

HOLLAND & HART^{LLP}



William F. Carr

wcarr@hollandhart.com

June 22, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14518

RECEIVED OGD
2010 JUN 22 P 3:32

Re: **Application of Enstor Grama Ridge Storage and Transportation, L.L.C. for the establishment of pressure limitations for injection wells in the Grama Ridge Storage Area, Lea County, New Mexico.**

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Enstor Grama Ridge Storage and Transportation, L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Enstor requests that this matter be set for hearing before a Division Examiner on July 22, 2010.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Daryl Gee (w/enclosures)
Enstor Grama Ridge Storage and Transportation, L.L.C.

Holland & Hart^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ♻

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

IN THE MATTER OF THE APPLICATION OF ENSTOR GRAMA RIDGE STORAGE AND TRANSPORTATION, L. L. C. FOR THE ESTABLISHMENT OF PRESSURE LIMITATIONS FOR INJECTION WELLS IN THE GRAMA RIDGE GAS STORAGE PROJECT AREA, LEA COUNTY, NEW MEXICO.

CASE NO. 14518

APPLICATION

ENSTOR GRAMA RIDGE STORAGE AND TRANSPORTATION, L.L.C. ("Enstor") through its attorneys, Holland & Hart LLP makes application for an order establishing injection pressure limitations for injection wells in its previously approved Grama Ridge Gas Storage Project, and in support of its application states:

1. Enstor acquired its interest in the Grama Ridge Storage Area and became the operator of this Storage Project in 2005.

2. The Grama Ridge Storage Area encompasses 6 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 9: All
Section 10 All

3. 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. In 2006, Enstor entered into an "Agreement for Natural Gas Storage in

the Grama Ridge-Morrow Formation,” Right-of-Way Easement No. RW-30222, with the Commissioner of Public Lands in order to reaffirm and restate the rights of Enstor to conduct gas storage operations on the State lands committed to the Grama Ridge Storage Project Area

4. By Order No. R-4491, dated March 16, 1973, the Division approved injection of purchased gas into the State GRA Well No. 1 located in Section 3, Township 22 South, Range 34 East, N.M.P.M. and into the GRA Well No. 2 located in Section 34, Township 21 South, Range 34 East, N.M.P.M.

5. In 1976, by amendment to the Unit Agreement, Section 33, Township 21 South, Range 34 East, N.M.P.M. was added to the Grama Ridge Storage Project on which was located an additional injection well: the State GRA Well No. 3. All injection wells on State and fee lands were committed to the Storage Project on or before September 1, 1976.

6. Sections 4, and 10, Township 22 South, Range 34 East, N.M.P.M. are federal lands. One injection well, the GRU Well No. 4, is located in Section 4. These lands and well 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” with the United States Department of Interior, dated November 24, 1975, as amended (“Storage Agreement”). The injection well in Section 4 was committed to the Storage Project on or before April 15, 1981.

7. In 2009, Enstor entered an Amended and Restated Federal Storage Agreement for Subsurface Storage of Gas, Agreement No. 14-08-0001-14277 (NMNM70953X), Morrow Formation, Grama Ridge Area, Lea County, New Mexico with the United States Department of Interior, Bureau of Land Management. This agreement added Section 9, Township 22 South, Range 34 East, N.M.P.M to the Grama Ridge Storage Area.

8. By Order No. R-13174, entered on September 29, 2009, the Division authorized the conversion of its Grama Ridge Federal 8817-JVP Well No. 1 (API No. 30-025-30686) located at a standard location 660 feet from the North line and 1980 feet from the East line of said Section 9, to injection, storage and withdrawal of natural gas into the Morrow formation as part of the Grama Ridge Gas Storage Project. A surface injection pressure limit of 5000 pounds per square inch (psi) was approved for the well.

9. Although the injection authorizations and approved pressure limitations for the Grama Ridge Storage Area were obtained prior to the adoption of the current Division rules that govern this activity, the Division has entered numerous orders addressing the Grama Ridge Storage Area, including the injection wells therein, and the volumes injected and produced and the pressure utilized in the Grama Ridge Storage Area have been timely reported to the Division.

10. Prior to the 2009 hearing on the application of Enstor to expand the Storage Project, the Division and Enstor agreed to file Form C-108 applications for a review of the project and all additional injection wells located therein.

