

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

OIL CONSERVATION DIV
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IN THE MATTER OF THE APPLICATION
OF LG&E NATURAL PIPELINE LLC
PURSUANT TO THE UNDERGROUND
STORAGE OF NATURAL GAS ACT,
LEA COUNTY, NEW MEXICO

CASE NO. 12521⁷

**APPLICATION OF LG&E NATURAL PIPELINE LLC
PURSUANT TO THE UNDERGROUND STORAGE OF NATURAL GAS ACT
LEA COUNTY, NEW MEXICO**

LG&E Natural Pipeline, LLC (f/k/a LG&E Pipeline Company and Llano, Inc.) through its attorneys, Miller, Stratvert & Torgerson, P.A. (J. Scott Hall) applies to the New Mexico Oil Conservation Division for an order making certain findings pursuant to NMSA 1978 § 70-6-5 of New Mexico Underground Storage of Natural Gas Act (NMSA 1978 § 70-6-1 *et seq.*), preparatory to judicial proceedings for the acquisition of a certain property interests within the Morrow formation underlying the E/2 of Section 33, T21S, R34E, NMPM, pursuant to the New Mexico Eminent Domain Code (§§42A-1-1 to 42A-1-33). Applicant will utilize the interests acquired in conjunction with its Grama Ridge Morrow Gas Storage Unit in Lea County, New Mexico and in support thereof, Applicant states:

1. Applicant is the operator of the Grama Ridge Morrow Gas Storage Unit ("Unit") utilized for the purposes of injection, storage, and withdrawal of gas pursuant to, *inter alia*, that Unit Agreement for the Operation of the Grama Ridge Morrow Unit Area dated April 25, 1973, as amended ("the Unit Agreement").
2. Under the Unit Agreement, the unitized formation consists of the stratigraphic equivalent of those Morrow sands encountered at log depths of 12,722 feet and 13,208 feet in the Shell Oil

Company State GRA Well No. 1, as shown on the Schlumberger Sonic Log-Gama Ray log of said well dated July 5, 1965, which well is located 1980' from the north line and 660' from the west line, Section 3, T22S, R34E, NMPM in Lea County, New Mexico.

3. On January 29, 1973, the Division issued Order No. R-4473, approving the Unit covering the following lands:

T21S, R34E

Section 33: All

Section 34: All

T22S, R34E

Section 3: All

Section 4: All

Section 10: All

4. Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Ltd. and Abo Petroleum Company purport to own certain oil and gas leasehold working interests underlying the E/2 of Section 33, T21S, R34E, NMPM in Lea County, New Mexico (the "Subject Lands").
5. The Unitized Formation underlying the Subject Lands has been utilized exclusively by LG&E and its predecessors in connection with gas injection, storage, and withdrawal operations under the Unit and the Unit Agreement.
6. Yates, *et al.* have denied that the oil and gas leasehold rights purported to be owned by them under the subject lands are subject to the Unit or unit operations.
7. The Applicant has a current, ongoing need to utilize the Unitized Formation underlying the Subject Lands for gas injection, storage, and withdrawal operations under the Unit Agreement. Preparatory to the exercise of its eminent domain authority, Applicant seeks the issuance by the

Division of an order making the following findings pursuant to Section 70-6-5 of the Underground Storage of Natural Gas Act:

- a. That the underground stratum or formations sought to be acquired is suitable for the underground storage of natural gas;
- b. That the underground stratum or formation sought to be acquired is incapable of producing oil in paying quantities through any known recovery methods;
- c. That the formation or stratum or formation sought to be acquired is not underlying lands which contain known commercial deposits of potash;
- d. That injury will not be caused to surface or underground water resources;
- e. That the underground stratum or formation sought to be acquired, if it contained native gas capable of production and paying quantities, is substantially depleted of recoverable native gas, and that such formation or stratum has a greater value or utility as a gas storage reservoir than for the production of the remaining volumes of native gas therein;
- f. The extent of the horizontal limits of the reservoir expected to be penetrated by displaced or injected gas; and
- g. That no portion of the formation or stratum sought to be acquired has been appropriated or is being utilized for the injection, storage and withdrawal of natural gas by others.

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 October 19, 2000 or on such other special hearing date as may be set by the Division, that notice be given as required by law and the rules of the Division and that an order be entered setting forth the requested findings under NMSA 1978 §§ 70-6-5 of the Underground Storage of Natural Gas Act. Applicant further requests the issuance of an order by the Division on an expedited basis.

Respectfully Submitted,

MILLER, STRATVERT & TORGERSON, P.A.

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