



Railroad Commission of Texas

Form P-16: Acreage Designation

August 31, 2021

The meeting will begin shortly.





Form P-16 Discussion

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Power Point Presentation



This presentation is available for download from the RRC website at

<https://www.rrc.texas.gov/oil-and-gas/workshops-and-conferences/rrc-regulatory-webinars/regulatory-webinars-2021-schedule/>



FORM P-16

OVERVIEW AND DISCUSSION

ACREAGE DESIGNATION

Class Synopsis



This presentation will highlight the various sections of the Form P-16.

Discussion will focus on requirements of the form for a W-1 as compared to a G-1 or W-2, as well as highlighting common issues encountered by RRC staff when reviewing the Form P-16 submissions.

Introduction



Part 1: Statewide Rule 40 reminder

Part 2: When do you need to file the P-16

Part 3: Discussion of the Form Sections

Part 1 - Statewide Rule 40



- Amendments to Statewide Rule 40 effective March 3, 2020.
- Amendments allow “multiple assignment of acreage” (i.e., acreage can be assigned to more than one well in a field).
- Conditions:
 - Well must be in a UFT field.
 - Well must be on a tract with a horizontal division of ownership.

Part 1 - Statewide Rule 40 (2 of 3)



If conditions on previous slide met, you can apply for multiple assignment of acreage.

- List upper and lower limit of ownership interval on drilling permit application.
- Provide required notice to other operators as specified in the rule.
- Attach certified plat to application.

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Note: If conditions on previous slide not met, you can still achieve an exception to Rule 40, but you must go through the hearing process described in the rule.



Effect of rule changes on P-16:

- If you receive an exception to Statewide rule 40 (i.e., approval for multiple assignment of acreage) at the drilling permits stage, your P-16 may appear over-assigned.
- If your P-16 indicates you have over-assigned the available acreage, but you have an exception to Statewide Rule 40, indicate that in the “Remarks” field.

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If you received a Rule 40 exception through a hearing, you can note that in the Remarks field as well.

Part 2 – When to file the P-16 (1 of 2)



With a W-1 application:

- Any Horizontal W-1 application
 - Including Allocation and PSA wells
- All wellbore profiles in a UFT field
 - This does include Vertical and Directional wells
- Please use the current version of the form
 - If amending a W-1 that used the old form, and no changes are required, it is ok to submit the old form.

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- To ensure that you are using the newest version of the Form, please go to the Oil and Gas Forms Library on the RRC website and download the Excel File.
- This will ensure that you are using the most recent version of the form that has been released.

Part 2 – When to file the P-16 (2 of 2)



With a G-1/W-2 packet:

- New producing horizontal well
- Allocation or PSA well
- Any well being completed in a UFT field
- When adjusting assigned acreage
- If field rules require a P-15 and acreage list the P-16 can be filed in lieu of these forms
- Please use the new form (Rev. 09/2019)

Required Section by Profile Type



Wellbore Profile	Section I	Section II	Section III	Section IV	Section V	Section VI	Attachment 1A	Attachment 2A
Vertical Well	Yes	Yes	Yes	Optional	No	No	Optional	No
Directional Well	Yes	Yes	Yes	Optional	No	No	Optional	No
Horizontal Well	Yes	Yes	Yes	Optional	No	No	Optional	No
Allocation Well	Yes	Yes	No	Optional	Yes	Yes	No	Optional
PSA Well	Yes	Yes	No	Yes	Yes	Yes	No	Optional
Stacked Lateral Well	Yes	Yes	Yes	Optional	No	No	Optional	No
Stacked Lateral Allocation Well	Yes	Yes	No	Optional	Yes	Yes	No	Optional
Stacked Lateral PSA Well	Yes	Yes	No	Optional	Yes	Yes	No	Optional

Keep in mind that these requirements might change according to field rules.

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Please note that for a PSA well, Section IV is required to show the percentage of agreement statement.

To permit a PSA well, you must have obtained agreement to the Production Sharing Agreement from at least 65% of the MINERAL and WORKING interests, in EACH developmental tract.

This statement is required to be in Section IV.

Any additional information you wish to provide will be optional, but the percentage statement is required.

QUESTIONS ?



Are there any questions?



Part 3 – Discussion of the Form Sections




This portion of the discussion will focus on the Form P-16 Section.

- The use of each Section along and data entry requirements will be discussed.
- There are different requirements when filing with a W-1 and a G-1/W-2.

Part 3 - Section I



	RAILROAD COMMISSION OF TEXAS 1701 N. Congress P.O. Box 12967 Austin, Texas 78701-2967	Form P-16 Page 1 Rev. 05/2019
Acreage Designation		
<small>Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.</small>		
SECTION I. OPERATOR INFORMATION		
Operator Name:		Operator P-5 No.:
Operator Address:		

- P-5 (Operator) Number
- Operator Name
- P-5 Address

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- Section I is where the P5 information is entered. This must match the P5 on the W-1 and on the G-1/W-2.
- If the information shown in this section does not match the operator information on the W-1 or G-1/W-2, then you will need to ensure that you are logged in to the RRC Online System with the correct User ID, or that you have entered the correct P-5 information in this Section.