11. There are five injection wells in the Grama Ridge Storage Area. The Grama Ridge Federal 8817-JVP Well No. 1 (API No. 30-025-30686) was approved by Division Order No. R- 13174, dated September 29, 2009, and the following four wells for which C-108 Applications for Authorization to Inject in the Grama Ridge Storage Area are attached and incorporated herein by reference:

- A. Grama Ridge Morrow Unit Well No. 001 (API No. 30-025- 21336) located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 3, Township 22 South, Range 34 East, NMPM;
- B. Grama Ridge Morrow Unit Well No. 002 (API No. 30-025-21717) located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 21 South, Range 34 East, NMPM;
- C. Grama Ridge Morrow Unit Well No. 003 (API No. 30-025-21746) located 1980 feet from the South and East lines (Unit J) of Section 33, Township 21 South, Range 34 East, NMPM (Enstor plans to disconnect this well and use it as an observation well); and
- D. Grama Ridge Morrow Unit Well No. 004 (API No. 30-025-21334) located 2310 feet from the North and West lines (Unit F) of Section 4, Township 22 South, Range 34 East, NMPM.

12. Enstor has provided notice to those affected parties listed on Exhibit A to this application in accordance with Division rules.

13. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Enstor Grama Ridge Storage and Transportation, L.L.C. requests that these applications be set for hearing before a Division Examiner on July 22, 2010 and that notice of hearing be provided in accordance with the rules of the Division and that the Division enter its order:

1. Approving the injection and storage and withdrawal of natural gas in the Grama Ridge Storage Area by and through the following wells:

- A. Grama Ridge Morrow Unit Well No. 001 (API No. 30-025- 21336);
- B. Grama Ridge Morrow Unit Well No. 002 (API No. 30-025-21717);
- C. Grama Ridge Morrow Unit Well No. 003 (API No. 30-025-21746);
- D. Grama Ridge Morrow Unit Well No. 004 (API No. 30-025-21334); and
- E. Grama Ridge Federal 8817-JVP Well No. 1 (API No. 30-025-30686).

2. Authorizing a surface injection pressure limit of 5000 pounds per square inch, guage (psig) for the injection wells in the Grama Ridge Storage Area.

3. Authorizing an administrative procedure for the addition of injection wells to the Grama Ridge Storage Area without notice and hearing;

4. And granting such other relief as the Division deems appropriate in the premises.

Respectfully submitted,
HOLLAND & HART LLP

By: 

William F. Carr
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ENSTOR GRAMA RIDGE
STORAGE AND TRANSPORATION, LLC.

