

Kautz, Paul, EMNRD

From: Jennifer Elrod <jelrod@chisholmenergy.com>
Sent: Tuesday, February 26, 2019 2:35 PM
To: Kautz, Paul, EMNRD
Cc: Sharp, Karen, EMNRD; Goetze, Phillip, EMNRD; Kevin Burns
Subject: [EXT] RE: Denial of Application for Authority to Inject - Grama 34 State SWD No. 1

Paul,
 After discussion with Kevin Burns, 3Bear Field Services, LLC would like to withdraw the APD for 30-025-45620, Grama 34 State SWD #001.

Thank you,
 Jennifer Elrod

From: Kautz, Paul, EMNRD <paul.kautz@state.nm.us>
Sent: Tuesday, February 26, 2019 2:08 PM
To: Jennifer Elrod <jelrod@chisholmenergy.com>
Cc: Sharp, Karen, EMNRD <Karen.Sharp@state.nm.us>; Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Subject: FW: Denial of Application for Authority to Inject - Grama 34 State SWD No. 1

Hello Jennifer,

Based on the below e-mail Ramona Hovey from Phillip Goetze does 3Bear wish to with draw their APD for the 30-025-45620 GRAMA 34 STATE SWD #001.

Paul Kautz
 Hobbs District Geologist
 Energy Minerals Natural Resources Dept.
 Oil Conservation Division
 1625 N. French Dr.
 Hobbs, NM 88240
 575-393-6161 ext. 104

From: Goetze, Phillip, EMNRD
Sent: Tuesday, February 26, 2019 11:56 AM
To: Ramona Hovey <ramona@lonquist.com>
Cc: Marci L Harrington <marci.harrington@enstorinc.com>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Podany, Raymond, EMNRD <Raymond.Podany@state.nm.us>; Khalsa, Niranjana K. <nkhalsa@slo.state.nm.us>; Holm, Anchor E. <aholm@slo.state.nm.us>
Subject: Denial of Application for Authority to Inject - Grama 34 State SWD No. 1

RE: 3Bear Field Services LLC
 Application to Inject: Grama 34 State SWD No. 1 (API 30-025-45620) UL P, Sec 34, T21S, R34E, NMPM, Lea County; Appl. No. pPRG1905731562

Ms. Hovey:

The application submitted on behalf of 3Bear Field Services LLC for approval of the Grama 34 State SWD No. 1 is being denied. This denial is based on the location of the proposed well within the Grama Ridge Storage Area. This unit is a gas storage unit utilizing the Morrow Formation as the storage reservoir. The storage area is described in Order No. R-13174 (Case No. 14332) as:

Township 21 South, Range 34 East, NMPM

Section 33: All

Section 34: All

Township 22 South, Range 34 East, NMPM

Section 3: All

Section 4: All

Section 9: All (added in Order R-13174 through unit agreement expansion approved by the BLM)

Section 10: All

The current operator of the facility is Enstor Grama Ridge Storage and Transportation.

The Division denies this application based on recent observations of a higher frequency by operators of Devonian SWD with completions showing poor cementing of liners and/or casings across the Pennsylvanian section. In light of the events at the Aliso Canyon Gas Storage Facility, the Division is not willing to accept the potential for the compromise of the reservoir seal which could result in waste as well as impacts to correlative rights and the environment. Additionally, if 3Bear Field Services LLC wishes to pursue a hearing in this matter, the Division shall appear in opposition of this application.

For future reference, there is a second gas storage unit in Eddy County. This is the Washington Ranch Storage Project which is southwest of White City. This gas storage project also utilizes the Morrow for the storage reservoir and is currently operated by El Paso Natural Gas Co. This gas storage unit was approved under Division Order No. R-6175 as amended and includes the following lands:

Township 25 South, Range 24 East, NMPM

Section 21: S/2

Section 22: S/2

Section 23: SW/4

Section 26: W/2 and SE/4

Section 27: All

Section 28: All

Section 29: E/2

Section 32: E/2

Section 34: All

Section 35: All

Section 36: SW/4

Township 26 South, Range 24 East, NMPM

Section 1: All

Section 2: All

Section 3: All

Section 4: All

Section 9: N/2 and SE/4

Section 10: All

Section 11: All

Section 12: All
Section 13: N/2
Section 14: N/2

Township 26 South, Range 25 East, NMPM
Section 6: SW/2
Section 7: W/2
Section 18: NW/4

The location of this facility has shown limited interest for disposal applications, but this may change in the future.

And, for good measure, I will mention Project Gnome of the Plowshare Program that resides in Section 34 of T23S, R30E, NMPM, but entry is not possible since the section is under the authority of the DOE through an administrative withdrawal order issued by the BLM.

If you have any questions regarding the content of this correspondence, please contact me (via phone or e-mail) at your convenience. PRG

Phillip Goetze, PG
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