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July 2016



Impact of Recent Statewide Rule Amendments on Drilling Permit Application Process

Why Rules Were Updated

What led to these rules being changed?

- Current rules developed more for vertical well development
- Current trend is for horizontal development
- Plat requirements needed updating



Statewide Rule 3.5

Application To Drill, Deepen, Reenter, or Plug Back

- GPS Coordinates required for all applications
- Requirements for plats filed in support of horizontal well applications updated



Statewide Rule 3.40 (1 of 2)

Assignment of Acreage to Pooled Development and Proration Units

- Language cleared up
- Clearly states when a P-12 or revised P-12 is needed



Statewide Rule 3.40 (2 of 2)

Assignment of Acreage to Pooled Development and Proration Units

- Language included for wells proposed in “UFT” fields
- All applications for horizontal wells and any application for well in “UFT” require Form P-16
- Instructions on how to file a complaint



Statewide Rule 3.86 (1 of 2)

Horizontal Drainhole Wells

- Definitions updated to include take points and stacked laterals
- Language added concerning take points, off-lease penetration, NPZ's and subsurface tolerance box
- Qualifications for Stacked Lateral classification



Statewide Rule 3.86 (2 of 2)

Horizontal Drainhole Wells

- As-drilled plat requirements
- Steps needed to resolve off-lease penetration points
- SWR 3.38 exceptions for wells applied for in a “UFT” field
- What you need to do if seeking an exception to this rule

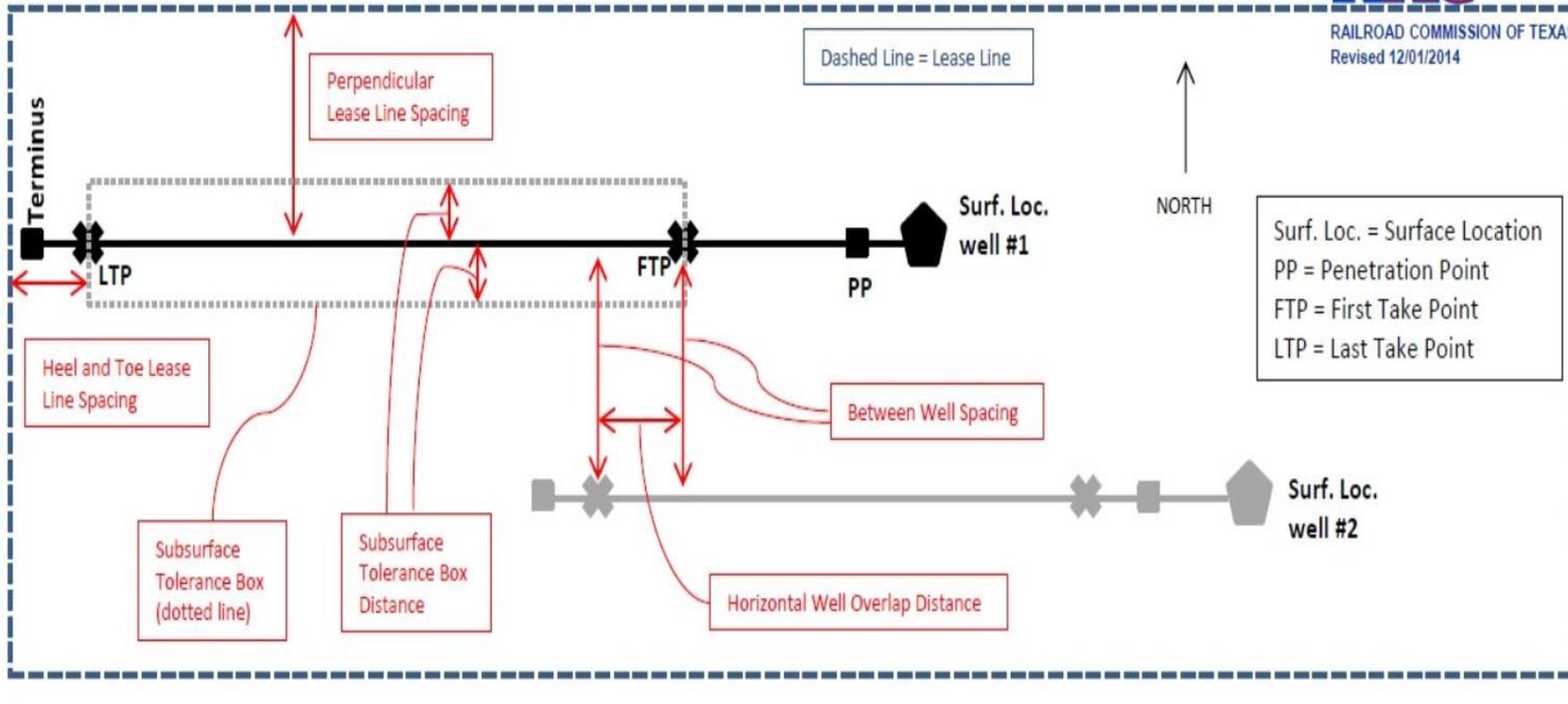


Horizontal Wellbore Profile (1 of 2)

