



2020 Traveling Workshops

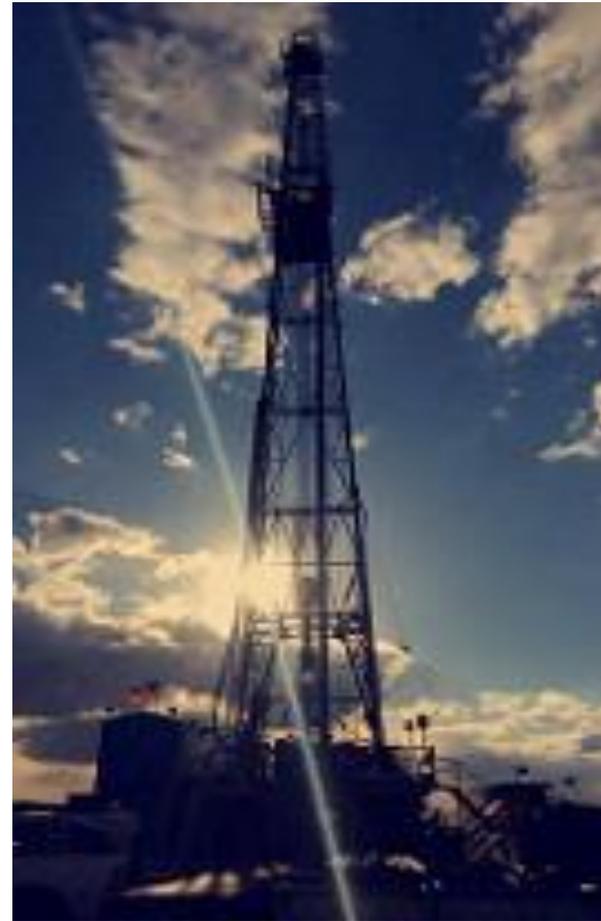
Discussion concerning
permitting issues
and staying in compliance



WHY WE ARE HERE



To answer questions commonly associated with increased activity and technological advances in the development of unconventional plays.





Those questions on permitting revolve around the following:

- Plat requirements
- Stacked Lateral well information
- How spacing and density rules from traditional fields differ from unconventional fields.
- NPZ information



- Notification requirements if required for an exception to a rule or required by field rule.
- How to handle a SWR notification protest
- Review upcoming enhancements to the Online System
- Rule 86 Exceptions
- Common issues we see on applications

IN THE GOOD OLD DAYS



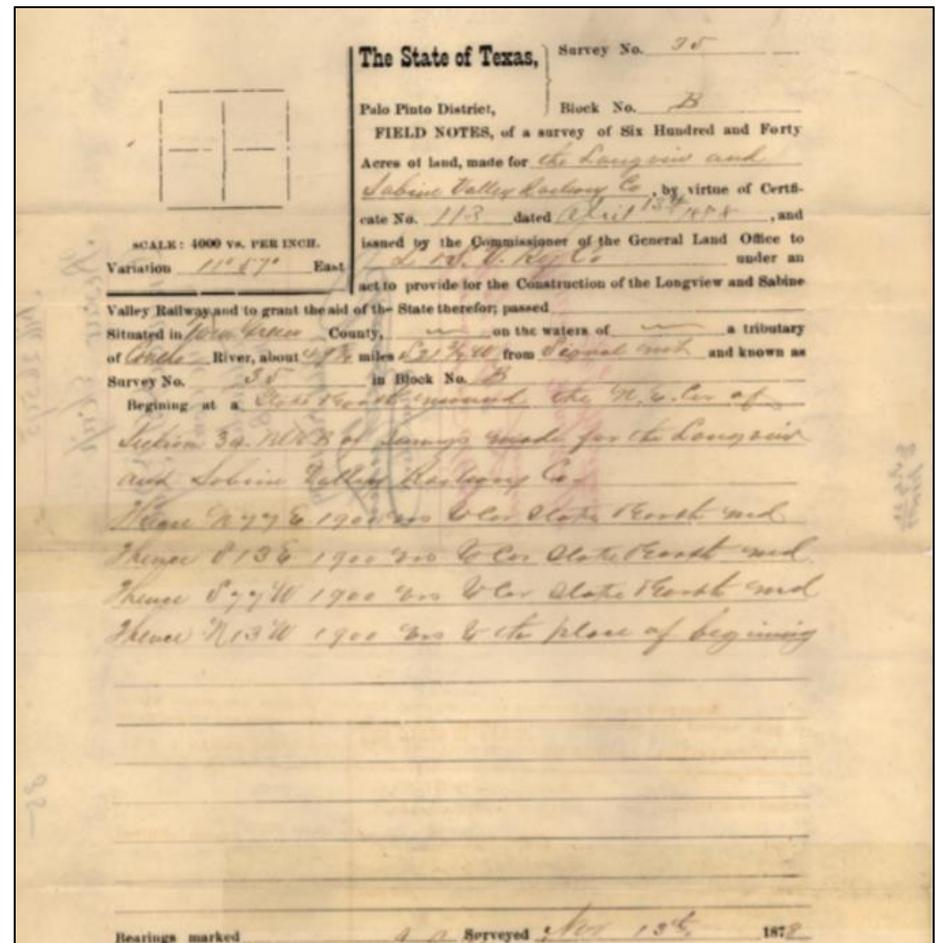
- Some field notes are a challenge to read.
- Roads, tree lines, and fence lines on USGS topographic maps may not always correspond to property lines.
- Commission works with surveyors who work an area to resolve discrepancies between the Commission's base map and what is actually being represented on the ground.
- Commission gets updated survey information from the GLO and updates our base map accordingly.



CURRENT ISSUES CONCERNING PLATS



- Some field notes are a challenge to read.
- Roads, tree lines, and fence lines on USGS topographic maps may not always correspond to property lines.
- Commission works with surveyors who work an area to resolve discrepancies between the Commission's base map and what is actually being represented on the ground.
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Common requirements for all attachments:

- The size of the file must be less than 4 MB or it will not upload.
- If you have any special characters (i.e....&, *, etc.) in your file name the system will not recognize those as part of a file name and will reject your attachment.

GENERAL PLAT REQUIREMENTS (1 of 2)



Plat requirements can be found in SWR 3.5 and 3.86

Common requirements for all plats:

- Latitude/Longitude or X/Y coordinates in the NAD 27, NAD 83, or WGS 84 coordinate system for the surface location.
- Scale bar in a standard scale (i.e. 1"=1000' or 2000')
- North Arrow
- The lease/unit outline must be clearly defined using a bold or hatch marked line.



Common requirements for all plats (continued):

- Perpendicular survey line calls from the two nearest non-parallel survey/section lines to the surface location.
- Perpendicular lease line calls from the two nearest non-parallel lease lines to the surface location.
- A lease line call from the productive portion of the well to the nearest lease line and to the nearest well in the same field.

WHEN DO PLATS REQUIRE CERTIFICATION?



- What is certification?
 - i. Certified Surveyor (RPLS) prepared the Plat and the surveyor's seal is on the plat
 - ii. Anyone in the company with knowledge of the facts can certify with the statement, "All information on this plat is true to the best of my belief and knowledge."
- Plats filed in support of:
 - i. Horizontal wells
 - ii. Pooled Units
 - iii. SWR Exceptions

HORIZONTAL WELL PLAT REQUIREMENTS



- In addition to the surface location, you will also need to include the penetration point, first and last take points, and the terminus location.
- Perpendicular lease line calls from the two nearest non-parallel lease lines to the penetration point, first and last take points, and terminus location.
- If surface location and/or penetration point is off-lease then provide perpendicular survey line calls only.

