



# Common Production Reporting Mistakes

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# Common Discrepancies (1 of 2)



- Hardcopy mistakes
- Misuse of disposition codes
  - Code 03 & 06
  - Code 04 & 08
  - Code 71, 73, 73 & 75
- Stock transfers
- Out of balance
  - Oil Vs Gas
  - First month of commingle

# Common Discrepancies (2 of 2)



- Filing operator not operator of record
- Commingle permit discrepancies
  - Omitted commingle permit
  - Not on commingle permit for cycle
  - Invalid commingle permit
  - Not authorized to file special
- Lease off cycle
  - Beginning vs end
- Taking over leases with delinquent reports

# EDI Filing with Correct Operator



Ensure the correct P5 operator is logged into before filing an EDI



If production reports are filed for leases that are operated by a company different than the company submitter is logged in under, the filing would be considered discrepant.

# Hardcopy Mistakes



- RRC will return hard copies for corrections on the below:
  - Submitted in portrait style
    - Must be landscape style
  - Missing any signature box information
    - Printed name, signature, title, phone number, and date
  - Not completed in blue or black ink
  - Missing/incorrect reporting period
  - Missing operator number or RRC district number
  - Missing lease code: O(oil)/G(gas)/P(pending)
  - Missing any required lease information
    - Field/lease name, RRC identifier, volume with no disposition code



02/2021

Print Name			Signature		
Title			Phone ( )		
I certify that I am authorized to make this report, that it was prepared by me or under my supervision and direction, and that the information stated herein is true, correct and complete to the best of my knowledge.					

# Disposition Code 03



## **Code 03: Net Oil/Condensate from Commercial Tank Cleaning**

- **When to be used on form PR:**
  - When oil/condensate has been collected from the lease by an operator of a reclamation facility.
  - Operator must have a P-5 and file an R-2 with the Commission.
- **Why is there a discrepancy?**
  - RRC Manual Review
  - Operator has no P-5
  - Operator does not file R-2s
- **How to resolve:**
  - List the R-2 facility number in remarks
  - Back amount out of previously reported production

# Disposition Code 06



## **Code 06:** Sedimentation/BS&W from Commercial Tank Cleaning

- **When to be used on form PR:**
  - When BS&W has been collected from the lease by an operator of a reclamation facility.
  - Operator must have a P-5 and file an R-2 with the Commission.
- **Why is there a discrepancy?**
  - RRC Manual Review
  - Operator has no P-5
  - Operator does not file R-2s
- **How to resolve:**
  - List the R-2 facility number in remarks
  - Back amount out of previously reported production

# Disposition Code 04: Circulating Oil/Condensate



- When to be used on form PR:
  - Used for hot oil treatments used from one lease to another to stimulate a well
  - Requires an approved movement letter from the District Office
- Why is there a discrepancy?
  - No approved movement letter
  - Amount discrepancy
- How to resolve:
  - Check the code for accuracy
  - Check the amount on PR/Letter
  - Send approved movement letter to Production Dept to support use of code 04

# Disposition Code 08



## **Code 08: Skim Oil**

- When to be used on form PR:
  - When water is disposed with a saltwater disposal facility and skim oil is allocated back to the RRC lease.
  - Must claim this skim oil as production
  - Add amount allocated from SWD operator as production, and code out the same amount to code 08

# Disposition Code 71: Change of Operator



- When to be used on form PR:
  - New lease stock discrepancy
  - Only used on effective MM/YY of new operator
- Why is there a discrepancy?
  - RRC Manual Review
  - Incorrect effective MM/YY listed
- How to resolve:
  - Submit corrected PR report using correct effective MM/YY

# Disposition Code 73: Lease Use



- When to be used on form PR:
  - For drilling purposes when no recovery is made
  - Used on producing lease or another lease
  - Only used once lease is plugged
- Why is there a discrepancy?
  - RRC Manual Review
  - Lease not plugged
  - Letter not received
- How to resolve:
  - Submit corrected PR removing code 73
  - File PR using code 73 once lease has ben plugged if no recovery of the liquid hydrocarbons

# Disposition Code 74: Production Lost to Formation



- When to be used on form PR:
  - For hot oiling/fracking when no recovery is made.
  - Only used once lease is plugged
- Why is there a discrepancy?
  - RRC Manual Review
  - Lease not plugged
  - Letter not received
- How to resolve:
  - Submit corrected PR removing code 74
  - File PR using code 74 once lease has ben plugged if no recovery of the liquid hydrocarbons