FIELD RULE ILLUSTRATION: PLAT VIEW

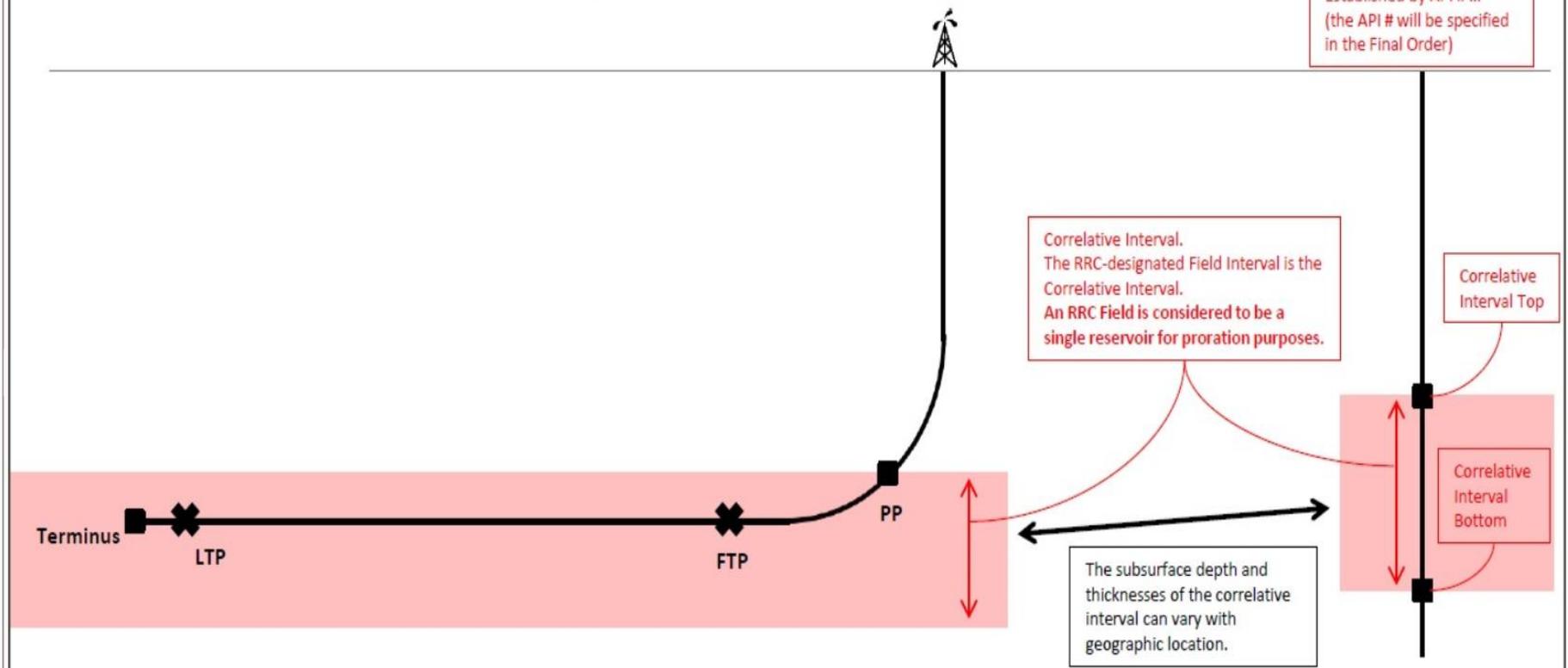


RAILROAD COMMISSION OF TEXAS
Revised 12/01/2014



Horizontal Wellbore Profile (2 of 2)

FIELD RULE ILLUSTRATION: WELLBORE SIDE VIEW OF WELL #1 ABOVE



Questions?

Before going on to next portion of presentation are there any questions?



DP Online system- General Information

SWR 3.5

Enter GPS coordinates for surface location in one of the following formats:
1) degrees, minutes, seconds; 2) decimal degrees; or 3) state plane.
For decimal degrees, enter coordinates in the Degrees boxes.

After saving the data on this page, click the Display Coordinates button to view the coordinates on the GIS. If necessary, the data entered coordinates will be converted to decimal degrees, the RRC standard format. The decimal degrees coordinates will display as a hyperlink. Click the hyperlink to view the surface location on the GIS. **Important:** If you make any changes to the coordinates after viewing them on the GIS, be sure to save the record, and then click Display Coordinates again to view the updated location.