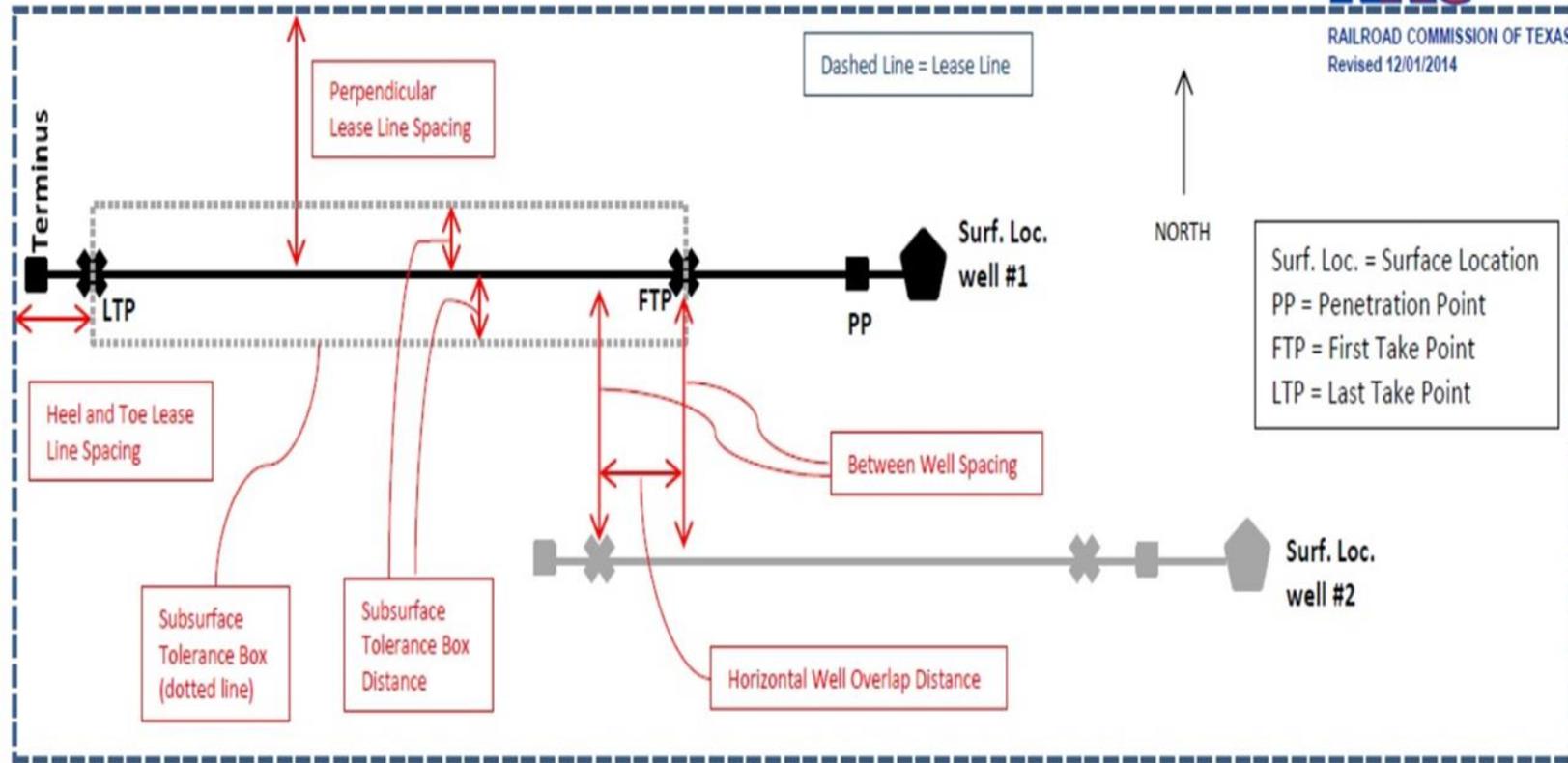
WELLBORE DIAGRAM



FIELD RULE ILLUSTRATION: PLAT VIEW



RAILROAD COMMISSION OF TEXAS
Revised 12/01/2014





- Off-Lease PP- affected offset on tract where penetration into formation occurs
 - ❖ If your well penetrates the formation on-lease, then leaves the lease, you will need to go through the off-lease PP requirements of the field or statewide rules
- All affected parties (including yourself) must be clearly labeled on the plat



- Full areal extent of developmental acreage is required to be shown
 - If the full extent cannot be shown on the well plat, then a full lease plat showing the development, or individual lease plat for each component are required.
- Any lease line calls provided must be to the exterior PSA or Allocation unit line, not a common boundary line between the tracts making up the unit, unless there is a window tract within the boundary that is not included in the development



- If there are any unleased interests within one of your PSA or Allocation tracts, they must be identified.
 - i. If the tract is a single lease tract then clearly place a label of ULM within the tract.
 - ii. If the tract is a pooled unit then clearly represent that tract on your well location plat and provide a distance from the wellbore to that tract.

- Plats must have a certification by a professional land surveyor or by a registered professional engineer.



- A Form P-16 (required for all horizontal wells) with the correct sections filled out.
 - i. Page one will have sections I, II, and IV filled out.
 - ii. If the well is being proposed as a PSA well, then in section IV, provide the % of mineral and working interest owners who have agreed to the PSA, in each tract.
 - iii. Page two will have sections V and VI filled out.
- If one of your PSA or Allocation tracts is a pooled unit, then attach the Form P-12 used to establish that tract as a pooled unit to your application.

PLAT REQUIREMENTS FOR STACKED LATERALS

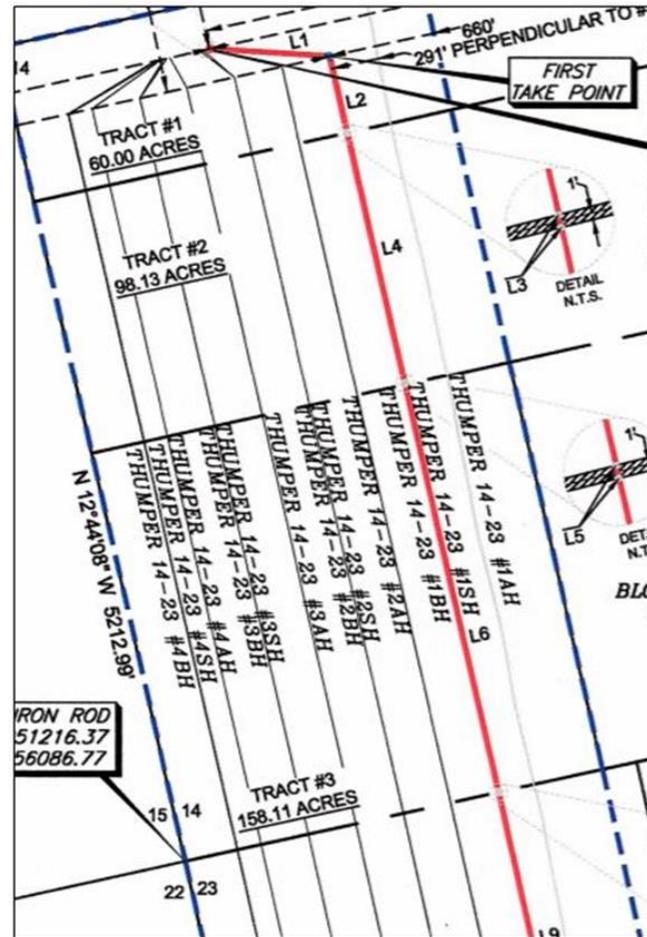


- Every well that is part of the stacked lateral set should be included on the plat.
- Distance to the nearest well needs to be shown.
 - i. If your field has zero between well spacing, then the distance to any well (parent or child from the same set) can be used.
 - ii. If your field has spacing requirements, then the distance to the nearest well would reference the nearest well outside of your stacked lateral set (parent or child).
- The rectangle showing compliance with stacked lateral rule provisions should be shown. (“stacked lateral box”)

WHY IS THE RECTANGLE NECESSARY ? (1 of 3)



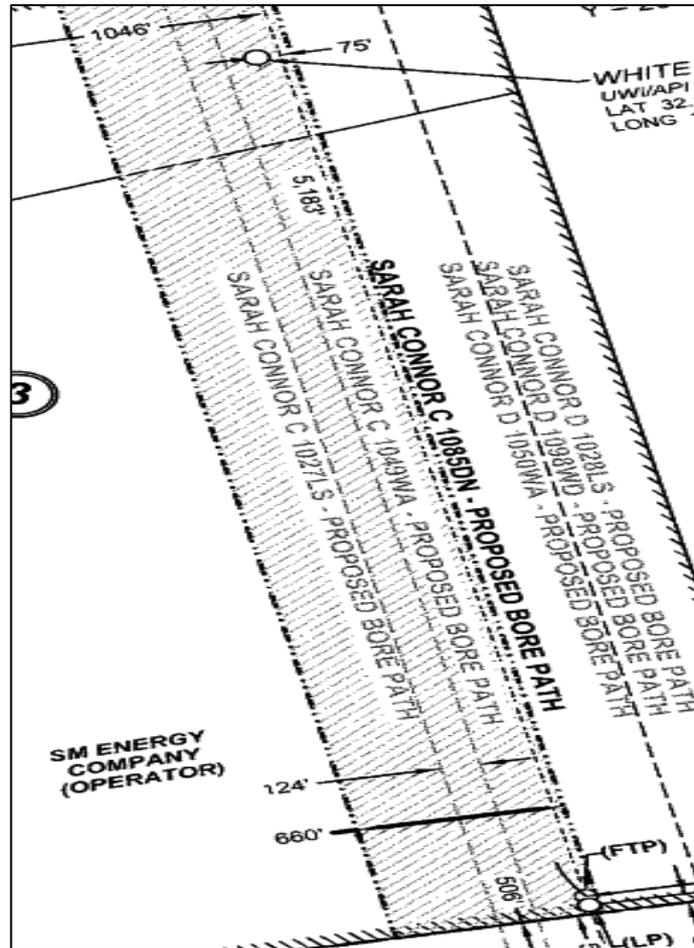
Help Please....