# Disposition Code 75: Other



- When to be used on form PR:
  - When a well is plugged or to be plugged and remaining stock is not good and/or hauled off as BS&W
  - Requires prior approval from RRC with letter of explanation
    - See next slide for details
- Why is there a discrepancy?
  - Letter of explanation has not been received
  - Code 75 was denied
- How to resolve:
  - Submit Letter
  - Back the volume out of previously reported production and come forward with corrected reports

# Code 75 Explanation Letter



## Requirements for code 75 Letters of Explanation

- Company letterhead
- Manual signature
- Lease/District information
- The reason for requesting use of code 75
- The amount of production that is being requested to code out
- The MM/YY code 75 will be used on PR
- Note: each lease must have its own separate letter, cannot be combined

# Stock Transfers



## **Allowed**

- Field transfers
- Unitization
- Subdivision
- Consolidation
- SWR 10 exceptions

## **Not Allowed**

- Reclassification
- Recompletion
- Workovers

# Stock Transfers – Not Allowed



- On reclasses, and work-over/recompletions
  - Production is reported on new lease starting the effective month of P-4
    - Corrected PRs may be required on old lease dependent on the new lease effective date
  - Any stock reported on old lease up until effective month must stay on old lease. Sales will go on old lease until stock reaches zero.

# Stock Transfers – Allowed



- On unitizations, consolidations, subdivisions, field transfers or SWR 10 exceptions
  - Must notify Production Department of stock transfer
    - Include both lease IDs, and amount of stock
- Operator submits a PR on the old lease **and** new lease on the effective date of the new lease
  - Old lease will have stock amount subtracted out of the ending month balance (not coded out)
  - New lease will have stock added to the ending month balance (not reported as production)
- RRC will complete the transfer

# Out of Balance



- Oil

- On hand at beginning of month volume plus production, minus disposition(s) must equal volume on hand end of month

- Gas

- The formation production volume must equal disposition volume

- If you are reporting a commingle permit for the first time (first month of commingle), you will also receive an out of balance discrepancy
  - Email [ProductionReporting-Info@rrc.texas.gov](mailto:ProductionReporting-Info@rrc.texas.gov) to resolve the discrepancy

# Filer not Operator of Record



- If PR has received this error, check the following:
  - The PR was filed under the correct operator number
  - The lease/district number is correct
- Reasons this discrepancy may appear:
  - The previous operator is correcting previously submitted reports after P-4 is under a new operator
  - The previous operator has been given permission to file PRs for a few months after the transfer of the lease to a new operator
  - Lease number/district typed incorrectly

# Omitted Commingle



- **Omitted Commingle Permit**
- What this means:
  - The lease is associated to a commingle permit and was not reported on the PR
- How to resolve:
  - List the applicable commingle permit to the PR for the months required
  - If this is incorrect, email [P17@rrc.texas.gov](mailto:P17@rrc.texas.gov) for questions/further information

# Not on Commingle for Cycle



- **Not on commingle permit for cycle**
- What this means:
  - A commingle permit has been reported on a month the lease was not listed as commingled
- How to resolve:
  - Remove the commingle permit for the month
  - If this is incorrect, email [P17@rrc.texas.gov](mailto:P17@rrc.texas.gov) for questions/further information

# Invalid/Inactive Commingle



- **Invalid Commingle Permit**
- What this means:
  - Our records indicate the permit number is not a valid permit number
- How to resolve:
  - Check records to verify the commingle permit number
- **Inactive Commingle Permit**
- What this means:
  - Our records indicate the permit number is not active for this time period
- How to resolve:
  - Check records to verify the dates related to the permit #
  - Contact [P17@rrc.texas.gov](mailto:P17@rrc.texas.gov) for questions/further information

# Not Authorized to File Special



- What this means:
  - The P-17 has indicated that all wells on the lease are involved in commingling, using 9999 has indicated not all wells are commingling
- Why is there a discrepancy?
  - P-17 may not have been clear
  - Entry error
- How to resolve:
  - Send an email to Production Department at [ProductionReporting-Info@rrc.texas.gov](mailto:ProductionReporting-Info@rrc.texas.gov) and ask staff to resolve the 9999 discrepancy

