

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order - Gas Storage Well
August 23, 2012

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of 19.15.26.8B NMAC and of Division Order R-11611-B issued in Case No. 14518, Enstor Grama Ridge Storage and Transportation, L.L.C. seeks an administrative order to utilize its GRM Unit Well No. 8 (API 30-025-39922) located 126 feet from the South line and 1048 feet from the East line, Unit letter P of Section 4, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, for gas storage purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Enstor Grama Ridge Storage and Transportation, L.L.C., is hereby authorized to utilize its GRM Unit Well No. 8 (API 30-025-39922) located 126 feet from the South line and 1048 feet from the East line, Unit letter P of Section 4, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, for gas storage into the Morrow formation through a perforated interval from 12811 feet to 13030 feet through carbon steel tubing and a packer set within 100 feet of the permitted interval. As allowed in Division Order R-11611-B, the Division director may administratively approve alternate packer setting depths, exceeding this tolerance, for good cause shown.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the gas to be stored enters only the permitted interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test (“MIT”) prior to initially commencing use for storage and prior to resuming gas storage each time the packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

Per Division Order R-11611-B, the wellhead pressure on this well shall be limited to **no more than 5000 psi**. In addition, the well shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well. Any increase in this pressure limit shall be governed by the provisions of Ordering Paragraph (7) of Division Order R-11611-B.

The operator shall notify the supervisor of the Division’s district office of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of gas storage to the Division’s district office. The operator shall submit monthly reports of the gas storage operations on Division Form C-131-A, in accordance with Division rules.


Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division’s district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The gas storage authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any well that will be transferred prior to approving transfer of authority for use in gas storage operations.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.


JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division
Bureau of Land Management – Carlsbad Field Office
File: Case No. 14518 and API No. 30-025-39922