Part 3 - Section II (1 of 3)



SECTION II. WELL INFORMATION			
District No.:		API No.:	
Well No.:		Drilling Permit No.:	
Lease Name:		RRC ID or Lease No.:	
Total Lease Acres:		Field Name:	
Proration Acres:		Field No.:	
Wellbore Profile	Select One	Is this a UFT field?	Select One
SL Record (Parent) Well Drilling Permit No.:		County:	Select One

Purpose of Filing:
 Drilling Permit Application (Form W-1)
 Completion Report (Form G-1/W-2)

All fields are required, if applicable

- **District No.** - based on the District assignment for the lease id
- **Well No. and Lease Name**
 - These values are for the subject well and should match what is shown on the W-1 or the G-1/W-2
- **Total Lease Acres**
 - The total size of the lease, pooled unit, or developmental acreage being proposed or completed



- **Proration Acres** - Proration acreage for the well
 - W-1 = the proposed assignment
 - G-1/W-2 = assignment to be built to schedule
- **Wellbore Profile and UFT Designation**
 - Options are selected from a drop-down menu
 - Selections affect auto-calculation of form
- **SL Record (Parent) Well Drilling Permit No.**
 - Status # or Permit # for the parent well, if stacked lateral is selected from profile menu

Part 3 - Section II (3 of 3)



- **API No. and Drilling Permit No.**
 - OK to be left blank for a W-1, if not an amendment
 - Will always have a value for a G-1/W-2
- **RRC ID or Lease No.**
 - OK to be blank for a W-1, if not yet assigned
 - OK to be blank for a G-1/W-2 if this is the 1st well being completed on a lease

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Section II captures basic identification information for the well being proposed with the W-1 or being completed with the G-1/W-2.

- *Although the information is basic, we frequently see issues in this Section:*

Lease Name:

- The lease name in Section II is required to exactly match the lease name on the W-1 or G-1/W-2, the plat, and any other documents attached to your submission.

Lease Acres:

- The lease acres should be the total size of your lease, pooled unit, or development acreage.
- When filing for an Allocation or PSA well, we will sometimes see the lease acres only referencing one of tracts, as opposed to the cumulative total of all tracts being used in the developmental acreage.

Proration Acres:

- This is frequently left blank on W-1 submissions.
 - A problem letter will be sent if this is left blank for a W-1.
 - This box should always have a value for a W-1.
 - The value should be equal to or greater than the minimum required by the field rules.
 - For simplicity of review, we highly suggest to just show the minimum

required when submitting a W-1.

- If the well is to receive a Rule 38, then a substandard acreage amount is ok.
- The value in this box should match what is shown for the proposed well in Section III, or the cumulative assignment from each tract in Section V (the Allocated Lease Acres total box).
- For a G-1/W-2, the value in this box is what will be built to the proration schedule.
- It is important to remember the distinction between a W-1 and a G-1/W-2:
 - A W-1 is a proposal, and therefore we just want to see the minimum acreage required by the field rules. Acreage is not held with a W-1, it is simply proposed.
 - A G-1/W-2 is where you will formally assign and hold the acreage on schedule. The amount provided at this stage will drive the creation, or revision, of the proration schedule for the subject acreage.

Wellbore Profile Selection:

- It is very rare to see this field without a selection; however, we do see incomplete or incorrect selections.
- Example of an incomplete selection:
 - You are applying for a Stacked Lateral Well and have only selected Horizontal from this menu. You should select Stacked Lateral Well instead
- Example of an incorrect selection:
 - You are amending a W-1 from a Vertical to a Directional and have left the wellbore profile selection as Vertical.
 - If you are applying for a Vertical Directional, a Vertical Horizontal, or a Directional Horizontal well, and the pilot hole is intended to produce as well, you will want to call the Drilling Permits Group at 512-463-6751 to get information about what to select.
 - A producing pilot hole is an outlying scenario for these types of filings, and thus, the guidance for these rare scenarios will be a case by case discussion.

SL Record (Parent) Well Drilling Permit No.:

- If any form of Stacked Lateral has been selected in the wellbore profile selection, then this field is required to have a value entered.
- The value entered in this field should correctly reference the parent well for this stacked lateral.
 - The issues in this field generally are attributed to incorrect status/permit numbers, or a status/permit number that is referencing another child well.

API Number:

- It is ok to leave this blank when filing for a W-1
 - If you are filing an amendment that requires an update to the P-16, then you should enter the API number.
 - Most amendments do not require an update to the well count, and thus

you do not need to update the P-16. In these situations, you can use the same P-16 from the original approval, and it will be ok for this field to be blank.

- This will always have a value when submitting a G-1/W-2

Drilling Permit Number:

- It is ok to leave this blank when filing for a W-1
 - If you are filing an amendment that requires an update to the P-16, then you should enter the permit number.
 - Most amendments do not require an update to the well count, and thus you do not need to update the P-16. In these situations, you can use the same P-16 from the original approval, and it will be ok for this field to be blank.
- This will always have a value when submitting a G-1/W-2

RRC ID or Lease No.:

- If a lease id has been assigned then, this field should contain that lease id number
 - For an Allocation or PSA well, this will generally be left blank.
 - This is because Allocation and PSA wells receive a unique lease id number, and any id already assigned for a base tract, is not applicable to the actual Allocation or PSA well.
 - If applying for a stacked lateral Allocation or PSA well, and the parent well has already has a lease id assigned, then that lease id should be used. This is because child wells receive the same lease id as the parent, even if it is an Allocation or PSA.
- If a lease id has not yet been generated, then it is ok to leave this blank for a W-1
- If a lease id has not yet been generated, then it is ok to leave this blank for a G-1/W-2

Field Name:

- This is the field being proposed on the W-1, or being completed in on the G-1/W-2.
- Name should match RRC records.
- Please ensure spelling is correct.

Field Number:

- This is the RRC regulatory field id number.
- Should match RRC records based on the field name entered.
- Two examples of common issues that we see:
 - You are applying for the Spraberry (Trend Area) Field, but have entered the Spraberry (Trend Area) R 40 EXC field number.
 - You are applying for the Spraberry (Trend Area) Field for District 7C, but have entered the District 08 field number.

UFT Field Designation:

- There are only two options for this selection: Yes or No.