EXHIBIT A

**APPLICATION OF ENSTOR GRAMA RIDGE STORAGE AND
TRANSPORTATION, LLC
GRAMA RIDGE STORAGE AREA
LEA COUNTY, NEW MEXICO**

Abo Petroleum Corp
105 South 4th Street
Artesia, NM 88210

C.W. Trainer Partners, Ltd.
P.O. Box 3788
Midland, TX 79702

Apache Corporation
6120 S. Yale Ave. Ste 1500
Tulsa, OK 74136

Caprock Oil & Gas Inc./ Roy Childress
P.O. Box 828
Andrews, TX 79714

Apache Corporation
2000 Post Oak, Ste 100
Houston, TX 77056-4400

Chaparral Energy, LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

Axis Energy Corp.
P.O. Box 219303
Houston, TX 77218

Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, OK 73154-0496

Bold Energy
415 Wall Street, Ste 500
Midland, TX 79701

Chevron USA, Inc.
11111 S. Wilcrest
Houston, TX 77099

BP America Production Co.
P.O. Box 3092
Houston, TX 77353-3092

ConocoPhillips
P.O. Box 7500
Bartlesville, OK 74005

BTA Oil Producers, LLC
104 South Pecos
Midland, TX 79701

Continental Land & Fur Co., Inc.
450 Gears Rd. Ste 700
Houston, TX 77067

C.W. Trainer
P.O. Box 754
Midland, TX 79702

D.J. Bosserman
711 Beaman
Oakley, KS 67748

C.W. Trainer
P.O. Box 888
Hobbs, NM 88241-0888

David H. Pace
P.O. Box 2138
Midland, TX 79702

Devon Energy Production CO.
20 N. Broadway, Ste 500
Oklahoma City, OK 73102-8260

Doug J. Schutz
P.O. Box 973
Santa Fe, NM 87504

Douglas C. McLeod
P.O. Box 18481
Denver, CO 80218

Enline Resources LTD Partners
2001 Kirby, Ste 1240
Houston, TX 77019

EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77104

ExxonMobil
P.O. Box 4358
Houston, TX 77218-4358

First National Bank of AZ
P.O. Box 1546
Mesa, AZ 85201

Five 30's Oil & Gas LC
401 West Texas, Ste 1003
Midland, TX 79701

Fred L. Engle
P.O. Box 26245
Milwaukee, WI 53226

Great Western Drilling Co.
P.O. Box 1659
Midland, TX 79702

Hal J. Rasmusson Operating Co.
550 West Texas Ave., Ste 200
Midland, TX 79701

Hess Corporation
500 Dallas St., Level 2
Houston, TX 77252

Hunt Oil
1900 N. Akard St.
Dallas, TX 75201

Joe J. Reynolds
2333 50th St. #4
Lubbock, TX 79421

John H. Hendrix Corp.
P. O. Box 3040
Midland, TX 79702-3040

John S. & Thomas B. Catron
P. O. Box 788
Santa Fe, NM 87501

Kerr-McGee OG Onshore LP
1999 Broadwat #3700
Denver, CO 80202

Leaco New Mexico E&P, LLC
2000 Post Oak Blvd, Ste 100
Houston, TX 77056

Lime Rock Resources A, LP
1111 Bagby St Ste 4600
Houston, TX 77002

Merchant Livestock Company
P.O. Box 1166
Carlsbad, NM 88220

Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, NM 87401

Mewbourne Oil Company
P.O. Box 7698
Tyler, TX 75711

MYCO Industries
105 South 4th Street
Artesia, NM 88210

Narenta Oil Company
P.O. Box 1056
Santa Fe, NM 87504-1056

Nearburg Exploration Company, LLC
5447 Glen Lakes Dr.
Dallas, TX 75382

Nortex Corporation
1415 E/ Louisiana, #3100
Houston, TX 77002

Penroc Oil Corp.
P.O. Box 5970
Hobbs, NM 88241-5970

Philip L. White
P.O. Box 25968
Albuquerque, NM 87125

Pogo Producing Company
5 Greenway Plaza, Ste 2700
Houston, TX 77046

PUG Petroleum, Inc. & Trinity Bay Oil &
Gas
401 W. Texas Ave, #1003
Midland, TX 79701

Randall Harris
439 West Funk Road
Lake Arthur, NM 88253

Ray Westall
P.O. Box 4
Loco Hills, NM 88255

Riverbend Production LP
1001 Fannin St., Ste 2020
Houston, TX 77002

APPLICATION
PAGE 7

Robert E. Landreth
110 W. Louisiana, 3404
Midland, TX 79701

Samson Resources Co./ Samson
Hydrocarbons
Two West 2nd St.
Tulsa, OK 74103

Southwestern Energy
5151 San Felipe #700
Houston, TX 77057-3608

Southwestern Energy
6600 N. May Ave., #300
Oklahoma City, OK 73112

Commissioner of Public Lands
New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87504

Texaco E&P
P.O. Box 1404
Houston, TX 77251-1404

The Allar Company
P.O. Box 1567
Graham, TX 76450

The Blanco Company
P.O. Box 25968
Albuquerque, NM 87125

Troy Bosserman
711 Beaman
Oakley, KS 67748

Bureau of Land Management
U.S. Department of Interior
620 Greene St.
Carlsbad, NM 88220

V-F Petroleum Inc.
P.O. Box 1889
Midland, TX 79702

Yates Drilling Co.
105 South 4th Street
Artesia, NM 88210

Yates Petroleum Corp.
105 S. 4th Street
Artesia, NM 88210

CASE 14518: **Application of Enstor Grama Ridge Storage and Transportation, L.L.C. for the establishment of pressure limitations for injection wells in the Grama Ridge Storage Area, Lea County, New Mexico.** Applicant seeks an order approving the injection and storage and withdrawal of natural gas in the Grama Ridge Storage Area by and through the following wells:

- A. Grama Ridge Morrow Unit Well No. 001 (API No. 30-025- 21336) located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 3, Township 22 South, Range 34 East, NMPM;
- B. Grama Ridge Morrow Unit Well No. 002 (API No. 30-025-21717) located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 21 South, Range 34 East, NMPM;
- C. Grama Ridge Morrow Unit Well No. 003 (API No. 30-025-21746) located 1980 feet from the South and East lines (Unit J) of Section 33, Township 21 South, Range 34 East, NMPM (Enstor plans to disconnect this well and use it as an observation well); and
- D. Grama Ridge Morrow Unit Well No. 004 (API No. 30-025-21334) located 2310 feet from the North and West lines (Unit F) of Section 4, Township 22 South, Range 34 East, NMPM; and
- E. Grama Ridge Federal 8817-JVP 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 said Section 9, Township 22 South, Range 34 East, NMPM.

Applicant also seeks an order approving a surface injection pressure limit of 5000 pounds per square inch, guage (psig) for injection wells in the Grama Ridge Storage Area and authorizing an administrative procedure for the addition of injection wells to the Grama Ridge Storage Area without notice and hearing. The Grama Ridge Storage Area is located in Sections 33 and 34 of Township 21 South, Range 34 East and Sections 3, 4, 9 and 10 of Township 22 South, Range 34 East, N.M.P.M. which is located approximately 18 miles west of Eunice, New Mexico.