

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

IN THE MATTER OF THE APPLICATION
OF LG&E NATURAL PIPELINE LLC FOR
SPECIAL PROJECT RULES FOR THE
GRAMA RIDGE GAS STORAGE UNIT
LEA COUNTY, NEW MEXICO

CASE NO. 12441

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OIL CONSERVATION DIV

**RESPONSE TO
JOINT MOTION FOR CONTINUANCE**

Applicant, LG&E Natural Pipeline, LLC, ("LG&E"), through its counsel, responds to the Joint Motion For Continuance submitted on behalf of BTA Oil Producers, Inc., Concho Resources, Inc., C.W. Trainer, Nearburg Exploration Company, LLC, and Yates Petroleum Corporation (together, "Nearburg, *et al.*").

INTRODUCTION

By its Application in this case, LG&E appropriately seeks to protect the integrity of the Grama Ridge Morrow Gas Storage Unit which was previously approved by the Division in 1973 by Order No. R-4473.¹ LG&E's Application is neither novel nor complex. LG&E seeks administrative relief substantially similar to that previously provided by the Division in Order No. R-7582. LG&E's Application in this matter has been pending since June 5, 2000.

¹ Recently, the Unitized Formation under the Grama Ridge Morrow Gas Storage Unit was penetrated by the Nearburg Grama Ridge East State 34 No. 1 well located in the N/2 of Section 34, T-21-S, R-34-E.

DOCUMENTS AND MEETINGS

This Motion marks the second effort of Nearburg, *et al.* to delay the hearing in this matter. By their first motion filed on June 27th, Nearburg, *et al.* sought a continuance of the June 29th hearing to the July 27, 2000 examiner docket in order to (1) allow its expert Roy Williamson to analyze the “large volume of data” that had been previously provided,² and (2) to allow LG&E to provide documents pursuant to the untimely subpoena that Nearburg had served on June 26th, only three days prior to the June 29, 2000 hearing. LG&E agreed to continue the June 29th hearing in order to (1) accept the invitation of Nearburg’s counsel to informally resolve a number of objections to the defective subpoenas,³ and (2) to convene a meeting among the Applicant and Nearburg, *et al.* that day in order to settle any objections to LG&E’s Application. Unfortunately, Nearburg, *et al.* were no-shows at the June 29th meeting and have resisted subsequent efforts to re-schedule a meeting. (See July 5, 2000 and July 11, 2000 correspondence from counsel, Exhibits A and B, attached. Numerous verbal requests were also made.)

Since the time of LG&E’s un-reciprocated efforts at settlement, it has produced 705 pages of documents to Nearburg, *et al.* The documents were ready for inspection on July 18th. However, rather than inspect the originals, counsel instead requested that all the documents be sent out for copying. We gladly complied with counsel’s request (See July 20, 2000 correspondence, Exhibit C), but are disappointed that we are being blamed for the resulting delay. It is unfair. We are further disappointed by the representation in the Nearburg motion that “[n]o documents were produced on Thursday.” It is untrue. (See Affidavit of Tanya M. Martinez, Exhibit D.)

² Pg. 3, Nearburg’s June 27, 2000 Motion For Continuance

The complaints of Nearburg, *et al.* relating to their defective subpoena are groundless. Moreover, Nearburg, *et al.* cannot claim an eleventh-hour need to meet in view of their earlier failures to respond to the numerous efforts of LG&E to initiate discussions. The Division should reject these arguments for again continuing the hearing.

NOTICE

No specific rule specifies the notice required for applications of this nature. Accordingly, following consultation with the Division, notice of this Application was provided to designated operators of wells in the affected area in conformance with 19 NMAC 1207.A(8). In the case of Concho's acreage in the E/2 of Section 5, T-22-S, R-34-E, the designated operator of the Harrison Federal No. 1 SWD located 660' from the south line and 1980' from the east line of Section 5 is C.W. Trainer. Trainer is already a party to this proceeding. It should also be noted that this application is not an "adjudicatory" proceeding within the meaning of that phrase as it was considered during the course of the Division's rulemaking deliberations on the amendments to Rule 1207. Neither is this a pool rules proceeding.

AMENDED APPLICATION

The complaints of Nearburg, *et al.* about the Amended Application are equally unavailing. Nearburg, *et al.*, have been fully aware that LG&E's Application seeks administrative relief substantially the same as that previously afforded by the Division in Order R-4473. Moreover, all operators in the area have had actual notice of the existence

³ From the start, most of the items and information Nearburg, *et al.* sought via the untimely subpoena were readily available from public records.

of the Grama Ridge Morrow Gas Storage Unit itself and the Division's orders approving the same quite literally for decades.

In addition, the Amended Application substantially reduces the scope of the proceeding. A comparison of the original Application with the Amended Application shows that the area of operation for the special project rules is much smaller. It should not take much time for Nearburg, *et al.* to determine that the "dramatic" redefinition of the area of interest is favorable to them.

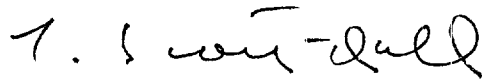
CONCLUSION

Nearburg, *et al.* have presented no good grounds justifying a second continuance of this matter. The Division should resist further efforts to delay a hearing and the issuance of an order implementing special project rules protecting the gas storage unit.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By



J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

ATTORNEYS FOR LG&E NATURAL PIPELINE, LLC

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was forwarded to counsel of record on the 24 day of July, 2000, as follows:

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Post Office Box 2208
Santa Fe, New Mexico 87504

Marilyn Hebert
Legal Counsel
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

J. Scott Hall

J. Scott Hall

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PLEASE REPLY TO SANTA FE

July 5, 2000

BY FACSIMILE TRANSMISSION: 983-6043

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Re: NMOCD Case No. 12241; Application of LG&E Natural Pipeline, LLC For Special Project Rules, Grama Ridge Gas Storage Unit, Lea County, New Mexico

Dear Bill:

I regret that none of the representatives for Nearburg, Yates, BTA, or C.W. Trainer who were in attendance at the NMOCD on June 29th were able to meet with the LG&E representatives following the hearing that day. LG&E again invites your clients to attend a meeting at a mutually convenient date prior to the July 27, 2000 Examiner hearing to discuss the issues involved with the Grama Ridge Gas Storage Unit matter. It is LG&E's hope that the parties will be able to agree on a stipulated form of order to present to the Division. LG&E representatives are available to attend a meeting in Santa Fe on any one of the following dates: July 13th or 14th or any day of the week of July 17th.