- The selection here will help drive the auto-calculation of the form
 - In UFT fields, acreage from Vertical and Directional wells is not calculated with acreage for Horizontal wells. The auto-calculation features of the Form are setup to account for this.
 - If you are in a UFT field, and select NO, then the totals on shown on the P-16 will not be accurate per the UFT field rules.
- There are only two issues that we encounter with this field:
 - Nothing is selected
 - Incorrect selection

County:

- This is the county where the surface location of the well exists. The only issues encountered here are if the county is misspelled or just incorrect altogether.
 - This determines the county code in the API number. If you find the County is wrong on the P-16, double check your W-1 submission and ensure that the County is correct on it.

Section II Common Issues (1 of 2)



District No.:	
Well No.:	
Lease Name:	
Total Lease Acres:	
Proration Acres:	
Wellbore Profile	Horizontal Well
SL Record (Parent) Well Drilling Permit No.:	

- Lease name not matching W-1 or G-1/W-2
- Proration Acres box not being used with a W-1
- Incorrect wellbore profile selection
 - Choosing Horizontal instead of Stacked Lateral
- Not adding Parent well Status/Permit No.

Section II Common Issues (2 of 2)



API No.:	
Drilling Permit No.:	
RRC ID or Lease No.:	
Field Name:	
Field No.:	
Is this a UFT field?	Select One
County:	Select One

- Field No. not referencing the named field
 - Using STA R40 field No., but STA field name
- Not identifying UFT Field Designation



What Wells are listed in Section III?

- **W-1:**
 - Proposed wells (applied for), Approved wells not yet completed, Completed wells, Shut-In Wells, Temporarily Abandoned wells.
 - All types listed above are included in the well count on the W-1

- **G-1/W-2:**
 - Completed wells

Detail Notes for specific information regarding Data Entry requirements

Part 3 - Section III (3 of 5)



- **RRC ID No. or Lease No.** – enter if assigned
- **Well number:**
 - Will always have a value
 - This column triggers auto-calculation for this Section
- **Proration Acre Values:**
 - Completed wells: match current schedule exactly
 - Proposed wells: minimum required by field rules
- **Profile:**
 - Needs to be accurate. This affects auto-calculation
- **Lease Name** – matches W-1 or G-1/W-2

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Detailed Notes for specific information regarding Data Entry requirements

Part 3 - Section III (4 of 5)



- **API No. :**
 - Required if assigned
 - If not yet assigned, use 'Pending' or the W-1 status #
 - A G-1/W-2 should always have API No. values
- **Acres Assigned:**
 - For a W-1:
 - completed well assignments should exactly match the current proration schedule (acreage is not changed with a W-1 application)
 - proposed wells not yet completed, should only show the minimum required by the field rules
 - For a G-1/W-2, the assignments can be changed, as this will drive the creation, or revision, of the schedule

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Detail Notes for specific information regarding Data Entry requirements

Part 3 - Section III (5 of 5)



- **SWR 38 Except. (Y/N):**
 - A well listed here should accurately reflect whether or not a Rule 38 was approved
 - Selecting Yes, justifies a substandard assignment
 - An Allocation or PSA well listed in this Section will also show a substandard assignment, because we are only concerned with the assignment from this tract, to that well. It may or may not have a Rule 38
- **Operator Name:**
 - If another operator controls a well listed, it is required to list that operator name

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Section III will be used when you are filing for a *Regular Lease* or a *Pooled Unit*. This Section will *NOT* be used when filing for an Allocation or PSA well.

RRC ID No. or Lease No.:

- The completed lease id number should be listed in this column
 - For a W-1:
 - This column will list the id number for any completed wells
 - If a well is not yet built to schedule, use the approved permit number
 - If a well is under review and not yet approved, use either the status number or the word "Pending," or, "New."
 - For a W-2:
 - You will always have a lease number, because you will only be listing wells that are already completed to schedule, with a completion P-16.

Well No.:

- Every well has a well number whether it is completed or proposed.
- This column should have a value for every well that is listed.
- This column activates the auto-calculation for this Section.
 - If you do not start on the **FIRST** row, and do not enter a value in this field, the auto-calculation will not function.

Profile:

- The wellbore profile selection in this Section now has options that are selected from a

drop-down menu.

- These options are:
 - Vert. = Vertical Well
 - Direc. = Directional Well
 - Horiz. = Horizontal Well
 - Alloc. = Allocation Well
 - PSA = Production Sharing Agreement Well
 - SL = Stacked Lateral Well
 - Alloc.-SL = Stacked Lateral Allocation Well
 - PSA-SL = Stacked Lateral PSA Well
- The profile selection for wells listed in Section III will affect the auto-calculation features of this Section, dependent upon the UFT Designation from Section II.
 - If UFT Designation in Section II is YES:
 - Section 3 will auto-total based on a profile basis.
 - If the profile designation in Section II is any of the horizontal options, then Section 3 will only total the horizontal wells listed.
 - If the profile designation in Section II is either Vertical or Directional, then Section 3 will only total the Vertical and Directional wells that are listed.
 - The reason for these auto-calculations is due to UFT field rules. In UFT fields, horizontal wells are separated from Vertical and Directional wells (the opposite is also true), with respect to acreage assignments.
 - If you have selected YES for UFT in Section II, and selected a horizontal profile, it is not necessary to list any Vertical or Directional wells. This is suggested in order to keep the Form simple; however, it is not mandatory to exclude them. Due to this, it was necessary to create an intelligent auto-calculation so that the acreage totals match the field rules if all profiles are listed in a UFT field.

Lease Name:

- The lease name listed in this column, should match what is shown in Section II.
- If there are Allocation or PSA wells that pass through the referenced lease or pooled unit, then the lease name for these particular wells will be different.

API No.

- If an API number has been generated, it is required to be listed.
 - Ensure accuracy of the API number.
- For a W-1:
 - If an API number has not yet been generated, then please use the status number of the W-1.
 - The P-16 should be added on to sequentially, therefore you should have a status number for each well listed, except the proposed well.
 - For the proposed well listed in Section 3, simply use “proposed”

or “pending.”