WHY IS THE RECTANGLE NECESSARY? (2 of 3)



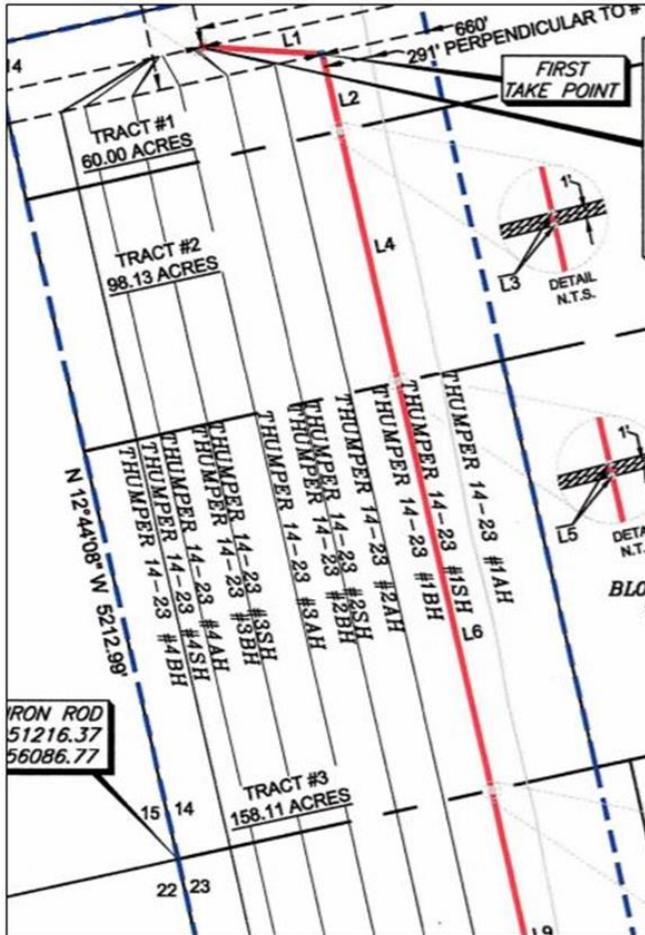
Stacked Set Clearly Identified



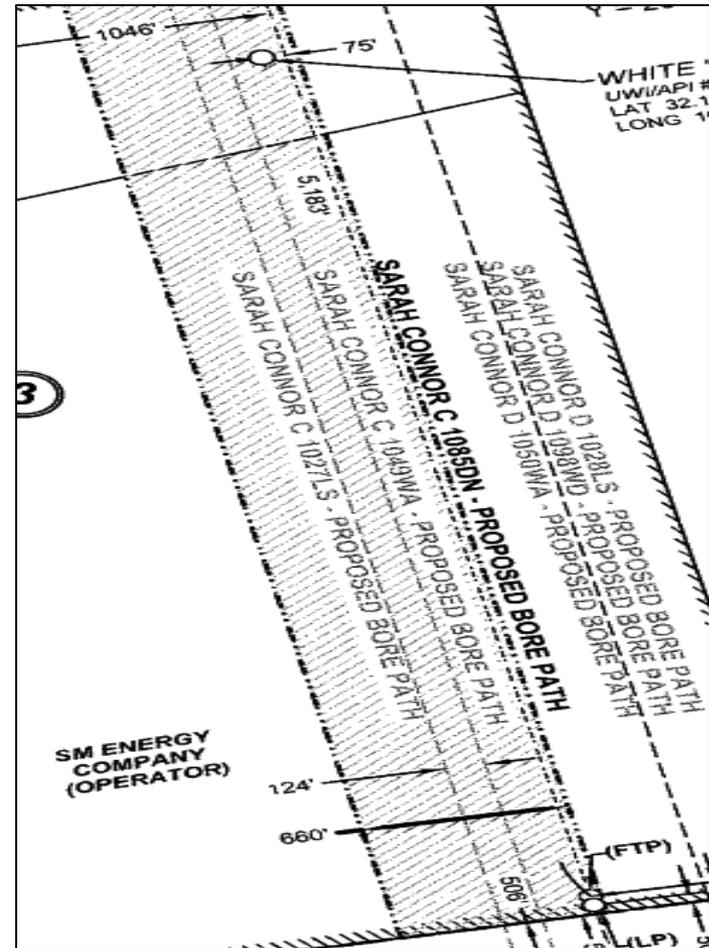
WHY IS THE RECTANGLE NECESSARY? (3 of 3)



Help Please....



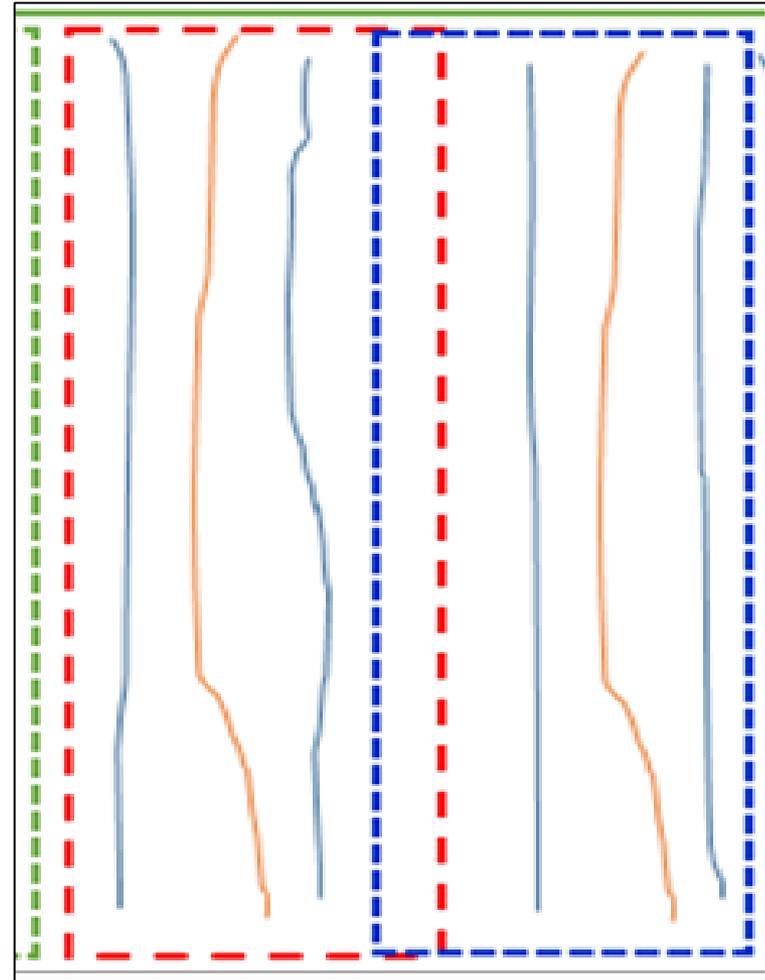
Stacked Set Clearly Identified



QUESTIONS CONCERNING THE RECTANGLE (1 of 3)



- Question:
- Are stacked lateral boxes allowed to overlap each other?
- Answer:
- Yes: The box is nothing more than a visual representation of the wells that comprise your stacked lateral set.



QUESTIONS CONCERNING THE RECTANGLE (2 of 3)

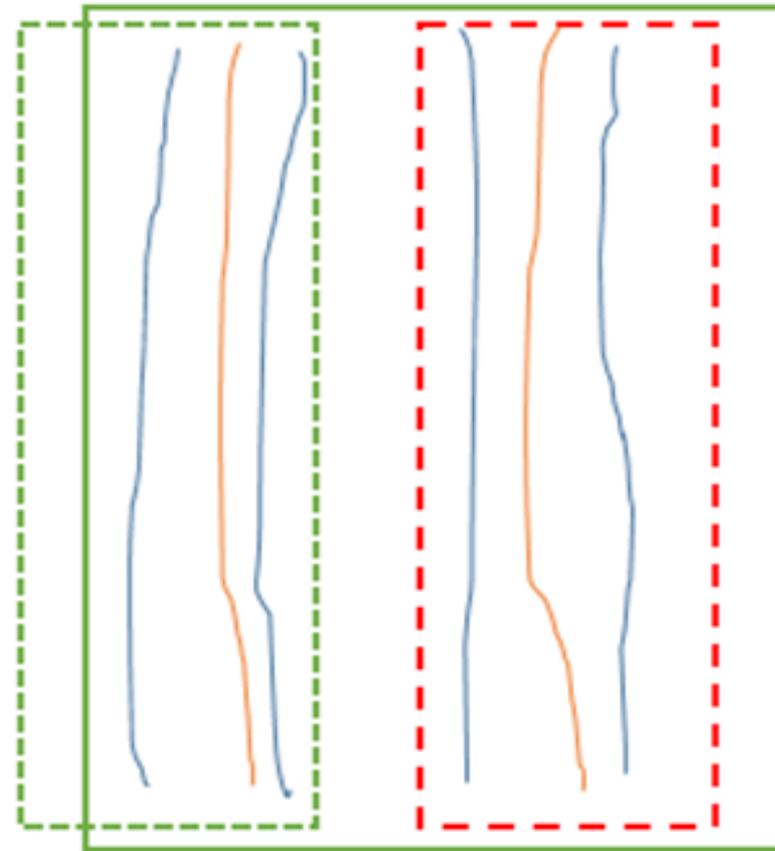


Question:

Do the rectangles have to stay within the lease boundaries?

