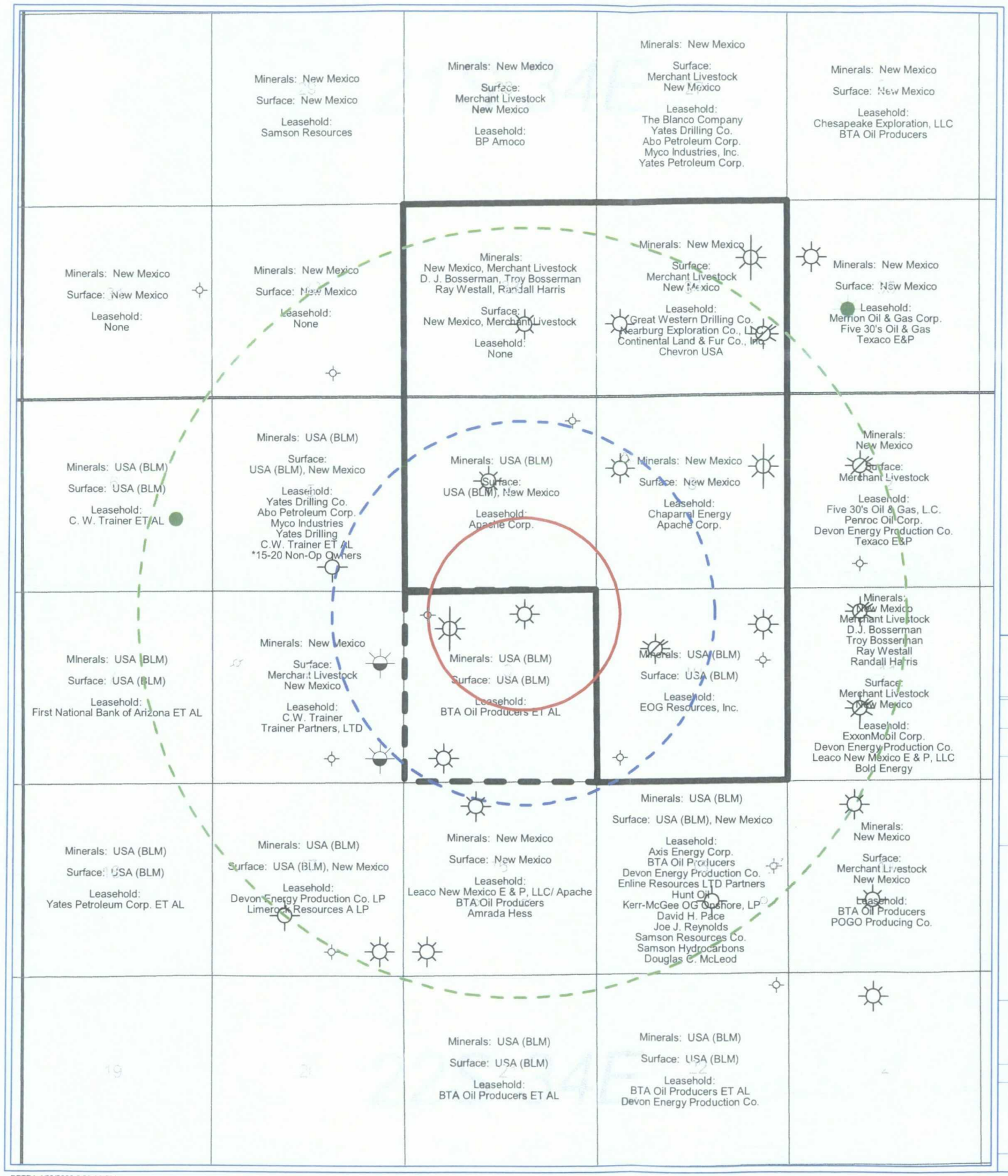
4-1/2" Otis Packer and tailpipe milled and pushed to bottom (Estimated top of packer ~13,270' if pushed to TD) with Cast Iron Bridge Plug set at 13,255'.

