

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 14333

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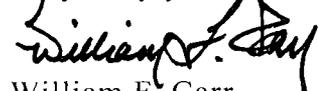
Re: Application of Enstor Grama Ridge Storage and Transportation, LLC for expansion of the Grama Ridge Morrow Storage Unit and the area subject to the Special Project Rules and Operating Procedures for this storage unit, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Enstor Grama Ridge Storage and Transportation, LLC in the above-referenced case and a copy of a legal advertisement.

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

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF ENSTOR GRAMA RIDGE STORAGE AND TRANSPORTATION, LLC FOR EXPANSION OF THE GRAMA RIDGE MORROW STORAGE UNIT AND THE AREA SUBJECT TO THE SPECIAL PROJECT RULES AND OPERATING PROCEDURES FOR THIS STORAGE UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 14333

APPLICATION

Enstor Grama Ridge Storage and Transportation, LLC ("Enstor"), through its undersigned attorneys, hereby makes application for an order expanding the Grama Ridge Morrow Storage Unit and the area subject to the Special Rules and Regulations for the Grama Ridge Morrow Storage Unit, and in support of its application, Enstor states:

1. Enstor is the operator of the Grama Ridge Morrow Gas Storage Unit which is used for the purpose of injection, storage, and withdrawal of gas in the unitized formation, consisting of those Morrow formation sands encountered between log depths of 12,722 feet and 13,208 feet in the Shell Oil Company State GRA Well No. 1 (API No. 30-025-21336) located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 3, Township 22 South, Range 34 East, N.M.P.M. Lea County, New Mexico.

2. The Grama Ridge Morrow unitized area (also known as the Grama Ridge Morrow Gas Storage Agreement Area) was approved by the Division on January 29, 1973, pursuant to Order No. R-4473, and has been subsequently amended to encompass the above-referenced interval of the Morrow Formation underlying the following lands:

Township 21 South, Range 34 East, N.M.P.M.

Sections 33 and 34: All

Township 22 South, Range 34 East, N.M.P.M.

Sections 3 and 4: All

Section 10: All

2. There has been uncertainty concerning the actual limits of the Morrow storage reservoir under these lands and the apparent boundaries between the storage reservoir and the East Grama Ridge-Morrow Pool gas pool is uncertain.

3. As a consequence, there exists a reasonable potential that drilling, completion and operation of new wells, or recompletions of existing wells, in the area would result in interference with Unit Operations and the impairment of Enstor's correlative rights.

4. To protect this unit and the stored Morrow gas located therein, Raptor Natural Pipeline LLC, predecessor operator to Enstor, sought the establishment of Special Project Rules and Operating Procedures for the Grama Ridge Gas Storage Unit Area.

5. By Order No. R-11611, dated July 3, 2001, entered in Cases 12588 and 12441, the Division adopted Special Rules and Regulations for the Morrow Gas Storage Unit that provide for:

- A. advanced notification of drilling or recompletion operations ; ✓
- B. the sharing of certain information during drilling operations ; ✓
- C. availability of well logs ; ✓
- D. certain casing and cementing requirements for wells penetrating the Morrow Formation ; and ✓
- E. a prohibition on completions within the Unitized formation underlying the Unit Project Area by other than the operator.

6. The Special Project Rules and Operating Procedures for the Grama Ridge Morrow Gas Storage Unit do not provide for a buffer zone around the Storage Unit.

7. Current information on the Morrow Gas Storage Unit establishes that this storage reservoir extends into Section 9, Township 22 South, Range 34

East N.M.P.M. and that the Morrow Gas Storage Unit Area should be extended to include this section.

8. By application filed contemporaneously herewith, Enstor seeks to Inject into the this storage reservoir in its Grama Ridge Federal 8817 JV-P Well No. 1 (API No. 30-25-30686)-located 660 feet from the North line and 1980 feet from the East line of said Section 9.

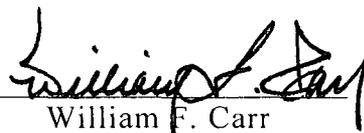
9. Enstor therefore seeks an order an order expanding the Gama Ridge Morrow Storage Unit to include Section 9, Township 22 South, Range 34 East, N.M.P.M., and expansion of the area subject to the Special Rules and Regulations for the Grama Ridge Morrow Storage unit to include this acreage.

10. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

11. Notice of this application has been provided to all affected interest owners identified on Exhibit A to this application.

WHEREFORE, Enstor Grama Ridge Storage and Transportation, LLC requests that this application be set for hearing before an examiner of the Oil Conservation Division on June 25, 2009 and that after notice and hearing as required by law and the rules of the Division that this application be approved.

Respectfully submitted,
HOLLAND & HART LLP

By: 

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Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ENSTOR GRAMA
RIDGE STORAGE AND
TRANSPORTATION, LLC

EXHIBIT A
APPLICATION OF
ENSTOR GRAMA RIDGE STORAGE AND TRANSPORTATION, LLC
FOR EXPANSION OF THE GRAMA RIDGE MORROW STORAGE UNIT
AND THE AREA SUBJECT TO THE
SPECIAL RULES AND REGULATIONS FOR TH
IS STORAGE UNIT,
LEA COUNTY, NEW MEXICO.

NOTIFICATION LIST

ABO Petroleum Corp.
105 South Fourth Street
Artesia, New Mexico 88210

Apache Corporation
6120 South Yale Ave., Suite 1500
Tulsa, Oklahoma 74136

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

C. W. Trainer et al.
Post Office Box 754
Midland, Texas 79702

C. W. Trainer et al.
Post Office Box 888
Hobbs, New Mexico 88241-0888

C. W. Trainer Partners, Ltd.
Post Office Box 3788
Midland, Texas 79702

Chaparral Energy, L.L.C.
701 Cedar Lake Blvd.
Oklahoma City, Oklahoma 73114

Devon Energy Production Company
20 North Broadway, Suite 500
Oklahoma City, Oklahoma 73102-8260

EOG Resources, Inc.
Post Office Box 4362
Houston, Texas 77104

Hess Corporation
500 Dallas Street, Level 2
Houston, Texas 77252

Leaco New Mexico E & P, LLC
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056

Lime Rock Resources A, LP
1111 Bagby Street, Suite 4600
Houston, Texas 77002

Merchant Livestock Company
Post Office Box 1166
Carlsbad, New Mexico 88220

MYCO Industries
105 South Fourth Street
Artesia, New Mexico 88210

Commissioner of Public Lands
State of New Mexico
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

United States Department of the Interior
Bureau of Land Management
620 Greene Street
Carlsbad, New Mexico 88220

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210

Case No. 14333: Application of Enstor Grama Ridge Storage and Transportation, LLC for expansion of the Grama Ridge Morrow Storage Unit and the area subject to the Special Project Rules and Operating Procedures for this storage unit, Lea County, New Mexico. Applicant seeks an order expanding the Grama Ridge Morrow Storage Unit and the area subject to the Special Rules and Regulations for the Grama Ridge Morrow Storage Unit, which include certain notification, casing, cementing, completion and recompletion requirements for newly drilled and existing wells within the Unit Area, to include Section 9, Township 22 South, Range 34 East, N.M.P.M.. The Unit Area, also known as the Grama Ridge Morrow Gas Storage Agreement Area, following expansion, will include:

Township 21 South, Range 34 East, N.M.P.M.
Sections 33 and 34: All

Township 22 South, Range 34 East, N.M.P.M.
Sections 3 and 4: All
Sections 9 and 10: All

The Grama Ridge Storage Unit is located approximately 18 miles west of Eunice, New Mexico.