Answer:

No. One of the main requirements to achieve stacked lateral status is that there are two or more horizontal drainhole wells **on the same lease, pooled unit, or unitized tract.**



QUESTIONS CONCERNING THE RECTANGLE (3 of 3)

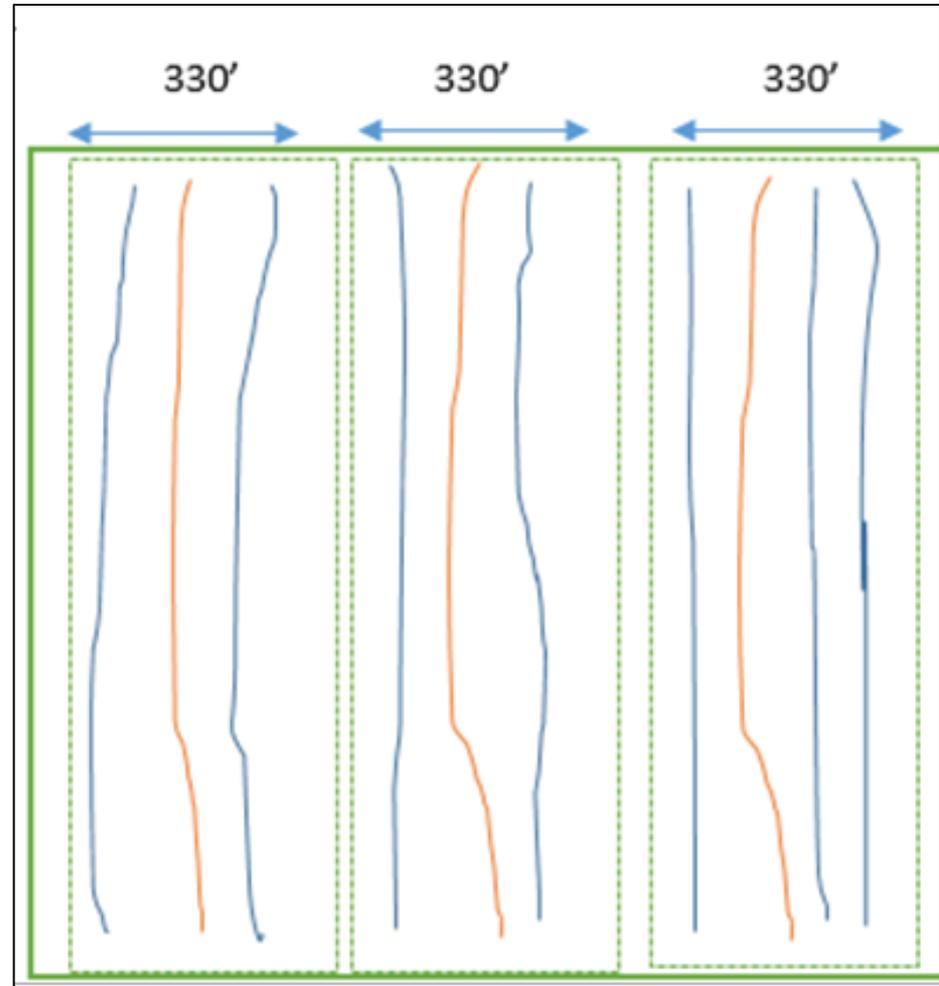


Question:

Can the rectangle for stacked laterals be less than the 660' wide as long as there is sufficient acreage for the parent wells?

Answer:

Yes. The rule sets the maximum width of the box to determine if a well qualifies as a stacked lateral.



WHAT IF MY REPORTING WELL IS NOT COMPLETED?



- If a child well is completed (i.e.: ready for initial potential testing or production) **BEFORE** the parent well, it can no longer be considered a child well, if you are attempting to put it on schedule.
 - i. Amended W1's will be required, in this case, to change the well of record.
 - ii. If a well is not yet built to schedule, it's parent well association can be changed by contacting the Drilling Permits manager. An amended W-1 would not need to be submitted in this case.



PROBLEM

- My as-drilled well location is not entirely within my stacked lateral box.
- I drilled my well longer than it was permitted for.

SOLUTION

- Permit will have to be amended. You can try and associate the well to another stacked set, or it will now be a density well. If a SWR 38 is required you will have to gain that exception.
- Refer to stacked lateral rules. As long as you can keep all take points in stacked lateral box you are compliant.

QUESTIONS?





TRADITIONAL RESERVOIRS

- Drainage over an area is a concern.
- Number of wells may contribute to drainage issues.
- Spacing of wells may contribute to drainage issues.

UNCONVENTIONAL RESERVOIRS

- Unless the well is completed by hydraulically fracturing the formation no drainage will occur.
- Number of wells across a lease is not as impactful to offsets as in traditional reservoir.
- Spacing between other wells determined by engineering and spacing to lease boundaries less restrictive.



Who are affected parties?

Lease Line spacing:

Offset interests within *lease line spacing or half of the between well spacing, whichever is greater.*

Between Well Spacing and Density:

All offset interests around the entire lease or pooled unit. Offsets must be clearly labeled on the plat, if spacing is applicable.

REGULAR FIELD RULES



Oil Field Rules:

County Regular: N **Salt Dome:** N **Field Location:** LAND **Don't Permit:** N

Schedule Remarks: WELL SPACING LIMITATION. EFFECTIVE DATE 8/25/15.

Comments: CORR.INTERVAL 5070-5481, NO BETWEEN WELL SPACING

Rule Type	Depth	Lease Spacing	Well Spacing	Acres per Unit	Tolerance Acres	Diagonal Code	Diagonal Max Length
Special Rules	All Depths	330	0	160.0	40.0	Corner to Corner	0

Gas Field Rules:

County Regular: N **Salt Dome:** N **Field Location:** LAND **Don't Permit:** N

Schedule Remarks: LEASE PLAT;

Comments: NO BETWEEN WELL SPACING; CORR. INTERVAL 5070-5481;

Rule Type	Depth	Lease Spacing	Well Spacing	Acres per Unit	Tolerance Acres	Diagonal Code	Diagonal Max Length
Special Rules	All Depths	330	0	320.0	40.0		0

A field with regular rules will allow the online system to automatically determine compliance to SWR 37 based on the values entered for nearest lease line distance and nearest well distance.



Who are affected parties if my well is vertical?

Lease Line spacing:

Offset interests within lease line spacing or half of the between well spacing, whichever is greater.

Between Well:

All offset interests around the entire lease or pooled unit. Offsets must be clearly labeled on the plat, if spacing is applicable.

Density:

There are reduced notification requirements based on approved field rules or statewide rules.



Who are affected parties if my well is horizontal?

Lease Line spacing: Regular field rules

Affected parties within the lease line spacing or $\frac{1}{2}$ the between well spacing whichever is greater

Lease Line spacing: Dual Lease Line field rules

Affected parties within your heel and toe rule requirements along the axis of your wellbore and within the parallel requirements along the length of the wellbore

FIELD RULES FOR HORIZONTAL WELLS



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

[Illustration](#) [Screen Help](#)

Unconventional Fracture Treated (UFT): Yes

UFT Effective Date: 05/10/2016

Correlative Interval: From 10575 to 11815 feet

Established by API Number: N/A

Dual Lease Line Take Point Spacing

First/Last Take Points (Heel and Toe) to Lease Line: 200 feet

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

Between-Well Spacing

Horizontal to Vertical: 0 feet

Horizontal to Horizontal: 600 feet

Overlap Distance: N/A

Subsurface Tolerance Box: 33 feet

The field you are attempting to permit in will require the filer to determine if a SWR 37 between-well exception is needed. If you determine that a between-well exception is needed, please check the "SWR 37 Between Well" box on the Field Details page. This will allow the DP system to charge you for the exception. Failure to properly set up the application before submittal will increase the processing time.



Who are affected parties if my well is horizontal?

Between Well:

All offset interests must be clearly labeled on plat around the entire lease or pooled unit if spacing applicable

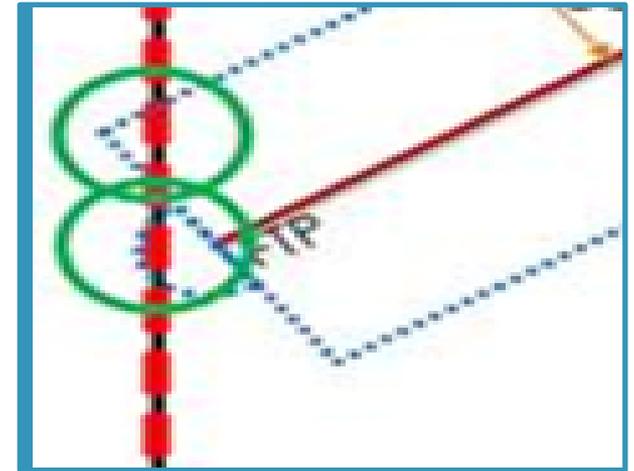
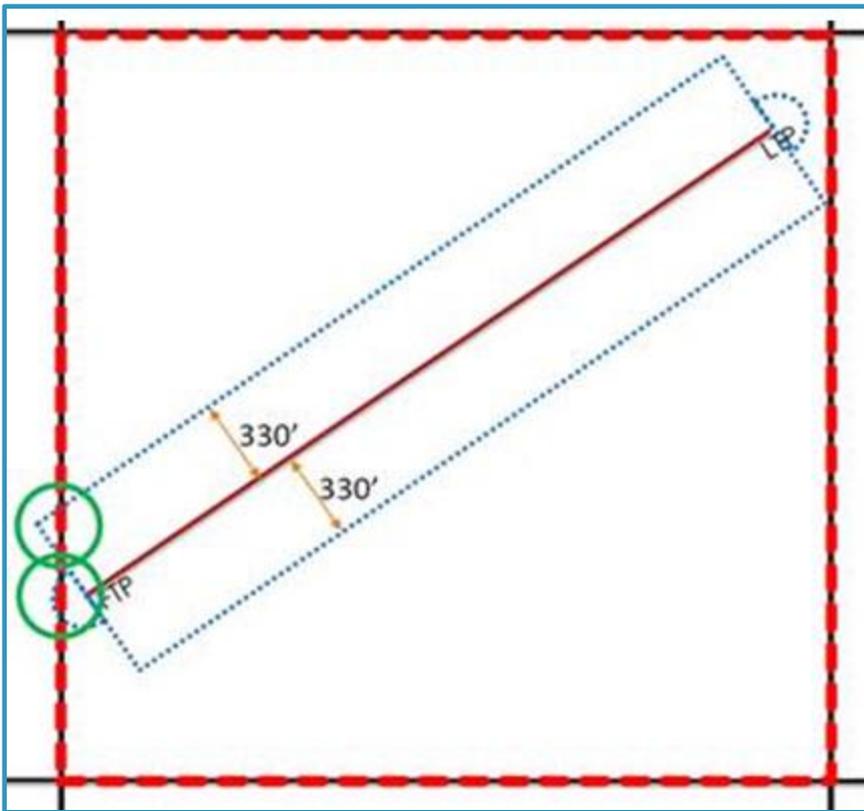
Density:

There are reduced notification requirements based on approved field rules or statewide rules

IS A SWR 37 REQUIRED?



