RAILROAD COMMISSION OF TEXAS

Oil & Gas Division

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Form P-16 Instructions and Guidelines

For Completion Report

(Form G-1 or W-2)

June 2022

CONTENTS

REVIEW AND UNDERSTAND STATEWIDE RULES 38, 40 & 86 AND FIELD RULES BEFORE FILING FORM P-16.

GENERAL

PURPOSE OF FILING:
The *Form P-16 (Acreage Determination)* is to be filed for the determination of acreage credit in connection with the filing of a *Form W-1, (Application for Permit to Drill, Recomplete, or Re-Enter)* or Completion Report. *(Form G-1, Gas Well Back Pressure Test, Completion or Recompletion Report, and Log, or a Form W-2, Oil Well Potential Test, Completion or Recompletion Report, and Log*) The Commission recognizes that a *Form P-16* can be filed in lieu of a *Form P-15* and *Acreage List*.

WHO FILES:
The Form P-16 shall be filed by the operator of the subject lease as listed on the most current *Form P-4 (Producer's Transportation Authority and Certificate of Compliance),* who assumes responsibility for the physical operation, control, and proper plugging of the well listed in Section II of the *Form P-16* being filed or by an operator who has authority to make changes to the lease due to co-development.

WHEN TO FILE:
The Form P-16 shall be filed in conjunction with each *Form W-1 (refer to the W-1 P-16 instructions)* and each *Form G-1 or W-2* for all horizontal wells, Production Sharing Agreement (PSA) wells and Allocation wells, for all wells in designated Unconventional Fracture Treated (UFT) fields, and for all co-development scenarios. In addition, the *Form P-16* may also be filed independently to adjust proration and lease acreage designation for existing leases or wells as permitted by special field rules and Statewide Rules (SWR). An individual *Form P-16* will be required for each field if a wellbore is perforated in a regulatory field in conjunction with a SWR-40 exception field.

Additional information may be required at the Commission's discretion as provided per statewide rules and regulatory field rules, such as lease and/or proration plats.

Underlined terms throughout this document indicate column or row headers as they appear on the *Form P-16*, and Italicized words indicate RRC form names. Refer to the end of these instructions for definitions of important terms and wellbore profile types.

SECTION I. OPERATOR INFORMATION

The filer's <u>Operator P-5 No.</u> and <u>Operator Address</u> shall be completed with the information matching Commission records.

SECTION II. WELL INFORMATION

When filing a *Form P-16* in addition to the *Form G-1 or W-2*, the well information section should be completed with the data that pertains to the specific well for which the completion report is being filed.

1. If the well is utilizing multiple assignment of acreage in accordance with SWR-40(e)(2) and the well is proposed or completed on a single lease, pooled unit, or unitized tract designated by the RRC, then indicate the <u>Upper</u> limit and <u>Lower</u> limit of the <u>Ownership Interval</u> in feet measured by true vertical depth from the surface. Commission staff understands the values could be estimates. The values in the <u>Upper</u> and <u>Lower</u> limit must match those provided on the well's *Form W-1*.
2. If the well is utilizing multiple assignment of acreage in accordance with SWR-40(e)(2) and the well is proposed or completed as an Allocation or PSA well, then you may leave the <u>Upper</u> limit and <u>Lower</u> limit of the <u>Ownership Interval</u> blank in Section II but must enter the values in Section V. Commission staff understands the values could be estimates.
3. If there is no horizontal division of ownership for the tract, please leave these fields blank.

The Proration Acres field in this section is for the proposed well only and should not be reported as a cumulative lease total.

When filing a *Form P-16* independently to update acreage designation to an existing lease, the well information section can be completed with the data that pertains to any well on the subject lease as selected by a filer. When updating total lease acreage, a *Form P-16* and lease plat is required for each RRC ID No. or Lease No. If an Allocation or PSA well is affected by these changes then updated *Form P-16*s and lease plats will be required.

STACKED LATERALS:
If the Wellbore Profile is listed as a Stacked Lateral, Stacked Lateral Allocation or Stacked Lateral PSA, list the Permit No. of the Parent wellbore in the field labeled SL Record (Parent) Well Drilling Permit No.

All stacked lateral wells must have the same associated Parent wellbore drilling permit number. If any changes are made to a Stacked Lateral set, then amended *Form W-1s* and Well Record Only *Form G-1s* or *W-2s* will be required to update the associated Parent wellbore drilling permit number.

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

This section should only be utilized for completed wells on a single lease, pooled unit, or unitized tract designated by the Commission or where multiple operators develop minerals on the same tract in the same regulatory field due to co-development.