4-1/2", 13.5 ppf, N-80, LTC Liner 11,468'-13,348' Cemented into 7" Casing to Liner Hanger, 280 sks.

TD 13,350'

Spudded 10/14/89
Released Rig 12/6/89
Completed 12/27/89

Attachment V



ENSTOR

GRAMA RIDGE PROJECT

LEASES

OVERLAY
File: GRAMA RIDGE OVERLAY.OVL

GRMU BOUNDARY
TOWNSHIPS
SECTIONS
1/2-MILE RADIUS
1-MILE RADIUS
2-MILE RADIUS
LEASEHOLD XXXXX

WELL SYMBOLS
- Oil Well
- Gas Well
- Dry Hole
- Temporarily Abandoned
- Plugged & Abandoned Gas Well
- Oil & Gas Well
- Dry Hole, With Show of Gas
- Service Well
- Junked
- Abandoned Well

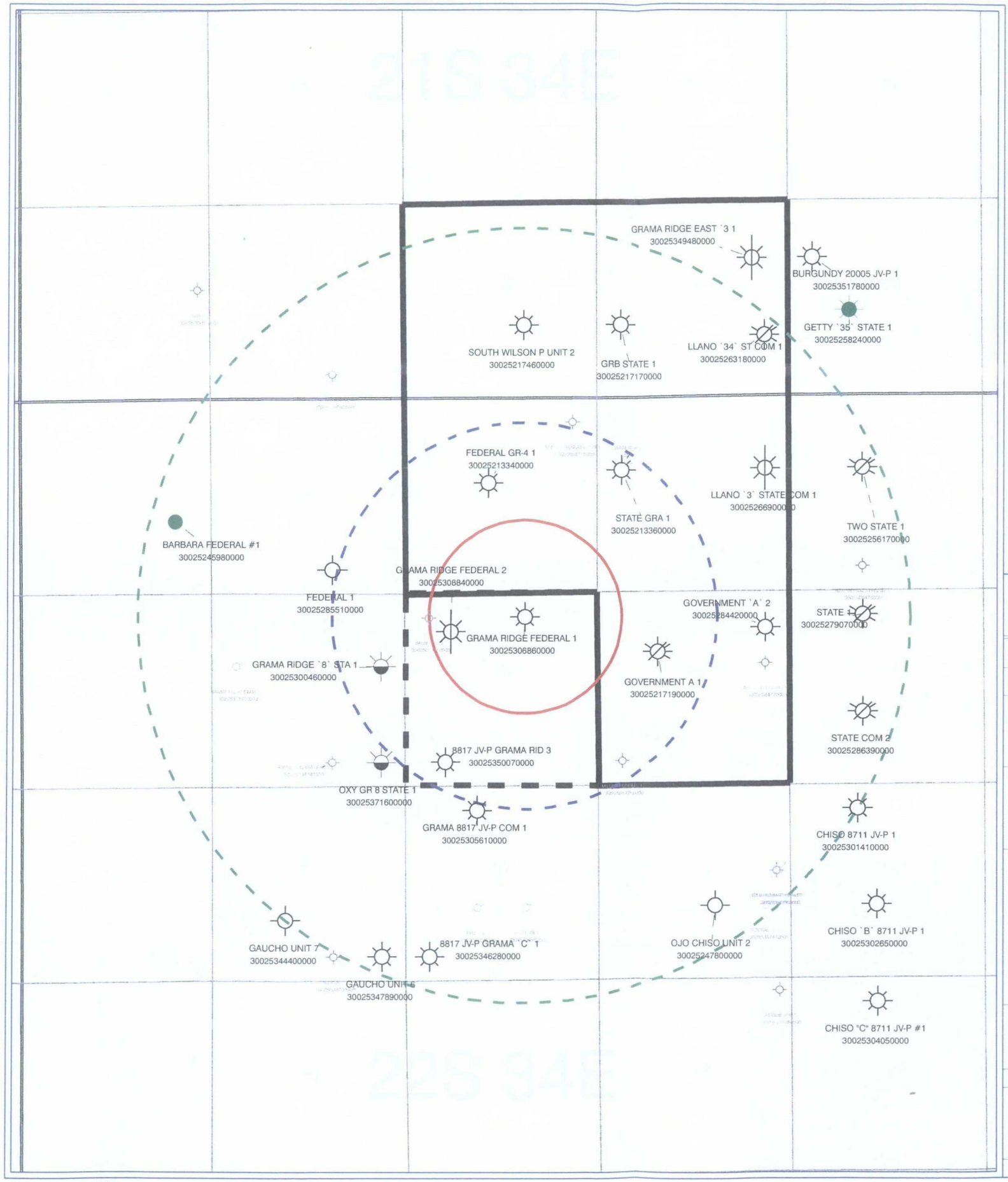
Red solid circle: 1/2-mile radius
Blue dashed circle: 1-mile radius
Green dashed circle: 2-mile radius