Dual Lease Line Spacing:



Both axial distance and perpendicular distance trigger a SWR 37 exception.



What is one of the primary functions of the permitting process?

To ensure that the drilling permit application meets all spacing and density requirements for each applied for field.

How does the Commission resolve exceptions?

- You are your own offset.
- You have waivers from affected offsets.
- Provide service list for 21-day notification of affected offsets.
- If unable to locate affected parties request to set up for publication of notice for 2 consecutive weeks.

WHAT HAPPENS IF I RECEIVE A PROTEST



Did you receive a protest to your SWR notification or publication?

- Once a protest is received, the W1 moves to Docket Services and must be resolved through this channel.
- The Drilling Permits section will not have access to this application until the protest has been resolved.

How can a protest be resolved?

- Protestant can rescind their protest
- Withdraw W1 application
- Request a Hearing
- Add NPZ's to the plat



Rescind Protest:

- If the applicant and protestant reach an agreement, the protest can be rescinded.
- Form letter sent to docket services with protestant's name and a statement that says they have decided to rescind, or cancel, their protest.
- Any previously scheduled hearing for this matter will be cancelled.

Withdraw W-1 Application:

- Form letter sent to Docket Services requesting the withdrawal of the W-1.
 - Should reference the permit application status number, and show the filing operator's letterhead.
- If you want to waive the 25 day wait period, you need to state this in the letter.



Request a Hearing:

- A hearing can be requested through Docket Services of the Hearings division of the RRC.
- Scheduled approximately 30 or more days out depending on volume of hearing requests.
- You or a representative must appear in person.
- Due to COVID19 conditions, a Hearing may be potentially scheduled as a virtual hearing. TBD by Docket Services.

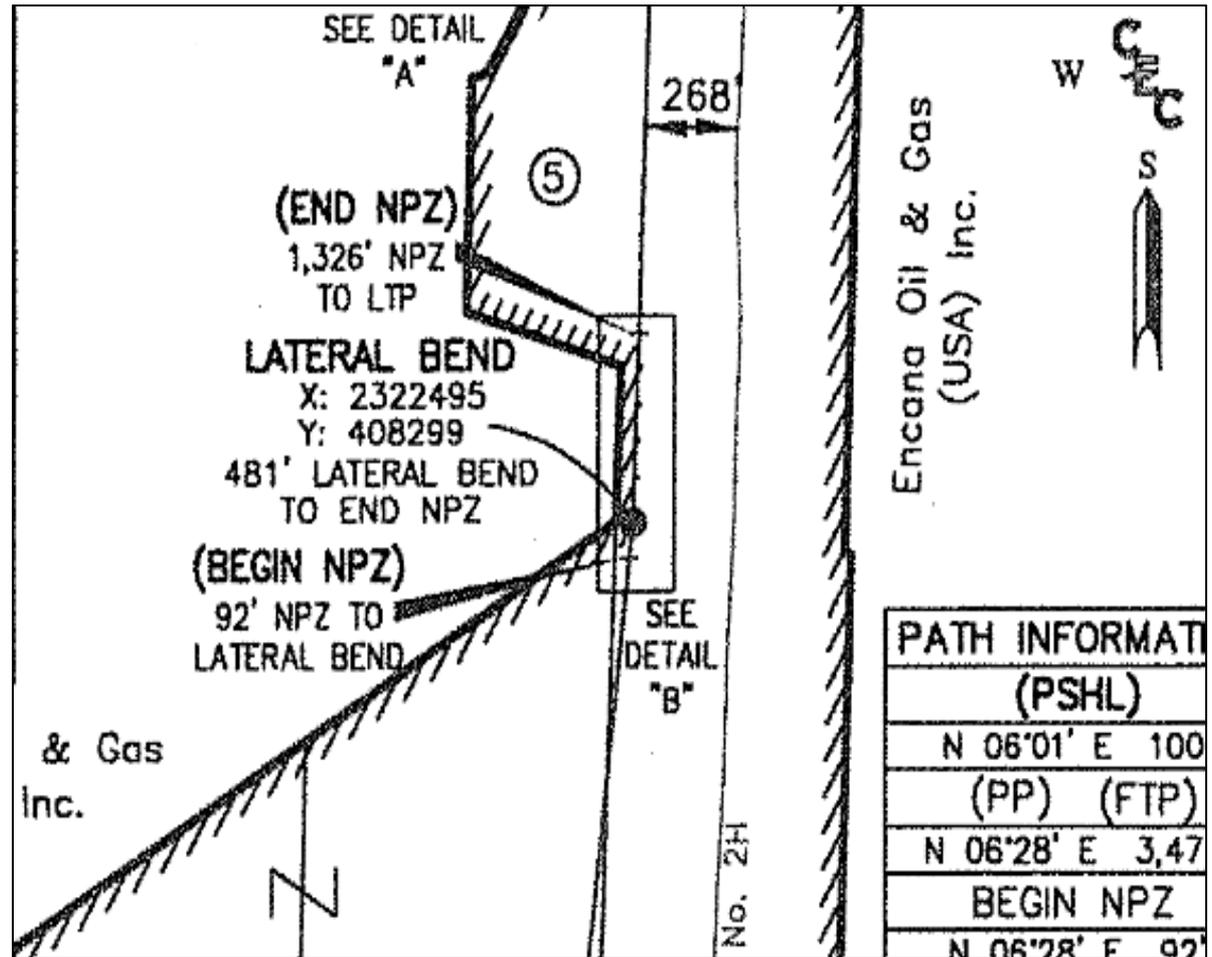
Use of NPZ's on plat:

- A detailed letter sent to docket services describing the use of NPZ's.
- The new plat showing the NPZ's clearly labeled.
- NPZ's must fully isolate any affected mineral interest owner that submitted a protest.
- NPZ must be in compliance with the field rules for the applied for field(s).

PROPER USE OF NON-PERFORATION ZONES (2 of 3)



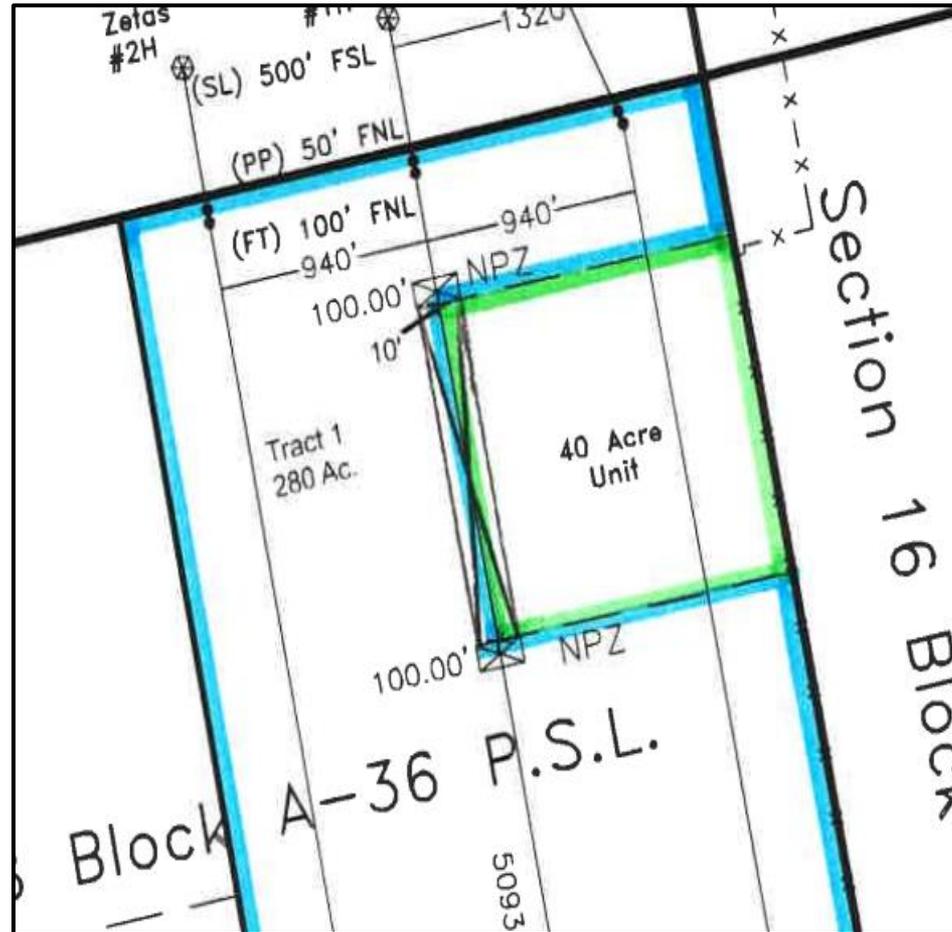
Use of Non-Perforation Zone to keep SWR 37 from being triggered based on the perpendicular rule requirements.