If the number of wells exceeds the number of rows provided, continue the list on the *Form P-16 Attachment 1A.*

FOR NON UFT FIELDS:

1. List all completed wells in the same acreage and regulatory field as the well listed in Section II. Include any Allocation or PSA wells that have been assigned acreage from the same tract as the well listed in Section II. **Service wells, including injection wells, should not be listed.**
    a. If a horizontal division of ownership exists, only wells within the same proposed lease acreage boundary, regulatory field, and ownership interval will be listed. To determine which wells are in the same Ownership Interval, use the Upper and Lower limit indicated in Section II.
2. Provide the RRC ID No. or Lease No., if a lease number has not been assigned enter the Drilling Permit number in the RRC ID No. or Lease No. column.
3. List the well number as it appears on the RRC Proration Schedule in the Well No. column.
4. Enter the wellbore profile in the Profile column.
5. List the lease name as it appears on the RRC Proration Schedule in the Lease Name column.
6. List the API number in the API No. column.
7. List the proposed or currently assigned proration acreage in the Acres Assigned column.
8. If a well has an approved exception to SWR-38, list “Y” in the SWR 38 Except. column.
9. The Operator Name and Operator No. (if different from filing operator) should reflect the names and numbers of any operators who have co-development agreements with the filing operator reflected in Section I or retain any amount of mineral or operating rights.

Item A. Not required for non-UFT fields or fields without an exception to SWR-40.
Item B. Not required for non-UFT fields or fields without an exception to SWR-40.
Item C. Total assigned acreage and total remaining acreage.

FOR UFT FIELDS:

1. If the proposed regulatory field is classified as a UFT field or has special field rules that allow for separate acreage assignment based on wellbore profile, then provide a profile-specific listing of all completed wells in the same acreage and regulatory field as the well listed in Section II. **Service Wells, including injection wells, should not be listed.**
2. Provide the RRC ID No. or Lease No. If a lease number has not been assigned, enter the Drilling Permit number in the RRC ID No. or Lease No. column.
3. List the well number as it appears on the RRC Proration Schedule in the Well No. column.
4. Enter the wellbore profile in the Profile column.
5. List the lease name as it appears on the RRC Proration Schedule in the Lease Name column.
6. List the API number in the API No. column.
7. List the proposed or currently assigned proration acreage in the Acres Assigned column.
8. If well has an approved exception to SWR-38 list "Y" in the SWR 38 Except. column.
9. Operator Name and Operator No. (if different from filing operator) should list the names of any operators who retain mineral rights in the same regulatory field as designated in Section II, or retain mineral rights due to any development agreement that may exist with the filing operator designated in Section I.

Item A. Total acreage assigned to horizontal wells and total remaining acreage.
Item B. Total acreage assigned to vertical and directional wells and total remaining acreage.
Item C. Total assigned acreage and total remaining acreage.

SECTION IV. REMARKS (REQUIRED FOR PSA AND CO-DEVELOPMENT)

1. For completed PSA wells, provide the percentage of both the MINERAL and WORKING interest Owners who have signed an agreement from EACH TRACT that is being used in the developmental acreage.
2. If multiple Operators are listed in Section III or Section V due to the method of development, please explain the method of development per SWR-40.
3. When submitting a *Form P-16* independently, indicate any information pertaining to the purpose of filing or any detailed supplementary information to aid in the processing of this form.
4. **If additional space is required, supplement with an attachment.**

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 THE PURPOSE OF SECONDARY RECOVERY

Complete this section when the well is completed as either a PSA or Allocation wellbore, and/or the assigned acreage for the proposed well is being adjusted from two or more leases or undeveloped tracts in order to create a new RRC ID No. or Lease No.

List the following:

1. The individual tracts that comprise the developmental acreage.
2. RRC ID No., Lease No. or Tract ID: If there is an established lease number, enter it in this column for the tract being represented. If allocating acreage from an undeveloped tract; use the tract identifier as shown on the plat.
3. The Lease Name is the name of the pooled or unitized acreage, lease acreage, or undeveloped tract that is being represented.
4. The Beginning Lease Acreage should reflect the overall size of the individual tract being represented. The lease acreage reported for any RRC ID No., Lease No. or Tract ID should match the most recent *Form G-1 or W-2* on file. If lease acreage differs, then a well record *Form G-1 or W-2* with supporting lease plat is required to be filed.