By: Vicki V. Devine

0 5,000
FEET

April 23, 2009

Attachment V (cont'd)



ENSTOR

GRAMA RIDGE PROJECT

WELLS

POSTED WELL DATA

Well Label
UWI

OVERLAY
File: GRAMA RIDGE OVERLAY.OVL

GRMU BOUNDARY
TOWNSHIPS
SECTIONS
1/2-MILE RADIUS
1-MILE RADIUS
2-MILE RADIUS

WELL SYMBOLS
- Oil Well
- Gas Well
- Dry Hole
- Temporarily Abandoned
- Plugged & Abandoned Gas Well
- Oil & Gas Well
- Dry Hole, With Show of Gas
- Service Well
- Junked
- Abandoned Well

Red solid circle: 1/2-mile radius
Blue dashed circle: 1-mile radius
Green dashed circle: 2-mile radius

By: Vicki V. Devine

0 5,000
FEET

April 21, 2009

PETRA 4/21/2009 5:14:16 PM

Attachment VI

Name	UWI/API	Type	Status	Location				Date	Activity	Depth	Record of Completion			
				Twn	Rng	Sec	Spot			TD	Top	Base	Type	Formation
Grama Ridge Federal, 8817 JV-P, #1	30-025-30686-0000	GAS	Active	22S	34E	9	NW NE	Oct-89	Spud date	13,350				
								Dec-89	Perforations - RFT measured Morrow "A" as depleted - No stimulation recorded in Morrow "C" - Morrow "C" at virgin pressure		13,019	13,039	Active	Morrow "C"
								Jun-95	Added perforations - Isolated from Morrow "C" with OTIS perm packer @12,955'		12,677	12,686	Active	Morrow Lime
								Jul-97	Added perforations to tailpipe in packer @12,955'		12,955	12,955	Active	Morrow "C"
								May-00	Added perforations/Co-mingled all zones		12,686	12,699	Active	Morrow Lime
											12,844	12,848	Active	Morrow "A"
Grama Ridge Federal, 8817 JV-P, #2	30-025-30884-0000	GAS	TA	22S	34E	9	NW NW	May-90	Spud date	13,375				
								Jul-90	Perforations		12,724	12,766	Active	Morrow Lime
											12,905	12,922	Active	Morrow "A"
								Oct-92	Added perforations		12,995	12,999	Active	Morrow "B"
											13,051	13,056	Active	Morrow "C"
								Sep-95	Work over and isolation - Morrow producing water - Isolated Morrow with CIBP @ 12,860' - Began production of Morrow Lime only		12,860	12,860	BP	above Morrow "A"
								Nov-02	Well Shut-in					
								Mar-06	Well TA - CIPG above Bone Spring		12,650	12,650		

Attachment VII

3. Proposed Average Injection Surface Pressure = 3850 psi
   Proposed Maximum Injection Surface Pressure = 5000 psi

Attachment VIII

Geological Summary

The Morrow Clastics in the Grama Ridge Storage Unit comprise four stratigraphic sequences, commonly referred to as Morrow 'A' through 'D'. Within the Unit sandstones can be developed in all zones, however porosity and permeability, and even the presence or absence of sand, vary widely between wells.

