

EX-1

CHA CHA-GALLUP OIL POOL
San Juan County, New Mexico

Order No. R-1800, Adopting Temporary Operating Rules for the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, November 1, 1960

Order No. R-1800-A, October 23, 1961, makes permanent the temporary rules adopted in Order No. R-1800, and set out below.

Application of Benson-Montin-Greer Drilling Corporation for the creation of a new Gallup Oil Pool in San Juan County, New Mexico, and for the promulgation of temporary special rules and regulations in connection therewith.

CASE NO. 2069
Order No. R-1800

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on September 14, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of October, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Benson-Montin-Greer Drilling Corporation, seeks an order creating a new oil pool for Gallup production consisting of Section 17, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the applicant further proposes that temporary special rules and regulations be promulgated governing said pool, including a provision for 80-acre oil proration units and including a provision for transfer of allowables.

(4) That the evidence available at this time indicates that the Gallup reservoir underlying said Section 17 may be efficiently and economically drained and developed on 80-acre proration units and that it may be uneconomical to drill wells in said pool on 40-acre proration units.

(5) That during the one-year period in which this order will be in effect, the applicant should gather all available information relative to drainage and recoverable reserves in the subject pool, and thus the request for transfer of allowables should be approved.

(6) That this case should be heard again by the Commission at the regular monthly hearing in October, 1961, at which time the applicant should be prepared to prove by a preponderance of the evidence why the subject pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico,

classified as an oil pool for Gallup production, be and the same is hereby created and designated as the Cha Cha-Gallup Oil Pool, with the vertical limits being the Gallup formation and the horizontal limits being Section 17, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico.

(2) That temporary special rules and regulations for the said Cha Cha-Gallup Oil Pool be and the same are hereby promulgated as follows, effective November 1, 1960.

SPECIAL RULES AND REGULATIONS FOR THE CHA CHA-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Cha Cha-Gallup Oil Pool or in the Gallup formation within one mile of the Cha Cha-Gallup Oil Pool, and not nearer to nor within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Cha Cha-Gallup Oil Pool shall be located on a unit containing approximately 80 acres, which consists of any two contiguous quarter-quarter sections of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit.

RULE 3. Each well projected to or completed in the Cha Cha-Gallup Oil Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the 80-acre unit.

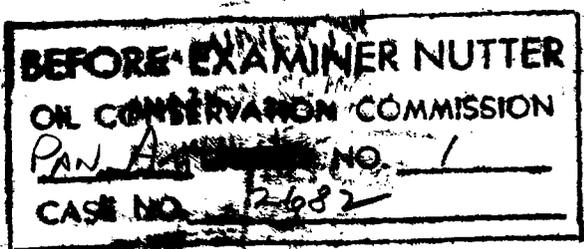
RULE 4. For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit is to consist of a single quarter-quarter section or lot.
- (2) The non-standard unit consists of not more than 81 acres.
- (3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

*Discy well - compl date 2-27-59
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*Pan Am requests
permanent rules*



(CHA CHA-GALLUP OIL POOL—Cont'd.)

RULE 5. The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two lots or tracts comprising less than 79 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 6. The allowable assigned to any non-standard proration unit shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as the acreage in the non-standard unit bears to 80 acres.

RULE 7. An 80-acre proration unit (79 through 81 acres) in the Cha Cha-Gallup Oil Pool shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

IT IS FURTHER ORDERED:

That operators who propose to dedicate 80 acres to a well in the Cha Cha-Gallup Oil Pool must file an amended Commission Form C-128 with the Aztec District Office of the Commission by October 15, 1960, in order that the well may be assigned an 80-acre allowable on the November proration schedule.

IT IS FURTHER ORDERED:

That the applicant be and the same is hereby permitted to shut-in one of the wells presently completed in said pool and to transfer its allowable to any presently completed well or wells on the same basic lease which are producing from said pool. Provided, however, that such allowable transfer shall be limited to a period not to exceed one year.

IT IS FURTHER ORDERED:

That this case be reopened at the regular monthly hearing of the Commission in October, 1961, at which time the applicant shall appear and show cause why the Cha Cha-Gallup Oil Pool should not be developed on 40-acre proration units.

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

**ANGELS PEAK-GALLUP OIL POOL
(FIELD RECLASSIFIED)**

San Juan County, New Mexico

Order No. R-1357, Reclassifying from Gas to Oil the Angels Peak-Gallup Pool, San Juan County, New Mexico, April 1, 1959.

Application of the Oil Conservation Commission on its own motion to consider the Reclassification of the Angels Peak-Gallup Pool in San Juan County, New Mexico, from a Gas Pool to an Oil Pool.

CASE NO. 1616
Order No. R-1357

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on March 18, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of March, 1959, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the evidence presented indicates there is more likelihood that the Angels Peak-Gallup Pool in San Juan County, New Mexico, is an oil pool rather than a gas pool.

(3) That unrestricted gas production from said Angels Peak-Gallup Pool will result in waste.

(4) That the Angels Peak-Gallup Pool should be reclassified as an oil pool and produced accordingly with a depth factor for proration purposes of 1.77.

(5) That non-standard oil well locations should be approved for all wells heretofore drilled in said Angels Peak-Gallup Pool on unorthodox oil well locations.

(6) That the effective date of this order should be April 1, 1959.

IT IS THEREFORE ORDERED:

(1) That the Angels Peak-Gallup Pool in San Juan County, New Mexico, be and the same is hereby reclassified as an oil pool effective April 1, 1959, with a depth factor for proration purposes of 1.77.

(2) That non-standard oil well locations be and the same are hereby approved for all such wells in said pool as were drilled or were drilling on unorthodox oil-well locations prior to March 18, 1959.

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