PROPER USE OF NON-PERFORATION ZONES (3 of 3)



Use of Non-Perforation Zone to keep SWR 37 from being triggered based on both the perpendicular and FTP/LTP rule requirements.



CURRENT STATE OF PERMITTING SYSTEM



Form W-1: Field Details

Status # <input type="text"/>	OP # <input type="text"/>	EXAMPLE LEASE - Well # 3H	New Drill
API # <input type="text"/>	Amendment Work In Progress	02 - KARNES County	Horizontal
Tracking # 492862187	Created: 09/10/2019	Filed: Online	

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

Field Name: **EAGLEVILLE (EAGLE FORD-2)**

(please hit save to see errors on this page)

*Basic Details

Lease name: <input type="text" value="EXAMPLE LEASE"/>	Well number: <input type="text" value="3H"/>	Distance to Nearest Lease Line: <input type="text" value="100.0"/>							
Total Acres in the Lease: <input type="text" value="476.43"/>	Off-lease Surface Location: No	Off-lease Penetration Point: No							
Surface Lease Line Perpendiculars:	<table border="1"> <thead> <tr> <th>Distance</th> <th>Direction</th> <th>Distance</th> <th>Direction</th> </tr> </thead> <tbody> <tr> <td><input type="text" value="439.0"/> feet</td> <td>from the N <input type="text"/> line</td> <td>and <input type="text" value="1569.0"/> feet</td> <td>from the W <input type="text"/> line</td> </tr> </tbody> </table>	Distance	Direction	Distance	Direction	<input type="text" value="439.0"/> feet	from the N <input type="text"/> line	and <input type="text" value="1569.0"/> feet	from the W <input type="text"/> line
Distance	Direction	Distance	Direction						
<input type="text" value="439.0"/> feet	from the N <input type="text"/> line	and <input type="text" value="1569.0"/> feet	from the W <input type="text"/> line						
Pooled/Unitized: <input type="checkbox"/> (<i>Check if yes</i>)	Unitized Docket Number: <input type="text"/>	(<i>Required only if Unitized</i>)							
Well Type: <input type="text" value="Oil or Gas Well"/>	Completion Depth: <input type="text" value="12630"/>	Distance to Nearest Well: <input type="text" value="154.0"/>							
No. of Wells: <input type="text" value="9"/>	Total Depth: 12630								

UPCOMING ENHANCEMENTS TO PERMITTING SYSTEM (1 OF 4)



Form W-1: Field Details

Status # API # Tracking # 492915723	OP # <input type="text"/> Work In Progress Created: 11/01/2019 Filed: Online	ACME - Well # 4H 01 - REEVES County	New Drill Horizontal
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[General Information](#) |
 [Field List](#) |
 [Field Details](#) |
 [Exceptions](#) |
 [Attachments](#) |
 [Comments](#) |
 [Review](#)

Field Name: **SMILEY (AUSTIN CHALK)**

(please hit save to see errors on this page)

*Basic Details

Lease name:	<input type="text" value="ACME"/>	Well number:	<input type="text" value="4H"/>	Distance to Nearest Lease Line from Surface Location:	<input type="text" value="500.0"/>
Total Acres in the Lease:	<input type="text" value="670.0"/>	Off-lease Surface Location:	No	Off-lease Penetration Point:	No
Surface Lease Line Perpendiculars:	<input type="text" value="750.0"/> feet	from the	<input type="text" value="NW"/> line	and	<input type="text" value="2849.0"/> feet
					from the
			<input type="text" value="NE"/> 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" value="10000"/>	Distance to Nearest Well:	<input type="text" value="365.0"/>
No. of Wells:	<input type="text" value="2"/>	Total Depth:	10900		

UPCOMING ENHANCEMENTS TO PERMITTING SYSTEM (2 OF 4)



Wellbore Profile

Distance to Nearest Lease Line from Bottomhole Location:

Enter Abstract #, select the County and click Auto-Populate, or fill in Survey, Section, and Block manually.

Section:

Block:

Survey:

Abstract #: A-

County: ▼



Additional information about the location:

Delete	Name	Profile		Distance (ft)	Direction	Distance (ft)	Direction
<input type="checkbox"/>	BH1	Bottomhole	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

UPCOMING ENHANCEMENTS TO PERMITTING SYSTEM (3 OF 4)



FIELD RULES WHERE THERE ARE NO SPECIAL HORIZONTAL RULES APPROVED

Wellbore Profile

Nearest Distance from Any Take Point to a Lease Line:

Enter Abstract #, select the County and click Auto-Populate, or fill in Survey, Section, and Block manually.

Section:
 Block:
 Survey:

Abstract #: A-
 County: ▼

Additional information about the location:

RANDALS, B

Delete	Name	Profile		Distance (ft)	Direction	Distance (ft)	Direction
☐	TH1	Terminus Point	Lease	<input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line	and <input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line
			Survey	<input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line	and <input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line
		Last Take Point	Lease	<input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line	and <input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line
		First Take Point	Lease	<input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line	and <input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line
		Penetration Point	Lease	<input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line	and <input style="width: 50px;" type="text"/> feet	from the <input style="width: 50px;" type="text"/> line

UPCOMING ENHANCEMENTS TO PERMITTING SYSTEM (4 OF 4)



FIELD RULES WHERE THERE HAVE BEEN SPECIAL HORIZONTAL RULES APPROVED

Wellbore Profile

Add Additional Terminus Location

Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line:

Nearest Perpendicular Distance from Any Take Point to a Lease Line:

Enter Abstract #, select the County and click Auto-Populate, or fill in Survey, Section, and Block manually.

Section:

Block:

Survey:

Abstract #: A-

County:

Auto-Populate



Additional information about the location:

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	Lease	<input type="text"/> feet	from the <input type="text"/> line	and <input type="text"/> feet	from the <input type="text"/> line

QUESTIONS ?

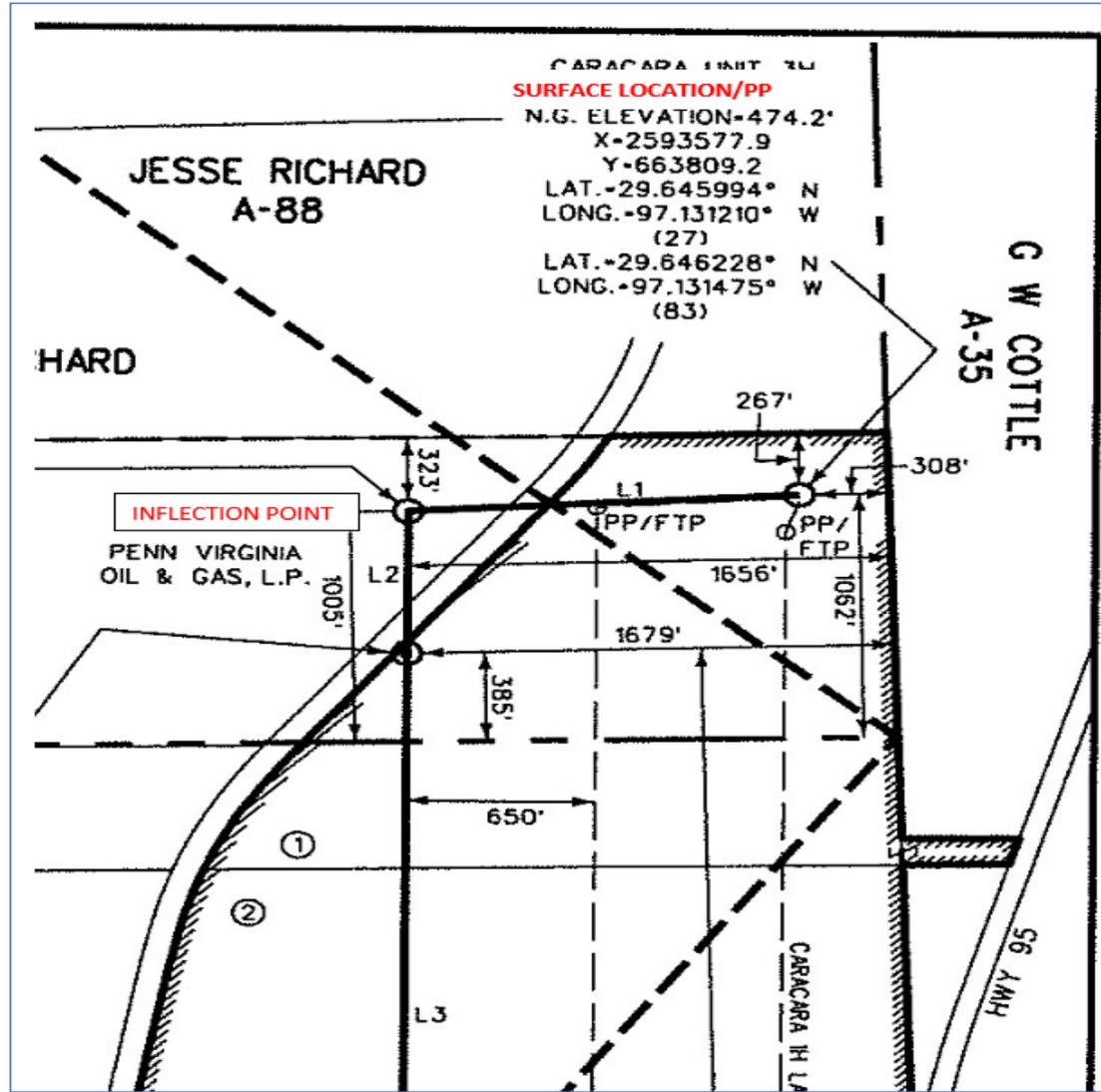


Are there any questions?