Datum: (please choose)

Latitude		Longitude	
Degrees:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Minutes:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Seconds:	<input type="text"/>	<input type="text"/>	<input type="text"/>

OR

State Plane		
X-Coordinates	Y-Coordinates	Select Zone
<input type="text"/>	<input type="text"/>	(please choose) <input type="button" value="v"/>



DP Online system- Field List page

SWR 3.86

Field List

The default field will determine the primary lease name and well number for the permit. Click edit to change field details (or select the Field Details tab). Thereafter, all fields added will be
For a directional or horizontal wellbore profile, you must indicate if the surface location is off-lease. For a horizontal wellbore profile, you must indicate if the penetration point is off-lease.
Note: The off-lease indicators were added to the screen in February 2016. Applications submitted before this date will display the indicators with a default value of No. The information pro
information.

Be sure to click Save Changes after you update the off-lease indicators.

Save Changes

Status	Dist #	Field Name	Field #	Lease Name	Well #	Nearest Lease Line	Acres	Well Type	Compl. Depth	Nearest Well on Lease	Number of Wells on Lease	SWR	Off-lease Surface Location	Off-lease Penetration Point	
	7C	SPRABERRY (TREND AREA) Primary Field	85279200	SMITH	1H			Oil or Gas Well					<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input checked="" type="radio"/> No	Delete Edit



DP Online system- Field Details page (1 of 3)

SWR 3.86

*Basic Details			
Lease name:	<input type="text" value="SMITH"/>	Well number:	<input type="text" value="1H"/>
		Distance to Nearest Lease Line:	<input type="text"/>
Total Acres in the Lease:	<input type="text"/>	Off-lease Surface Location:	Yes
		Off-lease Penetration Point:	Yes
Surface Survey Line Perpendiculars:	Distance	Direction	Distance
	600.0 feet	from the n line	and 600.0 feet
			from the w line
Pooled/Unitized:	<input type="checkbox"/> (Check if yes)	Unitized Docket Number:	<input type="text"/>
			(Required only if Unitized)
Well Type:	<input type="text" value="Oil or Gas Well"/>	Completion Depth:	<input type="text"/>
		Distance to Nearest Well:	<input type="text"/>
No. of Wells:	<input type="text"/>	Total Depth:	9000



DP Online system- Field Details page (2 of 3)

SWR 3.86

Delete	Name	Profile		Distance (ft)	Direction	Distance (ft)	Direction
<input type="checkbox"/>	TH1	Terminus Point	Lease	<input type="text"/> feet	from the <input type="text"/> line	and <input type="text"/> feet	from the <input type="text"/> line
			Survey	<input type="text"/> feet	from the <input type="text"/> line	and <input type="text"/> feet	from the <input type="text"/> line
		Last Take Point	Lease	<input type="text"/> feet	from the <input type="text"/> line	and <input type="text"/> feet	from the <input type="text"/> line
		First Take Point	Lease	<input type="text"/> feet	from the <input type="text"/> line	and <input type="text"/> feet	from the <input type="text"/> line
		Penetration Point	Survey	<input type="text"/> feet	from the <input type="text"/> line	and <input type="text"/> feet	from the <input type="text"/> line

Resolution Explanation - Off-lease Penetration Point

Resolution	Explanation
<input type="checkbox"/> Own Offset	You have indicated on the plat that you are the only affected party.
<input type="checkbox"/> Waivers	Attach a signed waiver for any party you have identified as requiring notification.
<input type="checkbox"/> Notices	Last Notification Date: <input type="text"/> (MM/DD/YYYY) Attach a copy of the notice and plat that were sent to affected parties. Also attach a copy of each return receipt for affected parties. Provide the date that the last notice was mailed to an affected party, and do not submit your application until 21 days after the last notification date.
<input type="checkbox"/> Publication	You have indicated that you have made a good faith effort to determine all affected parties. As specified in SWR 1.46, attach a copy of the notice that was published and a plat, as well as a publishers affidavit.
<input type="checkbox"/> Hearing Requested	If you have not been able to come to an agreement with affected parties, you may request a hearing. Attach a hearing service list that includes all affected parties.

Docket Number (99-9999999) : **Hearing Outcome:**



DP Online system- Field Details page (3 of 3)

Field Rules

Special Horizontal Field Rules

Special Horizontal Field Rules: For informational purposes only. The Final Order controls all field rules.

