

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSE OF CONSIDERING:

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

CASE NO. 14333  
ORDER NO. R-11611-A

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a. m. on July 23, 2009 at Santa Fe, New Mexico, before Examiners Examiner Terry G. Warnell and Richard Ezeanyim.

NOW, on this 29<sup>th</sup> day of September 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.
- (2) The applicant, Enstor Grama Ridge Storage and Transportation, LLC. ("Enstor"), seeks an order expanding the area subject to the Special Project Rules and Operating Procedures for the Grama Ridge Morrow Gas Storage Unit ("Special Project Rules and Operating Procedures") adopted by Division Order No. R-11611, to include Section 9, Township 22 South, Range 34 East, N.M.P.M.
- (3) This case was consolidated for hearing with Case No. 14332, which is the application of Enstor for an order authorizing the conversion of the Grama Ridge Federal 8817-JV P Well No. 1 (API No. 30-025-30686) located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, Township 22 South, Range 34 East, N.M.P.M. for injection, storage and withdrawal of natural gas in the Grama Ridge Storage Area.

(4) The Grama Ridge Storage Area encompasses 5 sections of land located in Lea County, New Mexico, more particularly described as follows:

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

Section 33: All

Section 34: All

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

Section 3: All

Section 4: All

Section 10: All

(5) Sections 33 and 34, Township 21 South, Range 34 East, N.M.P.M. and Section 3, Township 22 South, Range 34 East, N.M.P.M. are state and fee lands. These state and fee lands have been operated as part of this Storage Project pursuant to the "Unit Agreement for the Operation of the Grama Ridge Morrow Unit Area, Lea County, New Mexico" ("the Unit Agreement"). This unit agreement was approved by Division Order No. R-4473, dated January 29, 1973, as amended.

(6) Sections 4 and 10, Township 22 South, Range 34 East, N.M.P.M. are federal lands on which two injection wells are located. They have been operated as part of this Storage Project pursuant to an "Agreement for Subsurface Storage of Gas, Morrow Formation, Grama Ridge Area, Lea County, New Mexico" entered with the Bureau of Land Management, dated November 24, 1975, as amended ("Storage Agreement").

(7) To protect the integrity of this reservoir from oil and gas drilling in the Grama Ridge Storage Area, the Division adopted "Special Project Rules and Operating Procedures" for the Grama Ridge Storage Area by Order No. R-11611, dated July 3, 2001. These Special Project Rules and Operating Procedures impose additional notice, casing and cementing requirements on wells drilled in the Grama Ridge Storage Area. These rules do not apply to any lands outside the defined boundaries of the Grama Ridge Storage Area.

(8) Enstor acquired its interest in the Grama Ridge Storage Area and became the operator of this Storage Project in 2006. Division records show that the subject well is currently operated by BTA Oil Producers, LLC.

(9) Enstor is entering a new Agreement for Subsurface Storage of Gas, Morrow Formation, Grama Ridge Area, Lea County, New Mexico with the Bureau of Land Management that will add Section 9, Township 22 South, Range 34 East, N.M.P.M. to the Grama Ridge Storage Area, and will govern the injection, withdrawal and storage of gas under Sections 4, 9 and 10, Township 22 South, Range 34 East, N.M.P.M. Enstor also proposes to convert to injection the Grama Ridge Federal 8817-JV P Well No. 1 located on said Section 9.

(10) To assure that the entire Grama Ridge Storage Area is protected by the "Special Project Rules and Operating Procedures" adopted by Order No. R-11611, the area to which these rules apply should be enlarged to include Section 9, Township 22 South, Range 34 East, N.M.P.M.

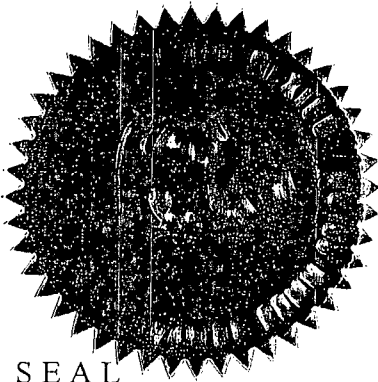
(11) Enstor's application to enlarge the area subject to the "Special Project Rules and Operating Procedures" for the Grama Ridge Gas Storage Project to include Section 9, Township 22 South, Range 34 East, N.M.P.M. will protect the integrity of this reservoir from oil and gas drilling, is in the best interest of conservation, the prevention of waste, the protection of correlative rights and should be granted.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Enstor Grama Ridge Storage and Transportation, LLC for expansion of the area subject to the Special Project Rules and Operating Procedures for the Grama Ridge Morrow Gas Storage Unit adopted by Order No. R-11611 to include Section 9, Township 22 South, Range 34 East, N.M.P.M. is hereby granted pending it being the operator of the subject well in Section 9.

(2) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE in Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P. E.  
Director