- For a G-1/W-2:
 - Every well listed will have an API number, because you will only be listing wells that are completed to schedule at the time of your packet submission.

Acres Assigned:

- For a W-1:
 - You will show the minimum required by the field rules for any proposed wells that are listed.
 - For any wells that are completed to schedule, you will show exactly what is currently on schedule.
 - In some cases this may create the appearance that your lease is over-assigned. This is ok, as we can see that acreage can be reduced on completed wells to accommodate the new ones. A No allowable restriction will be added to your W-1 to ensure that acreage is reduced at completion.
- For a G-1/W-2:
 - You will show the acreage that you want the well hold on schedule, and you will adjust any other wells at this time.
 - Acreage is NOT changed with the W-1, it is only changed with the G-1/W-2 filing.

SWR 38 (Except). (Y/N):

- If well has been granted a SWR 38 exception, please indicate this by placing a ‘Y’ in this column.
 - Only indicate the wells on which the W-1’s have an approved Rule 38 exception.
 - If there are wells that do not have a Rule 38 on their respective W-1’s, but have substandard acreage due to other Rule 38’s that have been granted on the lease, then you will show ‘N’ for these wells.

Operator Name and Operator No:

- If another operator has a well within this acreage, that is in the same field, it is required to list that name of that operator in this column.
 - Any well operated by another operator within this acreage and field will be included in the well count and subject to Rule 37 spacing.

Section III – Common Issues (1 of 2)



- **Incorrect Information:**
 - Well Numbers and/or API Numbers
 - Profile selection
 - Incorrect Lease Names and Lease ID's
- **Acreage assignments:**
 - Not matching proration schedule for completed wells when being filed with a W-1
- **Subject well missing:**
 - The subject well being proposed or completed should be listed in this Section, along with other required well listings for your W-1 or G-1/W-2
- **Missing required well listings**

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Common Issues that we see in this Section are:

- **Incorrect well numbers:**
 - Please ensure that all well numbers listed match RRC records.
- **Incorrect profile selection:**
 - Please ensure that the wellbore profiles have been selected correctly in this Section.
 - This is important if you are permitting or completing in a UFT field, as it will help control the auto-calculation of this Section.
- **Incorrect Lease Names and Lease ID's:**
 - Please ensure that well ID's listed match RRC records.
 - These numbers will be used by RRC staff to look up well or lease records while reviewing the submission.
 - Incorrect information will delay processing, as you will need to make corrections to the form.
- **Acreage Assignments:**
 - Issue regarding acreage assignment generally occur with the W-1 filing.
 - Make sure that all proposed assignments are matching at least the minimum required by the field rules.
 - Make sure that all completed well assignments are matching the proration

schedule.

- As mentioned earlier, if this make the lease look over-assigned on paper, that is ok, as we can see that acreage is available for reduction.

- **The proposed well will ALWAYS be listed in this Section**

- **Ensure that all wells within this acreage and field are listed**

- This applied to other operators wells also
- If they exist within your acreage footprint, and are in the same field, they are required to be accounted for.

Section III – Common Issues (2 of 2)



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

RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acres Assigned	SWR 38 Exempt. (Y/N)	Operator Name and Operator No. (if different from filing operator)
A. Total Assigned Horiz. Acreage =					C. Total Assigned Acreage =		
Total Remaining Horiz. Acreage =					Total Remaining Acreage =		
B. Total Assigned Vert./Dir. Acreage =							
Total Remaining Vert./Dir. Acreage =							

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The UFT Designation in Section II affects the totals in Section III.

- If UFT is YES, the split profile totals will be used.
- If UFT is NO, the single total will be used.

It is important to make sure the UFT designation is correct.



- Page 1A is an addendum for Section III
- Auto calculation features will not cross pages, with respect to the totals.
- The totals at the bottom of any Supplemental pages (Page 1A or Page 2A, no matter how many) will only be a total for that page only.

Part 3 - Section IV (1 of 2)



- This is a comments box
- Any useful information you need to provide
- PSA acreage statement (required for PSA)
 - MINERAL **AND** WORKING Interests
 - At least 65% agreement to production sharing
 - Need to meet 65% **IN EACH TRACT**
 - Specific numbers per tract, or:
 - Statement should reference “from all tracts”

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This Section is for any useful information that needs to be provided to ensure accurate and efficient processing of a W1 application or G-1/W-2 packet.

- If you are applying for, or completing a PSA well, the percentage statement is required to be shown in this Section.
- A PSA well requires the filer to have obtained agreement to the production sharing from at least 65% of the Mineral AND Working interests in each tract that is being used in the developmental acreage. If you have not obtained the 65% threshold from either the Mineral or Working interests in a tract, then it is not eligible to be included in the PSA.
 - This percentage is not cumulative. The required agreement percentage threshold applies to each tract.
 - A statement saying “We have obtained greater than 65% agreement to the PSA” will NOT be accepted. There are two reasons why:
 - It does not address Mineral and Working interests
 - It does not address all of the tracts
 - A statement saying, “We have obtained at least 65% agreement of Mineral and Working interests, in each tract” WILL be accepted.
 - This is an example of the bare minimum acceptable statement
 - The statement addresses both Mineral and Working interests
 - The statement address all the tracts by saying, “...in each tract.”
 - We do not need to see an exact number for the Mineral and Working agreement percentage, however, if you do provide specific numbers, they each

need to be above the 65% threshold from each tract, and for each type (Mineral AND Working).

- If you have permitted a well as Allocation, but are completing the well as a PSA, it is important to remember two things:
 - The percentage statement will need to be included in this Section on the completion P-16.
 - If the acreage has changed (i.e.: tract setup is different) you will be required to amend the W1.

