

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.

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

LG&E NATURAL PIPELINE LLC (f/k/a LG&E Pipeline Company, and Llamas, Inc.), through its attorneys, Miller, Stratvert & Torgerson, P.A. (J. Scott Hall), applies to the New Mexico Oil Conservation Division for an order establishing special project rules applicable to the Grama Ridge Morrow Gas Storage Unit, and all adjoining acreage, in Lea County, New Mexico. In support, Applicant states:

1. Applicant is the Operator of the Grama Ridge Morrow Gas Storage Unit ("Unit") utilized for the purposes of injection and storage of gas in the Unitized Formation consisting of those Morrow sands encountered between log depths of 12,722' and 13,208' in the Shell Oil Company State GRA Well No. 1, located 1980' from the North line and 660' from the West Line, Section 3, T-22-S, R-34-E, NMPM, in Lea County, New Mexico.

2. The Unit, originally approved by the Division on January 29, 1973 pursuant to Order No. R-4473, presently consists of the Morrow formation underlying the following lands:

Township 21-South, Range 34 East

Section 33: All
Section 34: All

Township 22-South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

3. The Morrow formation underlying a significant amount of acreage in the vicinity of the Unit has proven productive and additional drilling and development in the area can be reasonably anticipated.

4. The Unit area is located in the general vicinity of the Grama Ridge-Morrow Gas Pool (See Order R-5995) and the East Grama Ridge-Morrow Gas Pool (Order R-6050). The Morrow producing intervals in these area is composed of numerous separate and isolated sand bodies rather than a single, broad and continuous sand body. In addition, the outer limits of the reservoir being utilized for gas injection and storage in the Unit have not been precisely determined in all cases.

5. There is a reasonable possibility that additional drilling in the area may result in wells being completed in Morrow formation reservoirs that are in communication with that portion of the formation dedicated to Applicant's Grama Ridge Morrow Gas Storage Unit. As a consequence, there is a reasonable potential that the 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 Applicant's correlative rights.

6. Applicant seeks the establishment of special project rules applicable to all newly drilled wells and recompletions in the area that penetrate the Morrow formation as defined in Paragraph 1 above. Applicant proposes that the operators of such wells be required to provide LG&E, as Unit Operator, or its successors, with such information and

data obtained during drilling, completion and production sufficient to establish whether or not such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules should also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how any such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate.

7. Applicant further seeks the establishment of an area of interest where such special project rules would be applicable consisting, generally, of the Unit area and each 320 acre spacing unit immediately adjacent to and bounding the Unit. Such area of interest outside the present Unit would include the following lands:

Township 21-South, Range 34 East

Section 26: NW/4, S/2
Section 27: All
Section 28: All
Section 29: E/2, SW/4
Section 32: All
Section 35: All

Township 22-South, Range 34 East

Section 2: All
Section 5: All
Section 8: N/2, SE/4
Section 9: All
Section 11: All
Section 14: N/2, SW/4
Section 15: All
Section 16: N/2, SE/4


8. The establishment of such special project rules is necessary to protect the correlative rights of the Applicant and will not impair the correlative rights of other

interest owners in the area. The establishment of such rules will also serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE, LG&E Natural Pipeline LLC requests that this Application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on June 29, 2000, that notice be given as required by law and the rules of the Division and that an Order be entered establishing special project rules for the areas described above.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By 

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