The sandstones in the Morrow at Grama Ridge were deposited during base-level rise into incised valleys cut into the marine Morrow shale during the previous sea level low-stand. Flooding of the valleys resulted in dip-oriented channel-fill sandstones, along with more strike-oriented deltaic and estuarine-marine sandstones. The sandstones are 10 to 30 feet thick, discontinuous, and less than one mile wide.

In the Grama Ridge Federal #1 (GR Fed #1) in NW NE Section 9-T22S-R34E, the gas storage interval includes the Morrow 'A' through the 'D' zones from 12,754 feet to 13,258 feet (see cross section in Attachment 8). Within the storage interval only the Morrow 'A' and Morrow 'C' are presently perforated (12,844-12,848; 13,019-13,039, respectively). The GR Fed #1 has no significant sand present in the Morrow 'B', and the Morrow 'D', while having about 14 feet of sand, appears to have only an average 3% porosity.

A summary of the target injection intervals in GR Fed #1 follows:

Morrow 'A':

- Depth: 12821-12865
- Zone thickness: 44.3 feet
- Lithology: three sandstone units 10-18 feet thick separated by shales
- Gross 'A' Sandstone: 10.5 feet (using a normalized GR cutoff of 50 API)
- Net 'A' Sandstone: 5 feet (Gross SS with >=6% Porosity)

Morrow 'C':

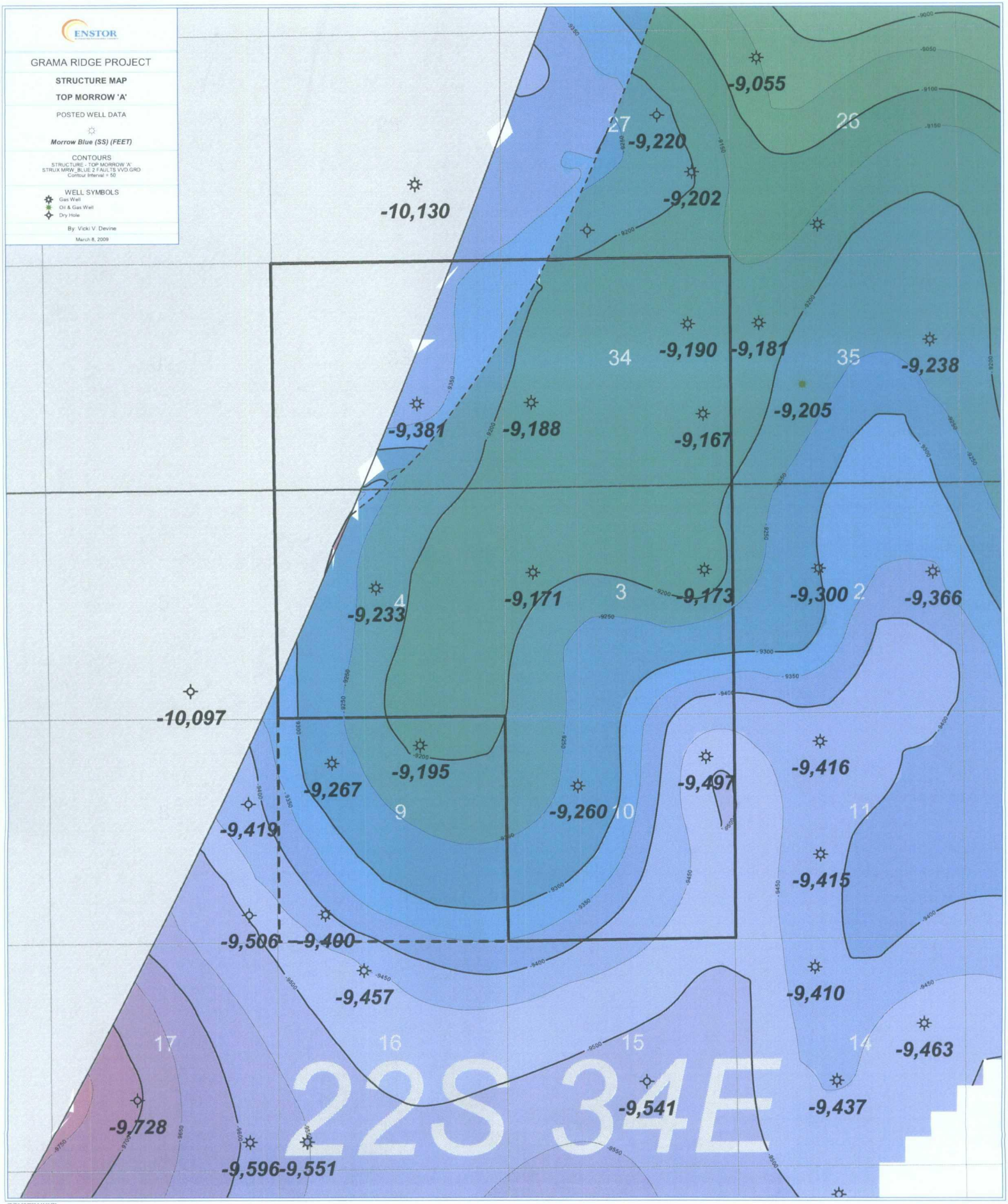
- Depth: 12975-13057
- Zone thickness: 82.6 feet
- Lithology: stacked sandstones with interbedded silts and shales; main sandstone is approximately 30 feet thick.
- Gross 'C' Sandstone: 36.75 feet (using a normalized GR cutoff of 50 API)
- Net 'C' Sandstone: 24.5 feet (Gross SS with >=6% Porosity)