5. The Ownership Interval (Upper) value should be the upper limit of the ownership interval that applies to the tract if a horizontal division of ownership exists.
   a. If no horizontal division of ownership exists for the tract, please leave this column blank.
6. The Ownership Interval (Lower) value should be the lower limit of the ownership interval that applies to the tract if a horizontal division of ownership exists.
   a. If no horizontal division of ownership exists for the tract, please leave this column blank.
7. Operator Name and Operator No. (if different from filing operator), should reflect the names of any operators who are co-developing the acreage with the filing operator reflected in Section I or who retain any amount of mineral or operating rights. If any Joint Operating Agreements are in effect for this tract, the other Operator's Name and Operator P-5 No. should be listed.

IMPORTANT:

1. For a wellbore to be administratively approved as an Allocation wellbore, the well must produce from/be perforated in each lease and/or undeveloped tract that is being used to create the developmental acreage. If the well is not perforated in/producing from a specific tract listed in this section, the tract will not be eligible for use in the developmental acreage and should not be represented on the plat or the *Form P-16*. (PSA wellbores may be administratively approved without production from/perforations in each lease and/or undeveloped tract as long as there is production from at least one of the leases and/or undeveloped tracts being used for the developmental acreage and at least 65% of the mineral and working interest owners from each tract being used in the developmental acreage have signed a production sharing agreement.)
2. In addition, a plat showing the full areal extent of the developmental acreage must be included with the *Form G-1 or W-2* filing.

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

Section VI should only be utilized if the well for which the *Form P-16* is submitted is an Allocation or PSA wellbore.

Complete Section VI as follows:

1. Use the rows to list all wells that exist in the leases or tracts included in Section V and are in the same field as the well specified in Section II. The RRC ID No. or Lease No., Lease Name, API No., Well No., Profile and Total Acres Assigned are required.
   a. Include all producing, shut-in, and unperforated gas and oil wells,[1] from the base leases or undeveloped tracts included in Section V. **Service Wells, including injection wells, should not be listed.**
   b. Completed wells should list the proposed or currently assigned proration acreage. If the well is to be completed as a stacked lateral, then zero acres should be assigned.
   c. Also include any completed Allocation or PSA wells on any leases or tracts listed in Section V.
   d. If the Lease No. has not yet been assigned, use the Drilling Permit Number in the RRC ID No. or Lease No. column.
   e. Use the *Form P-16 Attachment 2A* if additional rows are required.
2. To show the acres assigned to each well in Section VI, complete the Acres From column headings by adding the letter (A, B, C, etc.) and the RRC ID No. or Lease No. (if assigned) from the corresponding row in Section V. For each well listed in Section VI, use the Acres From column to indicate the amount of acres assigned to the well from each tract listed in Section V.

[1] For UFT Fields, only include wells with the same profile as the well listed in Section II.

3. If a recently filed *Form G-1* or *W-2* has adjusted the acreage on completed wells, please reference the *Form G-1* or *W-2* Tracking Number with a comment in Section IV.
4. If a horizontal division of ownership exists, only wells within the same proposed lease acreage boundary, regulatory field, and ownership interval will be listed. To determine which wells are in the same ownership interval, use the <u>Upper</u> and <u>Lower</u> limit indicated for each tract listed in Section V.

IMPORTANT:
If the well listed in Section II results in a proration acreage increase for an existing Allocation or PSA well, list the updated proration acreage in Section VI so that the <u>Total Acres Assigned</u> column reflects the update. However, a revised *Form P-16* must be filed for any wells holding acreage on regulatory leases or undeveloped tracts not listed in Section V. This is required to show how the new acreage is allocated. Proration Acreage for lease wells will be updated to reflect the number of acres in the <u>Total Acres Assigned</u> column. Refer to the regulatory field rules for lease plat requirements.

SECTION VI TOTALS: ITEMS A, B, AND C

FOR NON UFT FIELDS:
If the proposed regulatory field does not have any special field rules for acreage assignments based off the wellbore profile, then provide the following:

Item A. Represent the total acreage assigned to wells and total remaining acreage for each lease or tract listed in Section V.
Item B. Not required for non-UFT fields or fields without an exception to SWR-40.
Item C. Not required for non-UFT fields or fields without an exception to SWR-40.

FOR UFT FIELDS:
If the proposed regulatory field is classified as a UFT or has special field rules that allow for separate acreage assignment based on the wellbore profile, then provide a profile-specific listing of all completed wells in the regulatory field and acreage, based on the profile of the well listed in Section II, and complete Items A, B, and C as follows:

Item A. Total acreage assigned to wells and total remaining acreage for each lease or tract listed in Section V.
Item B. Total acreage assigned to horizontal wells for each lease or tract listed in Section V.
Item C. Total acreage assigned to vertical and directional wells for each lease or tract listed in Section V.

TERMS

ACRES ASSIGNED: Indicate the number of acres being assigned to a well for proration acreage designation.

