

PROVIDED HOWEVER THAT:

(5) The applicant shall determine the actual location of the kick-off points in each well prior to commencing directional drilling operations. Also, the applicant shall conduct a directional survey on the lateral portion of any horizontal wellbore during or after completion of drilling operations.

(6) The applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time of conductance of any directional surveys in order that the same may be witnessed.

(7) The applicant shall submit copies of all directional surveys conducted on the subject well to both the Santa Fe and Hobbs offices of the Division; and,

(8) The allowable assigned to the proration units designated to each well in the Tomahawk-San Andres Pool shall be assigned by the supervisor of the Division's Hobbs district office and shall be equal to 80 barrels of oil per day times the number of standard 40-acre tracts within each designated proration unit that are developed/traversed by a horizontal drainhole.

IT IS FURTHER ORDERED THAT:

(9) **Special operating provisions** for additional horizontal/high angle wellbores within said "Tom "36" State Lease" are hereby promulgated as follows:

RULE 1.

(A). The Director of the Division is hereby authorized to administratively approve intentionally deviated wells in the Tom "36" State Lease as described above for the purpose of penetrating the Tomahawk-San Andres Pool by means of a wellbore drilled horizontally, provided the following conditions are complied with:

- (1) the surface location of the proposed well is a standard location or the applicant has obtained approval of an unorthodox surface oil well location as provided in General Rule 104.F(1); and,

- (2) no portion of a horizontal drainhole shall be closer than 100 feet to the outer boundary circumventing said project area

(B). To obtain administrative approval for additional deviated horizontal drainholes within the Tom "36" State Lease, the applicant shall file such request in writing with the Hobbs and Santa Fe offices of the Division and shall further provide a copy of such application to all operators and or owners of undrilled tracts or unleased mineral interests offsetting the proposed proration unit for said well by registered or certified mail, and the application shall state that such notice has been furnished. The application shall include the following information:

- (1) a copy of Division Form C-102 identifying the proposed proration unit to be dedicated to the well and any other wells within this proposed unit;
- (2) a land plat that identifies the ownership of all offsetting tracts to the proposed proration unit; and,
- (3) schematic drawings of the proposed well completion or recompletion which fully describe the casing, tubing, perforated or openhole interval, kick-off point, and proposed trajectory of the drainhole section.

(C). The Division Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the intentionally deviated horizontal wellbore has been entered within twenty days after the Director has received the application. If any objection to the proposed intentionally deviated horizontal well is