**AMENDED SPECIAL RULES FOR THE
BLANCO-MESAVERDE POOL**

I. **ACREAGE AND WELL LOCATION REQUIREMENTS**

A. **Standard GPU (Gas Proration Unit):** A standard GPU in the Blanco-Mesaverde Pool shall be 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.

B. **Well density:**

(1) Up to four eight (84) vertical wells may be drilled and completed in the Blanco-Mesaverde formationPool, underlying on a standard GPU;

(2) In addition to the four (4) wells authorized to be drilled and completed under B(1), an operator may conduct operations to recomplete up to four (4) existing vertical wells in the Blanco-Mesaverde Pool Mesaverde formation within a standard GPU;

(23) No more than four (4) wells producing from the Blanco-Mesaverde Pool Mesaverde formation shall be located within either quarter section in a GPU; and

(34) Any deviation from the above-described well density requirements shall be authorized only after hearing.

C. **Well locations:**

(1) Except as provided in subparagraph I.C (2) below, wells drilled on a GPU shall be located no closer than 660 feet to the outer boundary of the GPU and no closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary.

(2) A well drilled or recompleted within a federal exploratory unit is not subject to the 660-foot setback requirement to the outer boundary of a GPU, provided however:

(a) the well shall not be closer than 10 feet to any section, quarter section, or interior quarter-quarter section line or subdivision inner boundary;

(b) the well shall not be closer than 660 feet to the outer boundary of the federal exploratory unit;

(c) if the well is located within the federal exploratory unit area but adjacent to an existing or prospective GPU containing a non-committed tract or partially committed tract, it shall not be closer than 660 feet to the outer boundary of its GPU;

(d) if the well is located within a non-committed or partially committed GPU, it shall not be closer than 660 feet to the outer boundary of its GPU;

(e) if the well is located within a participating area but adjacent to an existing or prospective GPU that is not within the same participating area, it shall not be closer than 660 feet to the outer boundary of the participating area; and

(f) if the well is located within the federal exploratory unit area but in an existing or prospective GPU that is a non-participating GPU, it shall not be closer than 660 feet to the outer boundary of its GPU.

(3) The operator filing an APD for any well within a federal exploratory unit area that is closer to the outer boundary of its assigned GPU than 660 feet shall provide proof in the form of a participating area plat that such well meets the requirements of I.C (2) above.

II. ADMINISTRATIVE EXCEPTIONS:

The Division Director, in accordance with Subsection C of 19.15.15.11 NMAC, may administratively grant an exception to the well location requirements of I.C above upon application to the Division which includes notification by certified mail-return receipt requested to affected persons. [See 19.15.2.7.A(8) NMAC].

III. ALLOCATION AND GRANTING ALLOWABLES:

A. **Non-Marginal GPU Allowable:** The pool allowable remaining each month after deducting the total allowable assigned to marginal GPU's shall be allocated among the non-marginal GPU's entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPU's in the pool.

When calculating the allowable for a GPU containing one or more infill wells, the deliverability of the wells shall be added in calculating the AD Factor and the allowable may be produced from all wells.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

B. **Minimum Allowable:** A minimum allowable of 250 MCF per month per GPU is assigned to prevent the premature abandonment of wells.

C. **A GPU in the Blanco-Mesaverde Pool** shall be classified as marginal unless reclassified by the Director pursuant to Division Rule 605.F.(2). Any operator in the Blanco-Mesaverde Pool may request a reclassification of a GPU in that pool.

IV. VERTICAL LIMITS OF THE BLANCO-MESAVERDE POOL:

The vertical limits for the Blanco-Mesaverde Pool are described in relation to the Chacra line and to the Huerfanito Bentonite Marker as follows: **(i)** Southwest of the Chacra line the top of the pool is a point 750 feet below the Huerfanito Bentonite Marker and the base of the pool is a point 500 feet below the top of the Point Lookout Sandstone; and **(ii)** Northeast of the Chacra line the top of the pool is a point 300 feet above the Huerfanito Bentonite Marker and the base of the pool is a point 500 feet below the top of the Point Lookout Sandstone.

The northwest southeast trending Chacra Line (originally established by Order R-5459, as amended) divides the Blanco-Mesaverde pool for purposes of defining the vertical limits of the pool. This line traverses the south side or west side of the sections listed below:

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM
Section 31: West

Section 18:	South
Section 20:	West and South
Sections 21 and 22:	South
Section 25:	South
Section 26:	West and South

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 6:	West and South
Section 8:	West and South
Sections 9 through 11:	South
Section 13:	West and South

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 19:	South
Sections 27 and 28:	South
Section 29:	West and South
Section 35:	West and South
Section 36:	South

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM

Sections 7 and 8:	South
Sections 14 and 15:	South
Section 16:	West and South
Section 24:	West and South

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 12:	South.

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 6:	West
Section 7:	West and South
Sections 8 and 9:	South
Section 14:	South
Section 15:	West and South
Section 24:	West
Section 25:	West and South

TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM

Section 7:	West
Sections 18 and 19:	West
Sections 30 and 31:	West

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 31:	West and South
Sections 32 through 36:	South

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 17:	South
Section 18:	West and South
Section 21:	West and South
Section 22:	South
Section 25:	South
Section 26:	West and South

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

Section 3:	South
Section 4:	West and South
Section 11:	West and South
Section 12:	South

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 31:	West and South
Section 32:	South

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

Section 3:	West
Section 10:	West and South
Section 14:	West and South
Section 24:	West
Section 25:	West and South

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM

Section 7:	West
Section 18:	West and South
Section 20:	West and South
Section 28:	West
Section 33:	West and South

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 1:	West and South

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Sections 7 and 8:	South
Section 16:	West and South
Section 22:	West and South
Section 26:	West
Section 35:	West and South

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM

Sections 2 and 3:	South
Section 4:	West and South
Section 12:	West and South

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM

Sections 31 and 32:	South

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

Sections 31 through 36:	South

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Sections 31:	West and South
Sections 32 through 36:	South