CO-DEVELOPMENT: Where multiple operators develop minerals on the same tract in the same regulatory field.

COMPLETED: Any well that has been drilled to completion. Completed wells do not necessarily need to be producing to be considered completed.

DISTRICT: Commission designated number for specific group of counties.

HORIZONTAL DIVISION OF OWNERSHIP (Ownership Interval): Where ownership of the right to drill or produce has been separated into depth intervals defined by total vertical depth, depth relative to a specific geological contact, or some other discriminator. A tract may have a horizontal division of ownership even where one operator has the right to drill or produce multiple intervals on the same tract of land in the same field; see SWR-40(e)(2).

PROPOSED FIELD: Any regulatory field(s) that are being applied for on the current proposed application.

PROPOSED WELL: Any well that has been permitted and/or applied for prior to the current working application, but not yet completed.

RRC ID NO. OR LEASE NO.: A regulatory number issued by the Commission to each oil lease or individual gas well.

TRACT: Lease, pooled unit, unitized acreage, or undeveloped acreage being assigned for production.

TRACT IDENTIFIER (Tract ID): The label or name of the tract that is shown on the plat.

UFT: Unconventional Fracture Treated field, A regulatory field designated by the Commission for which horizontal well development and hydraulic fracture treatment (as defined in SWR-29(a)(15) and (16) relating to Hydraulic Fracturing Chemical Disclosure Requirements) must be used in order to recover resources from all or a part of the regulatory field and which may include the drilling of vertical wells along with the drilling of horizontal wells.

WELL NO.: The number of the well as listed on the Commission proration schedule or drilling permit. (Ex: 1H, 201H, 42D)

WELLBORE PROFILES AND TYPES

The underlined terms indicate Wellbore Profiles that should be used when filing the *Form P-16*.

<u>VERT.</u> (VERTICAL WELLBORE): A wellbore drilled as nearly vertical as possible by normal, prudent, practical drilling operations under a permit indicating a surface location only and without intentional deviation from the vertical in accordance with the provisions of SWR-11 (a) and (b).

<u>DIREC.</u> (DIRECTIONAL WELLBORE): The intentional deviation of a wellbore from vertical. Although wellbores are normally planned to be drilled vertically, many occasions arise when it is necessary or advantageous to drill at an angle from the vertical.

<u>HORIZ.</u> (HORIZONAL WELLBORE): Any well that is developed with one or more horizontal drain holes drilled in the correlative interval between the penetration point and the terminus. The horizontal displacement will be calculated from the first take point to the last point and will be at least 100 feet.

<u>ALLOC.</u> (ALLOCATION WELLBORE): For purposes of this document, a horizontal wellbore crossing two or more tracts/leases and for which the operator allocates production among the tracts/leases crossed. The operator has made a good faith claim that it holds leases covering each tract included in the developmental unit. For an Allocation well to be administratively approved, the developmental unit can only include tracts where the wellbore is perforated/from which it is producing.

<u>PSA</u> (PRODUCTION SHARING AGREEMENT WELLBORE): For purposes of this document, a horizontal wellbore crossing two or more tracts/leases and for which the operator certifies that at least 65% of the MINERAL and WORKING interest owners from each tract within the developmental unit have signed an agreement as to how proceeds will be divided. The wellbore need not be perforated within each tract of the developmental unit.

RECORD WELLBORE: The well of record for any set of stacked lateral wells. This well will hold the acreage on the Proration Schedule and will be designated on the *Form W-1* application for any stacked lateral well associated with it.

PARENT WELLBOREBORE: Commonly used term to describe the Record wellbore for a Stacked Lateral set.

<u>SL</u> (STACKED LATERAL WELLBORE): Commonly referred to as a Child wellbore; applies only to wells that have been stacked to a Record or Parent wellbore.

CHILD WELLBORE: Commonly referred to as a Stacked Lateral Wellbore, applies only to wells that have been stacked to a Record or Parent wellbore.

<u>ALLOC.-SL</u> (STACKED LATERAL ALLOCATION WELLBORE): A Stacked Lateral or Child wellbore associated with a Parent or Record wellbore that is classified as Allocation. The tract configuration listed in Section V must match the Parent or Record wellbore.

<u>PSA-SL</u> (STACKED LATERAL PSA WELLBORE): A Stacked Lateral or Child wellbore associated with a Parent or Record wellbore that is classified as PSA. The tract configuration listed in Section V must match the Parent or Record wellbore.

SERVICE WELLS: Any well that is not a producer or shut-in producer: Injection, Disposal, SWD, Cathodic Protection, Exploratory Test, Monitor, Water Supply etc. These well types are not assigned proration acres.