The two (2) major groundwater aquifers found in the region of GR Fed #1 are the Ogallala Formation/Aquifer and the Capitan Aquifer. The Ogallala is the primary aquifer in the southern portions of Lea County. The Ogallala consists of sand, silt, clay, and gravel. It is approximately 250 feet thick, and thins toward the southern portion of the County where GR Fed #1 is located. The Ogallala Aquifer is used for municipal, domestic, livestock, irrigation, oil and gas production, and other commercial and industrial purposes. Groundwater in the Ogallala Aquifer generally is of good quality, usually suitable for potable purposes. It can occur under unconfined conditions at depths of 50 feet or less, but typical depths of water wells in the Ogallala are 100 to 500 feet below ground surface (bgs). Water supply well GR-1/WW-1 installed at the Grama Ridge compressor station in 2007 is assumed to be completed in the Ogallala. The boring was advanced to a total depth of 109 ft., and groundwater was encountered at a depth of 62 ft. Attached is a summary report of an analysis of groundwater sampled from the well after it was completed.

The Capitan Aquifer also is an important source of groundwater in the southern portion of Lea County. The Capitan consists of dolomite and limestone strata that are part of the Capitan Reef Complex. Water quality from the Capitan generally is very poor. However, it is used extensively for mining, oil and gas production, livestock watering, and some industrial and domestic purposes. The total depth of wells in the Capitan generally is 500 to 1,000 feet.

There are no known water sources underlying the Morrow Clastics at this location.

Attachment VIII (cont'd)