Unconventional Fracture Treated (UFT): Yes

UFT Effective Date: 05/10/2016

Correlative Interval: From 6865 to 10605 feet

Established by API Number: 32931029

Dual Lease Line Take Point Spacing

Form P-16 Required: Yes

First/Last Take Points (Heel and Toe) to Lease Line: 100 feet

Perpendicular Spacing from All Take Points to Lease Line: 330 feet

Between-Well Spacing

Subsurface Tolerance Box: 50 feet

Horizontal to Vertical: 0 feet

Horizontal to Horizontal: 0 feet

Overlap Distance: N/A

Stacked Lateral Rules: Yes (If yes, see Final Order for details)

Special Rule 38 (Well Density) Provision

Upper: 79 acres

Notification Radius: 660 feet

Lower: 20 acres

Comments for the Special Field Rules

Comments: DOCKET 7C-0291171 CONTAINS THE SAME INFORMATION AS 7C-0291169.

History: Final Orders that contain special horizontal field rules language

Docket Number	Final Order Effective Date	Final Order Document
7c-0291169	12/02/2014	Click Here



DP Online system- Exceptions page

Field Rules and SWR 3.86

Save (please hit save to see errors on this page)

Field	Exception
SPRABERRY (TREND AREA)	SWR 38

SWR 38 Exception Notification Parameters

- Yes Are you using different notification parameters than the ones in SWR 38 to determine the affected persons?
 (applies to fields designated as UFT, or with a notification radius specified in special field rules)
- No

Be sure to attach geological data to support your exception request if **No** was selected above.

Resolution Explanation

Resolution		Explanation
<input type="checkbox"/> Own Offset	None needed.	You have indicated that your application meets specific criteria.
<input type="checkbox"/> Waivers	Attach Waiver(s)	Verify the criteria for waivers then attach the scanned images using the Attachments tab.
<input type="checkbox"/> Service List	Attach Service List	You have indicated that a Notification of Application for this W-1 is necessary. Pursuant to the applicable rule, the Commission will issue these notifications to all parties on the service list. Be sure to list the applying operator on the service list. Specific formatting instructions and file types are required.
<input type="checkbox"/> Publication	Instructions will be sent to your email address.	You have indicated that you have made a good faith effort/due diligence search to determine all entities to receive notice and the attached service list is incomplete because addresses are missing or are inadequate. You must also check the Service List box and attach a service list along with this option.
<input type="checkbox"/> Unaffected	None needed	This resolution is only applicable to SWR 37 between-well exceptions or SWR 38 exceptions.
<input type="checkbox"/> Hearing Requested	None needed	If, in good faith, you anticipate a protest to the application, you may request it be set immediately for hearing.



DP Online system- Attachments page

SWR 3.40 and SWR 3.86

- A Plat needs to be attached
- All fields need to be associated with at least one Plat
- A P-16 needs to be attached

[General Information](#) [Field List](#) [Field Details](#) [Exceptions](#) **Attachments** [Comments](#) [Review](#)

Select the type of attachment to upload : ▼

Attachment Type	Name/Size	Associations	Delete
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- P-16
- Off-Lease Penetration resolutions
- Due Diligence letter



Questions?

Before going on to the last portion of the presentation are there any questions?



Important to Remember

SECTION III. LISTING OF ALL WELLS IN THE APPLIED FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED BY FILER

This section should be utilized for wells on a single lease, pooled unit, or unitized tract designated by the RRC or where multiple operators have an agreement to share lease acreage.

Item A and B is required only if field rules have an exception to SWR 40. Item C is required for all other filings. (Submit either A & B, or C.)

- A) Designate total acreage assigned to horizontal wells and total remaining acreage (**SWR 40 exception**)
- B) Designate total acreage assigned to vertical/directional wells and total remaining acreage (**SWR 40 exception**)
- C) Total assigned acreage and total remaining acreage

When being filed in conjunction with the **Form W-1**, list all completed and permitted wells. Completed wells should reflect the current assigned proration acreage as reflected on RRC schedule.

When being filed in conjunction with the **Form G-1/W-2** list all completed wells reflecting proposed assigned proration acreage.

Please pay attention to the last 2 sentences and remember what you are trying to prove with your Drilling Permit application.



UFT Rules

Pooled Units

- Separate Vertical acreage allocation
- One lease ID number for new pooled unit
- Existing Vertical lease ID numbers remain same
- No SWR 37 unless there are unleased interests
- May not need P-17

PSA/Allocation wells

- Separate Vertical acreage allocation
- Each well gets its own lease ID number
- Existing Vertical lease ID numbers remain same
- In most cases a SWR 37 will be required
- Will need a P-17



Field Rules vs. SWR 3.86

Field Rules

- Subsurface tolerance box
- Allows for “Dual” lease line spacing
- Stacked Lateral language
- Special SWR 38 notification

SWR 3.86

- Subsurface tolerance box
- “Take” point language only
- Stacked Lateral language
- Special SWR 38 notification for “UFT” fields



Thank You

