

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 444
ORDER NO. R-240

THE APPLICATION OF THREE STATES
NATURAL GAS COMPANY FOR AN ORDER
APPROVING A PROPOSED UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE CHACO UNIT AREA CONSISTING OF
45,998.49 ACRES SITUATED IN TOWNSHIP
23 NORTH, RANGES 8 AND 9 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. December 16, 1952
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission".

NOW, on this 16th day of January, 1953, the Commission having before it
for consideration the testimony adduced at the hearing of said case 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 proposed unit plan will in principle tend to promote
the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

CHACO UNIT AGREEMENT ORDER

SECTION 1. (a) That the project herein shall be known as the Chaco Unit
Agreement and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall
be embraced in the form of a unit agreement for the development and operation of
the Chaco Unit Area referred to in the Petitioner's petition and filed with said
petition and filed with said petition and such plan shall be known as the Chaco
Unit Agreement Plan.

SECTION 2. That the Chaco Unit Agreement shall be, and is hereby approved in
principle as a proper conservation measure; provided, however, that notwithstanding
any of the provisions contained in said unit agreement, this approval of said
agreement shall not be considered as waiving or relinquishing in any manner any
rights, duties, or obligations which are now or may hereafter be vested in the
New Mexico Oil Conservation Commission by law relative to the supervision and
control of operations for exploration and development of any lands committed to
said Chaco Unit Agreement or relative to the production of oil or gas therefrom.

SECTION 3. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

Township 23 North, Range 8 West
All of Sections 1 thru 36, inclusive

Township 23 North, Range 9 West
All of Sections 1 thru 36, inclusive

containing 45,998.49 acres of land, more or less.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

SECTION 4. That the unit operator shall file with the Commission an executed original or executed counterpart thereof of the Chaco Unit Agreement not later than 30 days after the effective date thereof.

SECTION 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original or any such counterpart..

SECTION 6. That this order shall become effective on the first day of the calendar month next following the approval of the Commissioner of Public Lands and the Director of the United States Geological Survey and shall terminate ipso facto on the termination of said Unit Agreement. The last Unit Operator shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, SECRETARY

S E A L