- If you have an Allocation or PSA well that has different depth severance intervals within the various developmental tracts, you are required to add a comment to Section 4 detailing the severance interval as it exists in each tract.
 - For the W-1 entry, in the even that mixed severances exist, you will enter the severance interval for the first tract encountered along the wellbore path in which a severance will apply.
 - The same interval values will be used for the completion packet, along with the same comment from Section IV

Part 3 - Section IV (2 of 2)



- If the well being proposed or completed is an Allocation or PSA well, and there are different depth severances in the developmental tracts:
 - A detailed comment is **required** in this Section to explain what the severance intervals are within each developmental tract.
 - For the W-1 entry, you will enter the severance interval for the first tract encountered by the wellbore in which a severance exists.

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This Section is for any useful information that needs to be provided to ensure accurate and efficient processing of a W1 application or G-1/W-2 packet.

- If you are applying for, or completing a PSA well, the percentage statement is required to be shown in this Section.
- A PSA well requires the filer to have obtained agreement to the production sharing from at least 65% of the Mineral AND Working interests in each tract that is being used in the developmental acreage. If you have not obtained the 65% threshold from either the Mineral or Working interests in a tract, then it is not eligible to be included in the PSA.
 - This percentage is not cumulative. The required agreement percentage threshold applies to each tract.
 - A statement saying “We have obtained greater than 65% agreement to the PSA” will NOT be accepted. There are two reasons why:
 - It does not address Mineral and Working interests
 - It does not address all of the tracts
 - A statement saying, “We have obtained at least 65% agreement of Mineral and Working interests, in each tract” WILL be accepted.
 - This is an example of the bare minimum acceptable statement
 - The statement addresses both Mineral and Working interests
 - The statement address all the tracts by saying, “...in each tract.”
 - We do not need to see an exact number for the Mineral and Working agreement percentage, however, if you do provide specific numbers, they each

need to be above the 65% threshold from each tract, and for each type (Mineral AND Working).

- If you have permitted a well as Allocation, but are completing the well as a PSA, it is important to remember two things:
 - The percentage statement will need to be included in this Section on the completion P-16.
 - If the acreage has changed (i.e.: tract setup is different) you will be required to amend the W1.

Part 3 - Section V (1 of 4)



SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY					
RRC ID No., Lease No. or Tract ID	Lease Name	Beginning Lease Acres	Allocated Lease Acres	Ending Lease Acres	Operator Name and Operator No. (if different from filing operator)
A					
B					
C					
D					
E					
F					
G					
H					
Total Acreage =					

Section V is Only Used for Allocation or PSA submissions

This Section defines the composition of the developmental acreage.



- **RRC ID No., Lease No. or Tract ID:**
 - An existing oil lease or gas lease id number should be entered, if assigned
 - The number entered should be visible in Section VI
 - ID numbers should match RRC records
- **Lease Name:**
 - The name of an existing lease or pooled unit being used
 - If using an undeveloped tract, see notes on this slide for labeling options.
 - The lease name or tract identifier (A, B, C, etc.) should be labeled on the plat and match

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Section V describes the composition of your developmental acreage.

This Section will ONLY be used if you are proposing or completing an Allocation or PSA well.

RRC ID No., Lease No. or Tract ID:

- For a W-1
 - An existing lease ID is required to be listed.
 - If you are using a tract that has an Oil ID number, you can list that id in this field.
 - If you are using a tract that is a Gas lease, you can use one of the id numbers from Section VI in this field.
 - If you do not yet have a lease id for a particular tract, you can use one of the following options (the choice is yours, all are acceptable):
 - Use a letter : A, B, C, etc. A suggestion for this would be to use the letter for this particular row.
 - For example: If you are in the row labeled 'C,' then you can use a 'C' for the lease id.
 - Use "**Undev**" : this is an abbreviation for Undeveloped. It is highly suggested to use this abbreviation instead of the full word so that it auto-populates into Section VI clearly.
 - Use "**New**" : this is a simple designation that indicates you do not yet have a lease id number.

- Use **“Pending”** : Pending will auto-fill into Section VI clearly and can indicate that completions are being processed on a newly developed lease.
- For a G-1/W-2
 - All wells listed will already be built to schedule, therefore, there will always be a lease id listed.
- The Lease No. column in Section 5 is what will trigger the auto-calculation for this Section and will also populate into the column headers for Section VI.
 - It is important to always enter a value in the lease number box in order for the auto-calculation to occur.

Lease Name:

- The values in this column should be the lease name or pooled unit name of the developmental tract you are using.
- If you are using an undeveloped tract, use ‘Undeveloped’ or ‘Tract 1,’ ‘Tract2,’ etc.
- Any values in this field should match the labels on the plat.

Beginning Lease Acres:

- This is the total size of the referenced developmental tract.
 - This does not account for any acreage already assigned, it is simply the beginning total.
- The total at the bottom of this column should be the same number entered in the Total Acres field in Section II.

Allocated Lease Acres:

- This is the amount of acreage that is to be assigned to the well being proposed or completed, from each tract.
- The value in a cell does not need to equal the minimum per the field rules.
 - HOWEVER, the total at the bottom of this column should equal at least the minimum.
- Acreage must be assigned from each tract.
 - If you have a tract in a PSA that wellbore does not produce from, it is still required to assign something from this tract.

Ending Lease Acres:

- This is a simple subtraction of the Assigned Lease Acres out of the Beginning Lease Acres. This will be auto-calculated for you.

Operator Name and Operator No:

- If another operator controls a tract that is included your developmental acreage, it is required to list their name in this column.
 - This will only be used if the filing operator is different the operator for this developmental tract. You do not need to list yourself in this column.
 - If another operator is listed in this Section an additional document is required:

- A statement from the other operator is needed which acknowledges that any proration acreage held by this well will not be available to the listed operator for any future wells that they develop within their tract.
 - The statement can be a separate document or incorporated into a Rule exception waiver, but it is required in some form.



