

HOBBS OCD

JUL 26 2011

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

RECEIVED
For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOC District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: Enstor Grama Ridge Storage and Transportation, LLC OGRID #: 234255
Address: 20329 State Highway 249, Suite 400, Houston, TX 77070
Facility or well name: Grama Ridge Federal, 8817 JV-P #1
API Number: 30-025-30686 OCD Permit Number: PI-03524
U/L or Qtr/Qtr B Section 9 Township 22S Range 34E County: Lea
Center of Proposed Design: Latitude W103 deg, 28 min, 22.10 sec Longitude N32 deg, 24 min, 40.51 sec NAD: ☐ 1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC

Operation: ☐ Drilling a new well ☒ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3. **Signs:** Subsection C of 19.15.17.11 NMAC

☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☐ Signed in compliance with 19.15.3.103 NMAC

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)

Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: See Attached Disposal Facility Permit Number: See Attached
Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☒ No

Required for impacted areas which will not be used for future service and operations:

☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Daryl W. Gee Title: Director, Regulatory Affairs & Land Management
Signature: [Signature] Date: 06/03/11
e-mail address: daryl.gee@enstorinc.com Telephone: (281) 374-3062

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____

Approval Date: 07/27/11

Title: _____

PETROLEUM ENGINEER

OCD Permit Number: P1-03524

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____

Title: _____

Signature: _____

Date: _____

e-mail address: _____

Telephone: _____

5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Disposal Facility Name: Triassic Park Waste Disposal Facility (Grandy Marley, Inc.)

Disposal Facility Permit Number: ~~NM0001002484~~ **Nm-01-0019**

Disposal Facility Name: Parabo Disposal Facility (Sundance Services, Inc.)

Disposal Facility Permit Number: ~~NM-1-3-0~~ **Nm-01-0003**

Disposal Facility Name: Halfway Disposal Facility (CRI)

Disposal Facility Permit Number: ~~00166~~ **Nm-01-0006**

Design Plan:

- Frac Tank

Operating and Maintenance Plan:

- A portable Frac Tank will be placed at the location for the drilling fluids.
- A walk around the tank to inspect for leaks will be completed daily.
- If any leaks are detected, the OCD will be called immediately.

Closure Plan:

- When complete, a pump truck will drain the tanks and take drilling fluid away for handling.

The undersigned is, on the records of the Bureau of Land Management, Unit Operator under the **UNDERGROUND GAS STORAGE AMENDED AND RESTATED AGREEMENT FOR SUBSURFACE STORAGE OF GAS MORROW FORMATION, GRAMA RIDGE AREA, LEA COUNTY, NEW MEXICO**, AGREEMENT NO. **14-08-0001-14277 (NMNM - 70953X)**, approved and effective on **July 12, 2011** and hereby designates:

Essex Energy Storage Services, Inc.

Contact information:

Tom Barron, President

Essex Energy Storage Services, Inc.

1717 St. James Place, Suite 460

Houston, TX 77056

(281) 645-6261 office

(713) 626-3664 fax

(832) 275-4591 cellular

tbarron@essexstorage.com

as its agent, with full authority to act on its behalf in complying with the terms of the unit agreement and regulations applicable thereto and on whom the Authorized Officer or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to fracture treatment and other workover operations on **Gramma Ridge Federal 8817 JV P #1 (API No. 30-025-30686)** in the **NE** $\frac{1}{4}$, Section **9**, Township **22S**, Range **34E**, Lea County, **New Mexico**.

Bond coverage will be provided under **Statewide** Bond No. **NMB000304**.

It is understood that this Designation of Agent does not relieve the Unit Operator of responsibility for compliance with the terms of the unit agreement and the oil and gas operating regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest under the unit agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his duly authorized representative.

The Unit Operator agrees promptly to notify the Authorized Officer of any change in the designated agent.

This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement; and a designated agent may not designate another party as agent.


This designation is given only to enable the agent herein designated to drill the above specified well. It is understood that this Designation of Agent is limited to the field operations performed while drilling and completing the specified well and does not include administrative actions requiring

specific authorization of the Unit Operator. This designation in no way will serve as authorization for the agent to conduct field operations for the specified well after it has been completed for production. Unless sooner terminated, this designation shall terminate when there is filed in the appropriate office of the Bureau of Land Management all reports and a Well Completion Report and Log (Form 3160-4) as required by the approved Application for Permit to Drill for the specified well.

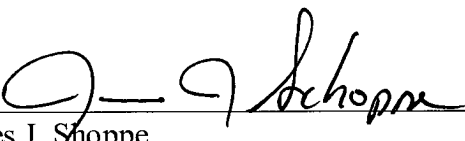
In the event the above specified well is completed as a non-paying unit well, the authority for the designated agent to operate this well shall be established by completion of the Delegation of Authority to Operate Non-paying Unit Well form and submittal of the form to the appropriate office of the Authorized Officer.

ENSTOR GRAMA RIDGE STORAGE AND TRANSPORTATION, LLC

By: Enstor Operating Company, LLC its Manager

By: 
Matt Morrow
Authorized Signatory

Date: 7-12-11

By: 
James J. Shoppe
Authorized Signatory

Date: 7-12-11