DO I NEED TO GO THROUGH THE OFF-LEASE PP PROCESS?



Off Lease Penetration Point (1 of 3)



Delete	Name	Profile	Distance (ft)	Direction	Distance (ft)	Direction	
<input type="checkbox"/>	TH1	Terminus Point	Lease	476.0 feet	from the NE line	and 50.0 feet	from the NW line
			Survey	1503.0 feet	from the NE line	and 5636.0 feet	from the NW line
		Last Take Point	Lease	476.0 feet	from the NE line	and 100.0 feet	from the NW line
		First Take Point	Lease	476.0 feet	from the NE line	and 100.0 feet	from the SE line
		Penetration Point	Survey	feet	from the line	and feet	from the 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: (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: Not Applicable ▼	

OFF LEASE POP NOTIFICATION



- The Commission does not initiate this notification:
 - The Commission will review the documents to ensure that the process was handled according to rule.
- By Rule, notification is to be sent via USPS certified mail, return receipt requested.
- The signed date on the mail receipt is the date the 21-day clock starts from, not the date it was mailed out:
 - If your return receipt does not have a delivery date, you will be required to provide an additional confirmation from the post office regarding the delivery date.
- All documents sent in the notification must be provided:
 - Notice letter, plat, and other supplemental documents.
- If you use a service that is not identified by rule, you leave yourself open to contest or protest:
 - If The Commission receives a complaint that notification was not done per rule, you will be required to treat this as a protest.
 - You may be required to send notification again.



SWR 86 issues (off-lease PP and off-lease TL):

Notification will depend on the field where you are completing your well.

Field rules establish the correlative interval of a field. For instance, in the Phantom (Wolfcamp) field, the correlative interval is 9,515' to 12,447'.

Operators, lessees, and/or unleased mineral owners are entitled to notification when their interests are within the geologic markers used to establish the correlative interval of the regulatory field.



Off-Lease Terminus:

- It is not allowed to propose an off-lease Terminus on a W1 application.
- Approval granted through RRC engineering group.
- Identified after directional surveys and logs have been run.
- No production can be off-lease.

Off-Lease Penetration Point:

- Own Offset
- Waivers
- 21 day notification handled by applicant. Clock starts on the date the notification packet is received by the offset.
- Publication
- Request a Hearing



PROBLEM

- Return receipt not returned by USPS.
- Do I need to re-notice or get new waivers if well location is being amended?
- If POP originally permitted on-lease and as-drilled the POP is now off-lease.

SOLUTION

- *Go to USPS website and provide a screenshot of transaction history.*
- *If the well has not been drilled and the POP is changing then affected parties should be re-noticed.*
- *If you are the affected offset clearly label plat, or provide waivers with your completion packet. If you have to provide notice then you will need to amend the drilling permit.*

Off-Lease POP Protest



What to do if your Off-Lease POP notification is protested:

- This will be handled by the applicant and protestant working to an agreeable resolution.
- The Commission will only step in if a Hearing is requested.

If your W-1 is submitted before the full 21 day notification period has elapsed, and you are protested:

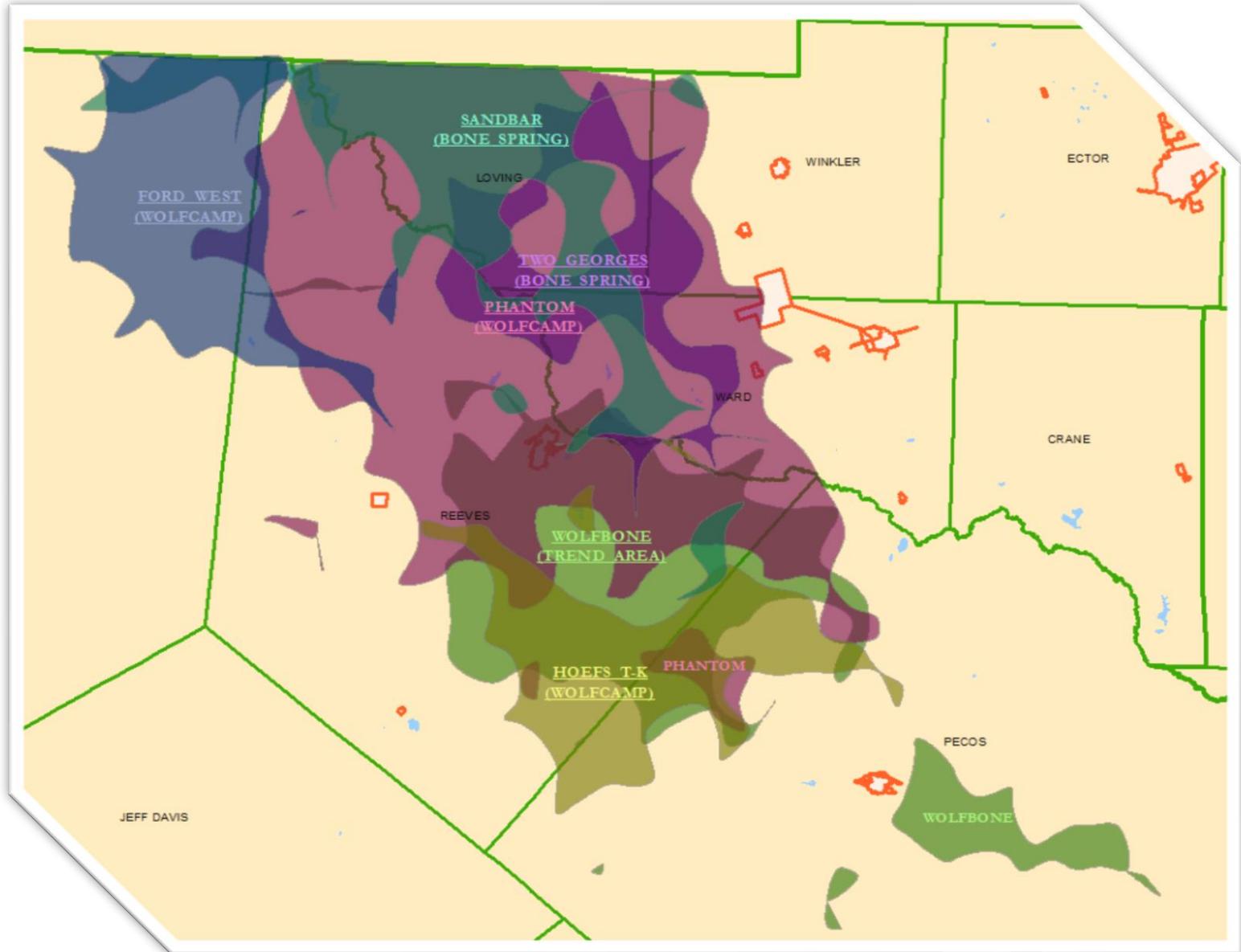
- You will be required to withdraw the application and re-file it, if changes need to be made to the application.
 - If the POP needs to be moved based on an agreement with the protestant.
 - If the POP is to be moved to an on-lease location.



