

A. Any well which is drilled or deepened with rotary tools shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas. When the deviation averages more than five degrees in any 500-foot interval, the operator shall include the calculations of the maximum possible horizontal displacement of the hole and the Division Director may require that a directional survey be run to establish the location of the producing interval(s).

B. The Division Director, at the request of an offset operator, may require any operator to make a directional survey of any well. Said directional survey and all associated costs shall be at the expense of the requesting party and shall be secured in advance by a \$5,000 indemnity bond posted with and approved by the Division. The requesting party may designate the well survey company, and said survey shall be witnessed by the Division.

C. Except as provided in Paragraph D. below, no well shall be intentionally deviated without special permission from the Division. Permission to deviate toward the vertical to straighten a crooked hole, to deviate toward the vertical or in an indeterminate direction to sidetrack junk in the hole, or to drill a relief well to control a blow-out shall be obtained from the appropriate District Office of the Division on Division Form C-103 with copies of said Form C-103 being furnished to all offset operators. Upon request from the Division Director, any well which was deviated in an indeterminate direction or toward the vertical shall be directionally surveyed. In addition, a directional survey of the entire well bore must be made on any well which was deviated in a predetermined direction, except toward the vertical. The District Office of the Division shall be notified of the approximate time all directional surveys are to be conducted. All directional surveys run on any well which was intentionally deviated in any manner for any reason must be filed with the Division upon completion of the well. The Division will not assign an allowable to a well until the operator has submitted an affidavit that all such directional surveys have been filed.

D. The Division Director shall have the authority to grant administrative approval to intentionally deviate a well from vertical when:

(1) the surface location is not a satisfactory drillsite due to topographic conditions or other surface obstructions, and,

(2) the bottomhole location is orthodox or an unorthodox location previously approved.

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E. Applications for administrative approval shall be filed in TRIPLICATE and shall be accompanied by plats showing both the surface location and targeted bottomhole location. The application shall state the reason(s) for deviating the subject well and include a site map and/or topography map illustrating the surface obstruction. The bottomhole location obtained will be considered reasonable and satisfactory if the actual location at total depth is orthodox or is no more than 50 feet from the approved bottomhole location.

F. All operators of proration or spacing units offsetting the unit for which the permit to deviate is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the application upon receipt of waivers from all offset operators or if no offset operator has entered an objection within 20 days after the Director has received the application.

G. The Division Director may, at his discretion, set any application for administrative approval for directional drilling for public hearing.

H. Permission to deviate a well in any manner or for any other reason not provided for in these rules will be granted only after notice and hearing.