BTA #1

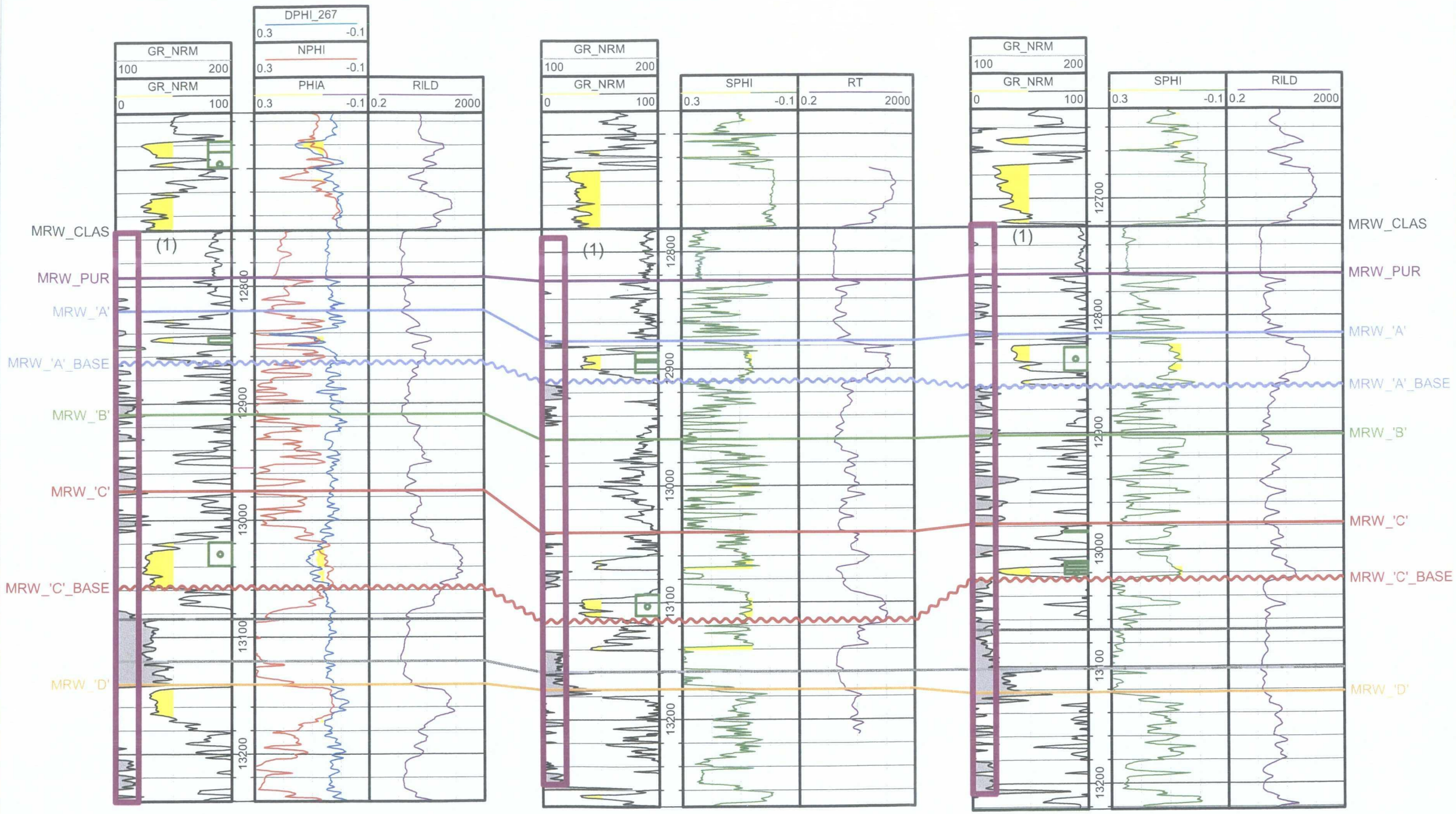
GRAMA RIDGE FEDERAL 1
22S 34E Sec 9 NW NE

GRU #4

FEDERAL GR-4 1
22S 34E Sec 4 SE NW

GRU #1

STATE GRA 1
22S 34E Sec 3 SW NW



PROD_ZONE : MRW 'C'
CUMGAS : 8,800,000 MCF
PROD_ZONE_2 : MRW LS & poss. 'C'
CUMGAS_2 : 2,100,000 MCF
PROD_ZONE_3 : MRW LS, 'A', & 'C'
CUMGAS_3 : 220,814 MCF

(1) Show: STORAGE INTERVAL 12754-13258

PROD_ZONE : MRW 'A' & 'C'
CUMGAS : 2,641,051 MCF

(1) Show: BLM STORAGE INTERVAL 12788-13255

PROD_ZONE : MRW 'A' & 'C'
CUMGAS : 6,997,911 MCF

(1) Show: NM STORAGE INTERVAL 12722-13208

HS=1005

PETRA 4/23/2009 8:11:57 AM (STORAGE INTERVALS CROSS SECTION.CSP)

ENSTOR
An Iberdrola Renewables Company

GRAMA RIDGE PROJECT

MORROW CLASTICS

STORAGE INTERVALS

MORROW LS TO MORROW 'D'