Separately, your firm's June 26, 2000 letter invited further discussions on the scope of materials sought by Nearburg Exploration Company in the June 23, 2000 subpoena duces tecum. At your convenience, please contact me to discuss the same.

Very truly yours,

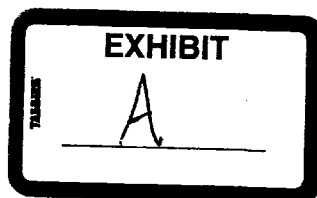
J. Scott Hall

J. Scott Hall

JSH/ao

cc: Terri Watson
Tim Cashon

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PLEASE REPLY TO SANTA FE

July 11, 2000

BY HAND-DELIVERY

Michael H. Feldewert, Esq.
Campbell, Carr, Berge and Sheridan
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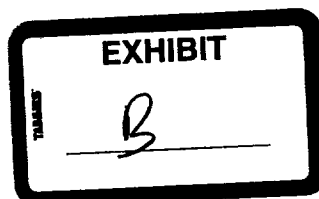
Re: NMOCD Case No. 12441; Application of LG&E Natural Pipeline, LLC

Dear Mike:

Enclosed are copies of of the "Unit Agreement For The Operation Of The Grama Ridge Morrow Unit Area, Lea County, New Mexico", the September 1, 1976 Amendment, and Agreement For Subsurface Storage Of Gas No. 14-08-0001-14277. These materials are being provided to you voluntarily in response to your July 7, 2000 request for documents evidencing LG&E's right to to inject gas into the Morrow formation. If these materials are not what your clients seek, please let me know.

Separately, we were not told that the production of the subpoenaed documents was a pre-condition to any meeting with LG&E. As your clients were aware, representatives from LG&E were ready to meet and waited all day in my office on June 29th. Unfortunately, for whatever reasons, none of your clients availed themselves of the opportunity to meet while everyone was in Santa Fe. Again, as was requested earlier in my letter of July 5, 2000, please call so that a meeting of the parties can be scheduled.

Finally, you are again asked to respond to my written and telephonic requests to discuss further the scope of the Nearburg subpoena.



07/11/00

Page 2

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive, flowing style with a large, prominent "J" and "H".

J. Scott Hall

JSH/ao

Enclosure(s) – as stated

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PLEASE REPLY TO SANTA FE

July 20, 2000

BY HAND-DELIVERY

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Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Re: NMOCD Case No. 12441; Application of LG&E Natural Pipeline, LLC

Dear Mike:

As discussed in our telephone conversation yesterday evening, rather than having the LG&E documents produced for inspection and copying as the Nearburg subpoena *duces tecum* directs, you have instead requested the same be sent out for copying. We will immediately do so and will let you know just as soon as the copies are ready.

Also, enclosed you will find a copy of LG&E's Responses and Objections to the Nearburg Subpoena *duces tecum*. If there is some problem with the production of documents or the responses and objections that cannot be worked out informally, please let me know.

Very truly yours,

J. Scott Hall

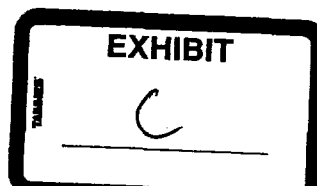
J. Scott Hall

JSH/ao

Enclosure(s) – as stated

cc: Terri Watson
Tim Cashon
Patti Merrill – LGE Louisville

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

IN THE MATTER OF THE APPLICATION
OF LG&E NATURAL PIPELINE LLC FOR
SPECIAL PROJECT RULES FOR THE
GRAMA RIDGE GAS STORAGE UNIT
LEA COUNTY, NEW MEXICO

CASE NO. 12441

AFFIDAVIT

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

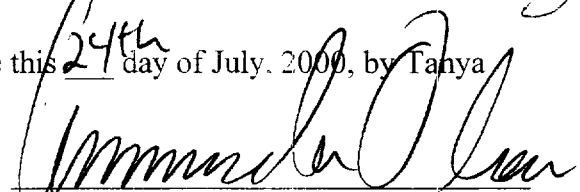
I, TANYA M. MARTINEZ, being first duly sworn, upon oath, state:

- 1.) That I am over the age of eighteen (18) years;
- 2.) That on Thursday, July 20, 2000 I served the original of LG&E Natural Pipeline, LLC's Responses and Objections to Subpoena *Duces Tecum* and 704 pages of documents in Response to Subpoena *Duces Tecum* to LG&E to Nearburg Exploration, LLC, BTA Oil Producers, Inc., Concho Resources, Inc. C.W. Trainer, and Yates Petroleum Corporation in care of their attorney, Michael H. Feldewert, of Campbell, Carr, Berge & Sheridan at 110 North Guadalupe, Suite 1, Santa Fe, New Mexico 87501.

FURTHER AFFIANT SAYETH NOT.


TANYA M. MARTINEZ

SUBSCRIBED AND SWORN to before me this 24th day of July, 2000, by Tanya M. Martinez,


Notary Public

My Commission Expires:
2-15-2001

