

(19) **SHADOW ALLOWABLE:** The gas volume calculated for a marginal GPU that is equal to the allowable assigned to a non-marginal GPU in the same pool of the same A (acreage) or A and AD (acreage deliverability) factors as the marginal GPU. [5-30-98]

(20) **UNDERPRODUCTION:** The volume of assigned non-marginal allowable not produced on a GPU. Underproduction accumulates month to month during the proration period. [5-30-98]

605.B. WELL ACREAGE AND LOCATION REQUIREMENTS

(1) **STANDARD GAS PRORATION UNIT SIZE AND WELL SPACING:**

(a) Unless otherwise provided for in applicable special pool rules, gas wells in prorated gas pools shall be drilled according to the well spacing and acreage requirements contained in these Rules provided that when wells are drilled in pools with 640 acre spacing, a government section shall comprise the proration unit.

(b) Any GPU drilled according to paragraph (a) which contains acreage within the tolerances below shall be considered a standard GPU for calculating allowables:

<u>STANDARD PRORATION UNIT</u>	<u>ACREAGE TOLERANCE</u>
160 acres	158-162 acres
320 acres	316-324 acres
640 acres	632-648 acres

[5-30-98]

(2) **NON-STANDARD GAS PRORATION UNITS:**

(a) The District Supervisor of the appropriate district office of the Division has the authority to approve a nonstandard GPU without notice and hearing when the unorthodox size and shape of the GPU is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys and the nonstandard GPU is not less than 75% nor more than 125% of a standard GPU by accepting a Form C-102 land plat showing the proposed nonstandard GPU with the number of acres contained therein, and shall assign an allowable

to the nonstandard GPU based upon the acreage factor for that acreage.

- (b) Nonstandard proration units and unorthodox locations may be approved by the Division according to applicable special pool rules or Division Rules.

[5-30-98]

605. C. NOMINATIONS

(1) **GAS PURCHASERS OR GAS TRANSPORTERS SHALL NOMINATE:**

Each gas purchaser or each gas transporter as herein provided shall file with the Division its nomination for the amount of gas which it in good faith desires to purchase and/or expects to transport during the ensuing allocation period from each gas pool regulated by this order. The purchaser may delegate the nomination responsibility to the transporter, operator, or broker by notifying the Division's Santa Fe office. One copy of such nomination for each pool shall be submitted to the Division's Santa Fe office on Form C-121-A by the first day of the month during which the Division will consider at its allocation hearing the nominations for the succeeding allocation period. The Division shall consider at its allocation hearing the nominations received, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste during the ensuing allocation period.

The Division Director may, at his discretion, suspend this rule whenever it appears that the nominations are of little or no value. [5-30-98]

(2) **SCHEDULE:** The Division shall issue a gas proration schedule for each allocation period showing the monthly allowable for each GPU that may be produced during each month of the ensuing allocation period, the current classification of each GPU, and such other information as is necessary to show the allowable production status of each GPU on the schedule. The Division may issue supplemental proration schedules during an allocation period as necessary to show changes in GPU classification, adjustments to allowables due to changes in market conditions, or to reflect any other changes as the Division deems necessary. [5-30-98]

(3) **PRORATION OF ALL GAS WELLS WITHIN A POOL:** The Division shall include in the proration schedule the gas wells in the gas pools regulated by this order delivering to a gas transporter, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such a well. [5-30-98]

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