- **Beginning Lease Acres:**
 - The total size of each individual tract being used in the developmental acreage.
- **Allocated Lease Acres:**
 - The amount of proration acres being allocated to the subject well from each individual tract.
 - The cumulative total should be equal to or greater than the minimum per the field rules, unless a Rule 38 exists.
- **Ending Lease Acres:**
 - The amount of acreage left over after subtracting the allocated acres from the beginning acres.
 - Only accounts for the subject well. Other wells are accounted for in Section VI.



- **Operator Name and Operator No:**
 - If different from the filing operator, this field should be used.
 - Enter the name of the operator that controls the specific tract.
 - A statement from the listed operator in which they acknowledge that any proration acres proposed or held by the subject well, will not be available for assignment to any future well that is proposed or completed in the referenced tract.
 - This statement is required to prevent any future double assignment of acreage in this tract.

Section V – Common Issues (1 of 2)



- **Lease ID No's. (Oil or Gas) not being listed**
- **Lease or Tract Names not matching the plat**
- **Incorrect Beginning Acreage**
- **Incorrect or Incomplete Acreage Assignments:**
 - Acres assigned to Stacked Laterals should be zero
 - If not a Stacked Lateral, there should be an assignment from each listed tract
- **Other operator names not being listed**
 - Not providing the No Double Assignment of Acreage Statement if another Operator is listed

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Common issues that we see with Section V are:

- **The Section not being used for an Allocation or PSA well.**
 - If your profile selection in Section II is any form of Allocation or PSA well, then this Section will ALWAYS be used.
 - You will never use it for a regular lease well.
- The **RRC ID no., Lease No. or Tract ID** does not contain any values.
 - It is important to always enter a value in the lease number box in order for the auto-calculation to occur.
 - If you are using a tract that has an Oil ID number, you can list that id in this field.
 - If you are using a tract that is a Gas lease, you can use one of the id numbers from Section VI in this field.
 - If you do not yet have a lease id for a particular tract, you can use one of the following options (the choice is yours, all are acceptable):
 - Use a letter : A, B, C, etc. A suggestion for this would be to use the letter for this particular row.
 - For example: If you are in the row labeled 'C,' then you can use a 'C' for the lease id.
 - Use "Undev" : this is an abbreviation for Undeveloped. It is highly suggested to use this abbreviation instead of the full word so that it auto-populates into Section VI clearly.

- Use “New” : this is a simple designation that indicates you do not yet have a lease id number.
 - Use “Pending” : Pending will auto-fill into Section VI clearly and can indicate that completions are being processed on a newly developed lease.
- Values in the **Lease Name** column do match the labels on the plat.
 - The plat should be labeled to match up with the developmental tracts listed in Section V.
 - You can use the lettered identifiers from the far left of this Section.
 - You can use the lease id column values.
 - You can use the lease name column values.
 - Provided that the plat is labeled in a way that it can be matched up with Section V, the W-1 or G-1/W-2 can be accurately reviewed.
- **Beginning Lease Acreage** values will always be the total size of the developmental tract that you are incorporating.
 - This is NOT the remaining acreage after assignment have been subtracted out. It is literally the raw total of the developmental tract.
 - Simple question: “How large is the subject tract that you are referencing?”
- All values in the **Assigned Lease Acres** column should total up to equal at least the minimum required by the field rules.
 - Acreage MUST be assigned from every tract being used in the developmental acreage.
 - This includes tracts used in a PSA that the wellbore does not have any producing points in.
 - Stacked Lateral wells will show Zeros in this column.
- If another operator controls a tract that is included your developmental acreage, it is required to list their name in the **Operator Name and Operator No** column.
 - This will only be used if the filing operator is different the operator for this developmental tract. You do not need to list yourself in this column.
 - If another operator is listed in this Section an additional document is required:
 - A statement from the other operator is needed which acknowledges that any proration acreage held by this well will not be available to the listed operator for any future wells that they develop within their tract.
 - The statement can be a separate document or incorporated into a Rule exception waiver, but it is required in some form.

Section V – Common Issues (2 of 2)



SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY

RRC ID No., Lease No. or Tract ID	Lease Name	Beginning Lease Acres	Allocated Lease Acres	Ending Lease Acres	Operator Name and Operator No. (if different from filing operator)
A					
B					
C					
D					
E					
F					
G					
H					
Total Acreage =					

The tract identifiers (orange) and the RRC ID No., Lease No. or Tract ID (yellow) will automatically populate the headers in Section VI

RRC ID No., Lease No. or Tract ID	Acre From	Acre From	Acre From	Acre From	Acre From	Acre From	Acre From
A							
B							
C							
D							
E							

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There are two images on this slide:

- The top image shows Section V in its entirety.
- The bottom image shows the left portion of Section V and the lease column headers from Section VI.

The following notes will reference the bottom image:

- You can see some letter that are highlighted in orange. These are the tract identifiers that are built into Section V.
 - These cannot be interacted with, they are static.
 - These identifier will automatically populate in the lease column headers in Section VI.
 - The part of the header that these auto-populate into are also highlighted in orange.
- The fields highlighted in yellow are the lease numbers or tract id's that you enter on the form.
 - The values listed here will auto-populate in the yellow highlighted portion of the Section VI lease column headers.
 - The fields in yellow, are interactable and can be changed.
 - This is necessary, because well compliance needs to see additional information for Allocation and PSA completions when an acreage changes creates a domino effect of acreage changes across neighboring developmental units that share tracts with the subject developmental unit.

- Please contact well compliance at 512-463-6975 for detailed information regarding this requirement.
- This increases efficiency when filling out the form. It will automatically show you where you input proration assignments in Section VI, for a specific developmental tract. The order in Section VI is based on how you enter the information in Section V.
 - Top to Bottom in Section V will auto-populate the headers in Section VI from Left to Right.