Horizontal Scale = 1005.5
Vertical Scale = 100.0
Vertical Exaggeration = 10.1x

LOG CURVES

0	100	GR_NRM CUTOFF = 50.00
100	200	GR_NRM CUTOFF = 100.00
0.3	-0.1	SPHI CUTOFF = 0.06
0.3	-0.1	PHIA CUTOFF = 0.06
0.3	-0.1	NPHI
0.3	-0.1	DPHI_267
0.2	2,000	RT

By: Vicki V. Devine

April 23,2009 8:11 AM

Attachment XI

P.O. BOX 98
MIDLAND, TX. 79702
PHONE (432) 683-4521

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8819

RESULT OF WATER ANALYSES

LABORATORY NO. 607-21
SAMPLE RECEIVED 5-31-07
RESULTS REPORTED 6-4-07

TO: Mr. Larry Khromer
20333 State Hwy 249, Suite 400, Houston, TX 77070

COMPANY Enstor LEASE Grama Plant
FIELD OR POOL
SECTION ____ BLOCK ____ SURVEY ____ COUNTY Lea STATE NM
SOURCE OF SAMPLE AND DATE TAKEN:
NO. 1 Drinking water - taken 5-31-07.
NO. 2 Maximum contents for drinking water as recommended by the Texas Dept. of Health.
NO. 3
NO. 4

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0020			
pH When Sampled				
pH When Received	7.45			
Bicarbonate as HCO_3	195			
Supersaturation as $CaCO_3$				
Undersaturation as $CaCO_3$				
Total Hardness as $CaCO_3$	168			
Calcium as Ca	48			
Magnesium as Mg	12			
Sodium and/or Potassium	34			
Sulfate as SO_4	30	300		
Chloride as Cl	36	300		
Iron as Fe	0.15	0.30		
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	355	1,000		
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	0.0			
Resistivity, ohms/m at 77° F.	24.20			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	4.0	10.0		

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks: Based on the determinations performed above, this water shows salt levels that comply with State Health Department standards for drinking water. However, coliform bacteria was present in the submitted sample and therefore this water should not be consumed.

Form No. 3

By Greg Ogden, B.S.

LATHAM PRINTING CO. - 333-1292

Attachment XI (cont'd)

Martin Water Laboratories, Inc.

Analysts & Consultants since 1953
Bacterial & Chemical Analysis

To: Mr. Larry Khromer
20333 State Hwy 249, Suite 400
Houston, TX 77070

Laboratory No. B607-31
Sample received 5-31-07
Sample reported 6-4-07

Company: Enstor
County: Lea, NM
Field:
Lease: Grama Plant

Subject: To determine the presence or absence of coliform bacteria.

Method: USEPA Equivalent Presence/Absence Method 8364
100 ml of sample is combined with premeasured and packaged media broth, incubated 48 hours at 35°C, and examined for yellow color, which indicates the presence of coliforms, or a red color, indicating a negative test.

Source of sample and date taken: Drinking water - taken 5-31-07.

Found (Present)	Not Found (Absent)
✔	

Remarks: These results show coliform bacteria to be present in the submitted water sample and therefore this water would not be acceptable for human consumption.

Greg Ogden, B.S.

(432) 683-4521 * 709 W. Indiana, Midland, Texas 79701 * (fax) 682-8819
Remit to Address: P.O. Box 98, Midland, Texas 79702
Visit our Website @: www.martinwaterlabs.com

CASE 14332: Application of Enstor Grama Ridge Storage and Transportation, LLC for approval of a gas storage well, Grama Ridge Morrow Storage Unit, Lea County, New Mexico. Applicant seeks approval to utilize its Grama Ridge Federal, 8817-P Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 9, Township 22 South, Range 34 East, N.M.P.M., for the purpose of injection, storage and withdrawal of natural gas, at a maximum pressure of 5000 psi, in the Morrow Formation sands in its Grama Ridge Morrow Storage Unit, This well is located approximately 18 miles west of Eunice, New Mexico.