# Lease off Cycle Discrepancy



- If production has been reported and the PR is receiving this discrepancy at the **beginning** of the well's life cycle:
  - This means the incorrect start date of the lease has been documented with the Proration Department.
    - Contact Proration at [ProrationUnit@rrc.texas.gov](mailto:ProrationUnit@rrc.texas.gov) to correct the start date
- If the PR is receiving this discrepancy at the end of the well's life cycle:
  - This likely means the well has been incorrectly removed from schedule and is pending removal of stock on hand
    - Contact Production Department at [ProductionReporting-Info@rrc.texas.gov](mailto:ProductionReporting-Info@rrc.texas.gov) to find the best path to correct this discrepancy

# Venting & Flaring



- Prior to September 2021
  - Venting and flaring reported under one disposition code: code 04
- After September 2021
  - Code 10: Flaring (needs remark)
  - Code 11: Venting (needs remark)
- Code 04 still must be used on any PR corrections prior to Sept 2021

# Acquiring Leases with Delinquencies



- If a lease has been acquired with existing production report violations, new operator will inherit those violations and need to resolve them
- If lease was acquired from the orphan list, or if the missing production data cannot be acquired:
  - A letter of explanation should be submitted to the Production Department on letterhead and manually signed
  - List out all the ways the PR data was attempted to be obtained
  - Send a list of applicable leases and the dates of the delinquent PRs
- Note: Do not file PRs with zeroes

# When Can I Stop Reporting?



- No assigned allowable
- No remaining stock on hand
  - Production Reports are necessary to file if there is still reported stock in the tank(s); must be reported until stock reaches 0
  - In some cases, a code 75 may be applicable

# Movement on Severed Lease



- Discrepancy “Movement on severed lease”
  - This message indicates that you have reported movement and/or production on a severed lease
  - The severance needs to be resolved with the respective department
    - Violation resolved and \$750 reconnect fee paid
  - Can check details using the Severance Query on the RRC website

Severance Query	<a href="#">Learn more</a>	<a href="#">Launch application</a>	Nightly
Well Status Report Query (W-10, G-10)		<a href="#">Launch application</a>	Nightly
Wellbore Query	<a href="#">Learn more</a>	<a href="#">Launch application</a>	Nightly

# Filing Production on Drilling Permits



- Production should be filed under the drilling permit until a lease ID has been assigned
- Once a lease ID has been assigned
  - Email [productionreporting-info@rrc.texas.gov](mailto:productionreporting-info@rrc.texas.gov) to move production from DP to lease ID
  - If filing EDI, remove drilling permit number from the EDI file and only report under lease ID

# Delinquency/Discrepancy Queue



An **operator** can view any outstanding production discrepancies or delinquencies at any time using the below query under “filing”

## Monthly Production Reports

Operator: ANADARKO E&P ONSHORE LLC (#020528)

[Select Another Operator](#)

### File Reports for Multiple Leases for One Month

*Lease Type:	*District:	*Prod Month:	Multiple Commingled:
<input type="radio"/> Oil <input type="radio"/> Gas	None Selected ▼	Apr ▼ 2025 ▼	<input type="checkbox"/>

### File Reports for One Lease for One or More Months

*Lease Type:	*District:	*RRC Identifier:	Multiple Commingled:
<input type="radio"/> Oil <input type="radio"/> Gas	None Selected ▼	<input type="text"/>	<input type="checkbox"/>

### File Pending Report (Unassigned Lease Number)

*Report Type:	*District:	*Drilling or API No:
<input type="radio"/> Original <input type="radio"/> Corrected	None Selected ▼	<input checked="" type="radio"/> Drilling Permit <input type="radio"/> API <input type="text"/>

### Correct Outstanding Discrepancies as of 05/20/2025:

* Lease Type:	* District:	*Production Cycle Range:	RRC Identifier:	* Discrepancy Type:
<input type="radio"/> Oil <input type="radio"/> Gas <input checked="" type="radio"/> Both	None Selected ▼	Apr ▼ 2025 ▼ to Apr ▼ 2025 ▼	<input type="text"/>	<input type="radio"/> Discrepancies <input type="radio"/> Delinquents <input checked="" type="radio"/> Both

# Questions?



General Phone Line: 512-463-6726

Email: [ProductionReporting-Info@rrc.texas.gov](mailto:ProductionReporting-Info@rrc.texas.gov)