Part 3 - Section VI (1 of 9)



SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR REGULATORY FIELD AS LISTED IN SECTION II, AND ALLOCATING ACREAGE FOR ANY OR ALL TRACTS LISTED IN SECTION V BY FILER

RRC ID No. or Lease No.	Lease Name	API No.	Well No.	Profile	SWR 38 Exempt. (Y/N)	*Total Acres Assigned	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From

Vert.
Direc.
Horiz.
Alloc.
PSA
SL
Alloc.-SL
PSA-SL

A. Total Assigned Acreage =
B. Total Assigned Horiz. Acreage =
C. Total Assigned Vert./Dir. Acreage =

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- **This Section will only be used for Allocation or PSA wells.** It will NOT be used for regular leases or pooled units. If you have selected any profile other than Allocation or PSA from the profile selection in Section II, and you enter information in Section VI, you will be asked to remove it, which can delay the processing of your W1 or G-1/W-2.
- The wells are now listed on a row basis.
- A well only needs to be listed once, even if it is an Allocation or PSA.
 - In the old format, Allocation and PSA wells could potentially be listed multiple times in this Section, based on the developmental acreage setup for each well.
- The **wellbore profile** cells in this Section now have options that are selected from a drop-down menu.
- These options are:
 - Vert. = Vertical Well
 - Direc. = Directional Well
 - Horiz. = Horizontal Well
 - Alloc. = Allocation Well
 - PSA = Production Sharing Agreement Well
 - SL = Stacked Lateral Well
 - Alloc.-SL = Stacked Lateral Allocation Well
 - PSA-SL = Stacked Lateral PSA Well
- The profile selection will affect the auto-calculation features of this Section, dependent

upon the UFT Designation from Section II.

- If the UFT Field selection in Section II is YES:
 - Section 3 will auto-total based on a profile basis.
 - If the profile selection in Section II is any of the horizontal options, then Section 3 will only total the horizontal wells listed.
 - If the profile selection in Section II is either Vertical or Directional, then Section 3 will only total the Vertical and Directional wells that are listed.
 - The reason for these auto-calculations is because in UFT fields, horizontal wells are separated from Vertical and Directional wells (the opposite is also true). If you have selected YES for UFT in Section II, and selected a horizontal profile, it is not necessary to list any Vertical or Directional wells. It is suggested not to list the opposite profile, to keep the Form simple; however, it is not mandatory to exclude them. Due to this it was necessary to build in intelligent auto-calculation so that your acreage totals match the field rules.

- **Auto-calculation Information:**
- To ensure that the auto-calculation features of this Section function properly, it is important to remember a few key tips:
 - Always start your data entry on the first line of this Section. If you do not, then the auto-calculation will not function properly.
 - The auto-calculation is triggered by the well number (provided you have started on the first line of the Section).
 - The reason for this is that every well listed in this Section will always have a well number. This makes it an easy field to be the focus of a logical statement in the Excel file.
 - The profile selection in both Section 2 and in Section 3 matter.
 - If you have selected a Stacked Lateral profile for any well listed in Section 3, and you give it an assignment that is greater than zero, then the cell will turn red. This indicates that there is an issue with your entry. This can be corrected by changing the value to zero.
 - The profile also relates to the UFT selection from Section 2.
 - UFT selection in Section 2 will determine which wells are auto-calculated into the total:
 - Section II Profile is any type of Horizontal well:
 - Only horizontal wells in Section III will be totaled (stacked laterals will be excluded)
 - Section II Profile is Vertical or Directional
 - Only Vertical and Directional wells will be totaled.

- **Tract columns:**
 - Columns have been added in the right side of this section.
 - Each Vertical column represents a tract that is listed in Section V

- The tract identifier (A, B, C, etc..) in Section V will auto-populate the header for each column.
 - This identifier cannot be changed in Section 6 (or Section 5). It is Static.
- The order listed in Section V (top to bottom) will determine the order of the columns in Section VI (left to right)
- The lease id No. from Section V will auto-populate into the header as well
 - This value can be adjusted in Section VI.
 - This is to allow filers to add columns for tracts that are not shown in Section 5
 - This will be required at the time of completion when cascading changes are made to allocation setups that are sharing tracts. (see Part 2 data entry requirements for completions for details).



Only Used for Allocation or PSA submissions

This Section lists all wells that have acreage proposed or assigned from each tract in the developmental acreage.

- **For a W-1 application:**
 - The proposed well will **NOT** be listed
- **For a G-1/W-2 packet submission:**
 - The well being completed **WILL** be listed



- **RRC ID No., Lease No. or Tract ID:**
 - Oil wells are assigned the same lease id number, specific to the acreage, and should be entered accordingly.
 - Gas wells are assigned unique lease id numbers, regardless of the acreage.
 - Gas ID's should be entered accurately.
 - At least one of the ID's should be listed in Section V to identify this developmental tract.
 - If an ID is not yet assigned, then a placeholder should be used: New, Pending, or the W-1 Status/Permit #



- **Lease Name:**
 - The name of an existing lease or pooled unit
 - If using an undeveloped tract, see notes on slide #32 for labeling options.
- **API No.:**
 - The API Number should be accurate.
 - If an API is not yet assigned, use the W-1 Status # or 'NEW' (This will always have a value with a G-1/W-2)
- **Well No.:**
 - Will always have a value and triggers auto-calculation



- **Profile:**
 - Choose from drop down menu
 - Same options from Section III
 - Profile will affect auto-calculation if UFT Designation in Section II is YES
 - If a well is a Stacked Lateral, ensure the correct option is selected
 - If any of the three stacked lateral options are selected, and an acreage assignment is given, the total assigned field for this well will turn red

Part 3 - Section VI (6 of 9)



- **SWR 38 Except. (Y/N):**
 - This should accurately reflect if a Rule 38 was issued for a particular well
 - Selecting Yes, justifies a substandard assignment
 - It is possible for an Allocation or PSA well listed in this Section to also show a substandard assignment, It may or may not have a Rule 38
- **Total Acres Assigned:**
 - Auto-calculated cumulative total of all values listed to the right of this field.
 - Rule 38, Allocation, and/or PSA wells can potentially show less than the minimum of the field rules

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- **Acres From:**
 - These 8 columns reflect the acreage assigned to wells from each developmental tract listed in Section V
 - Two headers for each column:
 - Upper header is the ID letter from Section V
 - Lower header is the lease name
 - Upper is NOT editable, lower is editable
 - Left to Right order mirrors Top to Bottom from Section V
 - Acreage assigned from each developmental tract, to each well listed, should be accurate



- **Acres From (additional information):**
 - If a listed well is a base lease well, then it will only have a value in the respective lease column
 - Stacked Lateral wells will show Zero acres
 - Shut-In wells holding zero acreage on schedule, will also have a Zero assignment
 - If a well is not using a particular tract, then each respective column will be BLANK
 - Do NOT put Zeroes in this case
 - A Zero indicates that the well is using the tract, but has no acreage assigned
 - A blank cell indicates that the well is not using that tract



- **Acres From (Additional Information, Part 2):**
 - **For a W-1 application:**
 - Proposed wells not yet completed to schedule should reflect the minimum per the field rules
 - The cumulative assignment should equal the minimum, per the field rules, for Allocation or PSA wells
 - Completed wells should match the schedule
 - **For a G-1/W-2:**
 - The acreage can be adjusted, as the Completion Packet P-16 will dictate the creation or revision of the Proration Schedule

Section VI – Common Issues (1 of 2)



- Section not being used when Allocation or PSA is selected in Section II
- Proposed well listed (W1 Application Only)
- Completed well assignments not matching proration schedule (W-1 Application Only)
- Incorrect Lease Id's and API Numbers
- Zero acreage being shown for tracts that a particular well does not use (should be blank)
- Acreage being shown for Stacked Laterals (should be zero)
- Incorrect Profile selection

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Common Issues that we see in this Section are:

- **The Section not being used for an Allocation or PSA well.**
 - If you profile selection in Section II is any form of Allocation or PSA well, then this Section will ALWAYS be used.
 - You will never use it for a regular lease well.
- **Incorrect well numbers:**
 - Please ensure that all well numbers listed match RRC records.
- **Incorrect profile selection:**
 - Please ensure that the wellbore profiles have been selected correctly in this Section.
 - This is important if you are permitting or completing in a UFT field, as it will help control the auto-calculation of this Section.
- **Incorrect Lease Names and Lease ID's:**
 - Please ensure that well ID's listed match RRC records.
 - These numbers will be used by RRC staff to look up well or lease records while reviewing the submission.
 - Incorrect information will delay processing, as you will need to make corrections to the form.

- **Acreage Assignments:**
 - Issue regarding acreage assignment generally occur with the W-1 filing.
 - Make sure that all proposed assignments are matching at least the minimum required by the field rules.
 - Make sure that all completed well assignments are matching the proration schedule.
 - As mentioned earlier, if this make the lease look over-assigned on paper, that is ok, as we can see that acreage is available for reduction.
- **The proposed well will NEVER be listed in this Section for a W-1 filing.**
- **Ensure that all wells within this acreage and field are listed**
 - This applied to other operators wells also
 - If they exist within your acreage footprint, and are in the same field, they are required to be accounted for.

Section VI – Common Issues (2 of 2)



SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR REGULATORY FIELD AS LISTED IN SECTION II, AND ALLOCATING ACREAGE FROM ANY OR ALL TRACTS LISTED IN SECTION V BY FILER

RRC ID No. or Lease No.	Lease Name	API No.	Well No.	Profile	SWR 38 Except. (Y/N)	*Total Acres Assigned	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From	Acres From	
							A. Total Assigned Acreage =									
							B. Total Assigned Horiz. Acreage =									
							C. Total Assigned Vert./Dir. Acreage =									



- Page 2A is an addendum for Section VI.
- Auto calculation features will not cross pages, with respect to the totals.
- The totals at the bottom of any Supplemental pages (Page 1A or Page 2A, no matter how many) will only be a total for that page.

Helpful Hints



- Scale factor (numbers showing as symbols)
 - (zoom controls lower right)
- No auto-calculation on PDF
- Build in Excel and Output as a PDF file
- File organization
- Keep an Excel version for each tract configuration
- Do not round acreage

ANY FINAL QUESTIONS ?



Contact Drilling Permits



For immediate assistance please call Drilling Permits for pending and/or approved W-1s.

Phone: 512-463-6751

Fax: 512-463-6780

Email: drillingpermitsinfo@rrc.texas.gov

Website: <http://www.rrc.texas.gov/>

Address: P.O. Box 12967, Austin, Texas 78711-2967

Contact Well Compliance



For immediate assistance please call Well Compliance for producing or shut-in wells.

Phone: 512-463-6975

Fax: 512-463-6955

Email: prorationunit@rrc.texas.gov

Website: <http://www.rrc.texas.gov/>

Address: P.O. Box 12967, Austin, Texas 78711-2967

Thank You



Drilling Permits:
david.king@rrc.texas.gov

Well Compliance:
jacquelyn.teseny@rrc.texas.gov





Evaluation

- Please complete the evaluation available on the RRC website at <https://survey.alchemer.com/s3/6403402/2021-RRC-Regulatory-Webinars-Oil-Gas-and-Pipeline-Safety-Evaluation>

Archive Video

- A link to the archive video of the webcast will be available on the same webpage as the presentation.