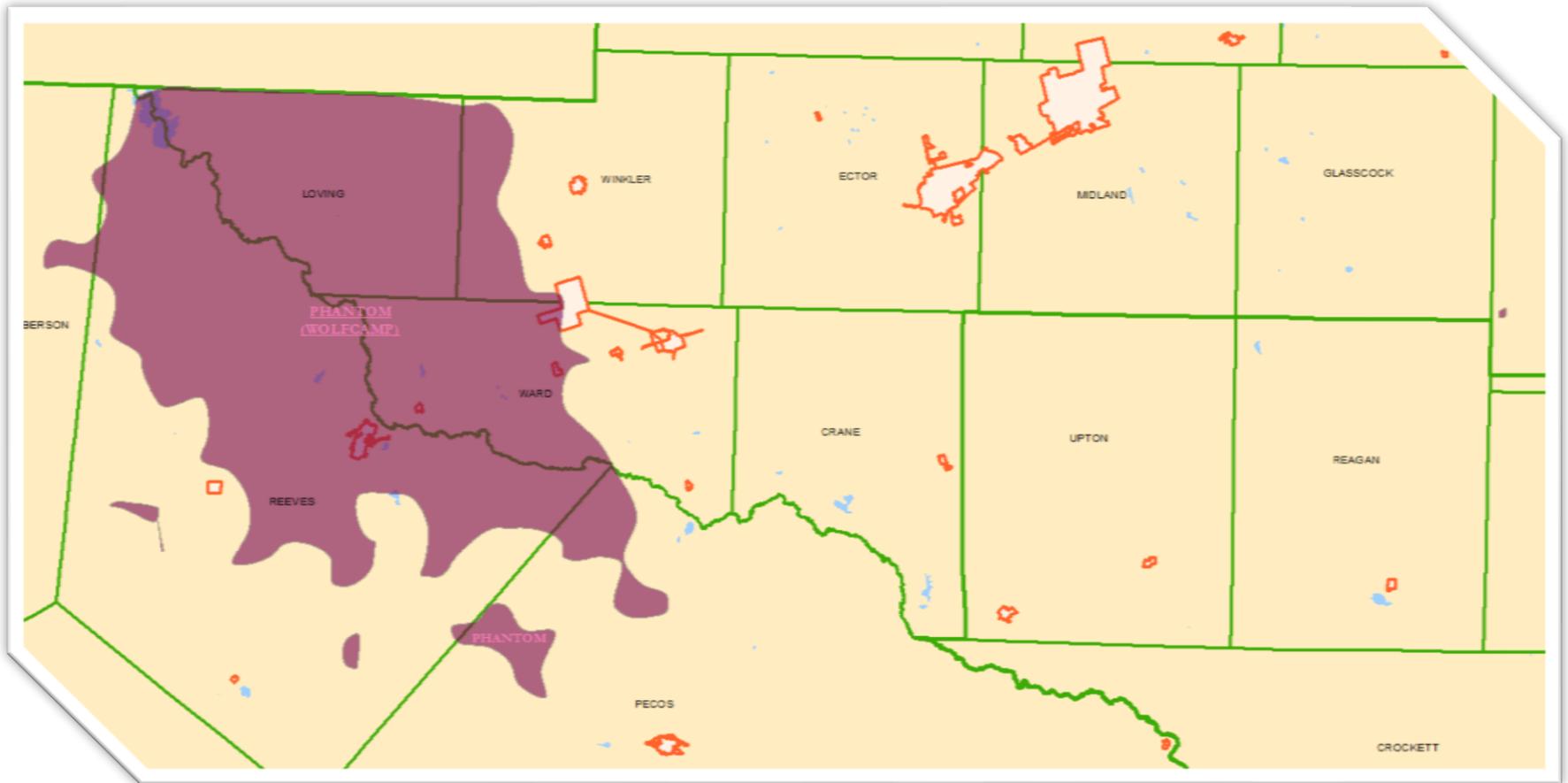
What do our new tools allow us to do better?

- Determine if you are applying for the appropriate field
- Verify that there are no other wells within the depth severance you claim on the application
- Able to verify well counts more efficiently

ENHANCED REVIEW TOOLS (2 of 3)



ENHANCED REVIEW TOOLS (3 of 3)



SWR 40 AND DOUBLE ASSIGNMENT OF ACREAGE



wellbotm selection selection

FIELD	TOTL_DEPTH	FID	Shape	OBJECTID	API	GIS_WELLID	GIS_WELLNM	GIS_TYPE	GIS_SOURCE	GIS_LAT83	GIS_LONG83	WBORE_STAT	PERMIT_NUM	PERMIT_OPR	PERMIT_LSE	SURF
PHANTOM (WOLF CAMP)	10670	379512	Point	379513	38935300	35300	4H	Oil Well	Operator reported location - Distances and Plat	31.43147	-103.40325	OPEN	816947	CENTENNIAL RESOURCE PROD, LLC	SEBER TRUST	Land
PHANTOM (WOLF CAMP)	10797	719596	Point	719597	47537359	37359	7302H	Oil Well	Operator reported location - Distances and Plat	31.447734	-103.386944	OPEN	832494	COG OPERATING LLC	WHATCHA WANT UNIT	Land
PHANTOM (WOLF CAMP)	10778	719792	Point	719793	47537366	37366	7303H	Oil Well	Operator reported location - Distances and Plat	31.446769	-103.391924	OPEN	832619	COG OPERATING LLC	WHATCHA WANT UNIT	Land
PHANTOM (WOLF CAMP)	11009	723907	Point	723908	38937310	37310	C17H	Oil Well	Operator reported location - Distances and Plat	31.431103	-103.405435	OPEN	841704	CENTENNIAL RESOURCE PROD, LLC	SEBER TRUST	Land
PHANTOM (WOLF CAMP)	10693	768410	Point	768411	47537367	37367	7305H	Oil Well	Operator reported location - Distances and Plat	31.447438	-103.39524	OPEN	832622	COG OPERATING LLC	WHATCHA WANT UNIT	Land
PHANTOM (WOLF CAMP)	10424	824655	Point	824656	38936645	36645	T 09H	Oil Well	Operator reported location - Distances and Plat	31.429484	-103.400636	OPEN	834080	CENTENNIAL RESOURCE PROD, LLC	RED ROCK A UNIT	Land
PHANTOM (WOLF CAMP)	17192	863530	Point	863539	47534266	34266	1	Plugged Gas Well	U.S.G.S 7.5-m. quadrangle or aerial photograph	31.436746	-103.364724	OPEN	661771	JETTA OPERATING COMPANY, INC.	FULLER UNIT	Land
PHANTOM (WOLF CAMP)	17192	863550	Point	863551	47534266	34266	1H	Oil Well	Operator reported location - Distances and Plat	31.428586	-103.372813	OPEN	661771	JETTA OPERATING COMPANY, INC.	FULLER UNIT	Land
PHANTOM (WOLF CAMP)	11106	863605	Point	863606	47537368	37368	7374H	Oil Well	Operator reported location - Distances and Plat	31.448525	-103.39023	OPEN	832625	COG OPERATING LLC	WHATCHA WANT UNIT	Land
PHANTOM (WOLF CAMP)	11009	996184	Point	996185	38937289	37289	B 21H	Oil Well	Operator reported location - Distances and Plat	31.431248	-103.404888	OPEN	841485	CENTENNIAL RESOURCE PROD, LLC	SEBER TRUST	Land
PHANTOM (WOLF CAMP)	10997	1007944	Point	1007945	47537211	37211	7376H	Oil Well	Operator reported location - Distances and Plat	31.446169	-103.394504	OPEN	824166	COG OPERATING LLC	WHATCHA WANT UNIT	Land
PHANTOM (WOLF CAMP)	10616	1530510	Point	1530511	47537016	37016	1H	Oil Well	Operator reported location - Distances and Plat	31.420891	-103.411630	OPEN	806502	JETTA OPERATING COMPANY, INC.	CHROME 33-39S	Land
TWO GEORGES (BONE SPRING)	10470	787099	Point	787100	47537365	37365	7352H	Oil Well	Operator reported location - Distances and Plat	31.446926	-103.390018	OPEN	832599	COG OPERATING LLC	WHATCHA WANT A	Land
TWO GEORGES (BONE SPRING)	10667	1139513	Point	1139514	47536731	36731	2H	Oil Well	Operator reported location - Distances and Plat	31.446539	-103.386568	OPEN	794872	JETTA OPERATING COMPANY, INC.	RAYMOND STALLCUP 33-37	Land
TWO GEORGES (BONE SPRING)	10660	1406481	Point	1406482	47536551	36551	1H	Oil Well	Operator reported location - Distances and Plat	31.447866	-103.371757	OPEN	735555	JETTA OPERATING COMPANY, INC.	RAYMOND STALLCUP 33-37	Land
WOLFBOONE (TREND AREA)	10461	722963	Point	722964	47537469	37469	8251H	Oil Well	Operator reported location - Distances and Plat	31.447361	-103.39973	OPEN	834477	COG OPERATING LLC	FUNKY BOSS B	Land
WOLFBOONE (TREND AREA)	10726	966104	Point	966105	38935874	35874	763H	Oil Well	Operator reported location - Distances and Plat	31.426724	-103.389993	OPEN	825283	COG OPERATING LLC	THE SPHINX	Land
WOLFBOONE (TREND AREA)	11068	1187145	Point	1187146	47537410	37410	8270H	Oil Well	Operator reported location - Distances and Plat	31.448515	-103.397038	OPEN	834480	COG OPERATING LLC	FUNKY BOSS C	Land
WOLFBOONE (TREND AREA)	9170	1527844	Point	1527845	38936439	36439	752H	Oil Well	Operator reported location - Distances and Plat	31.426306	-103.389546	OPEN	831678	COG OPERATING LLC	THE SPHINX	Land

10/09/16 14: 21 14/07/16 174 6249



How could this happen?

1. I have completed a well in a field that does not take depth severances into account. Another operator has completed a well on the same tract and assigned the acreage to their well which is at a different depth in the field.
2. I don't have 100% of the tract being developed but another operator, who has the remaining portion under lease, has drilled and completed a well and assigned all the acreage to their well.

WHAT REMEDIES ARE AVAILABLE?



1. Verify that the wells are in the appropriate fields.
2. Come to an agreement to share acreage to develop.
3. Request a hearing to seek an exception to SWR 40 that will allow for the double assignment of acreage.



- Selecting pooled unit and attaching a P-12 that covers the PSA or Allocation tracts.

Distance	Direction	Distance	Direction
404.0	feet from the SOUTH line	633.0	feet from the WEST line

Surface Lease Line Perpendiculars:

Pooled/Unitized: (Check if yes)

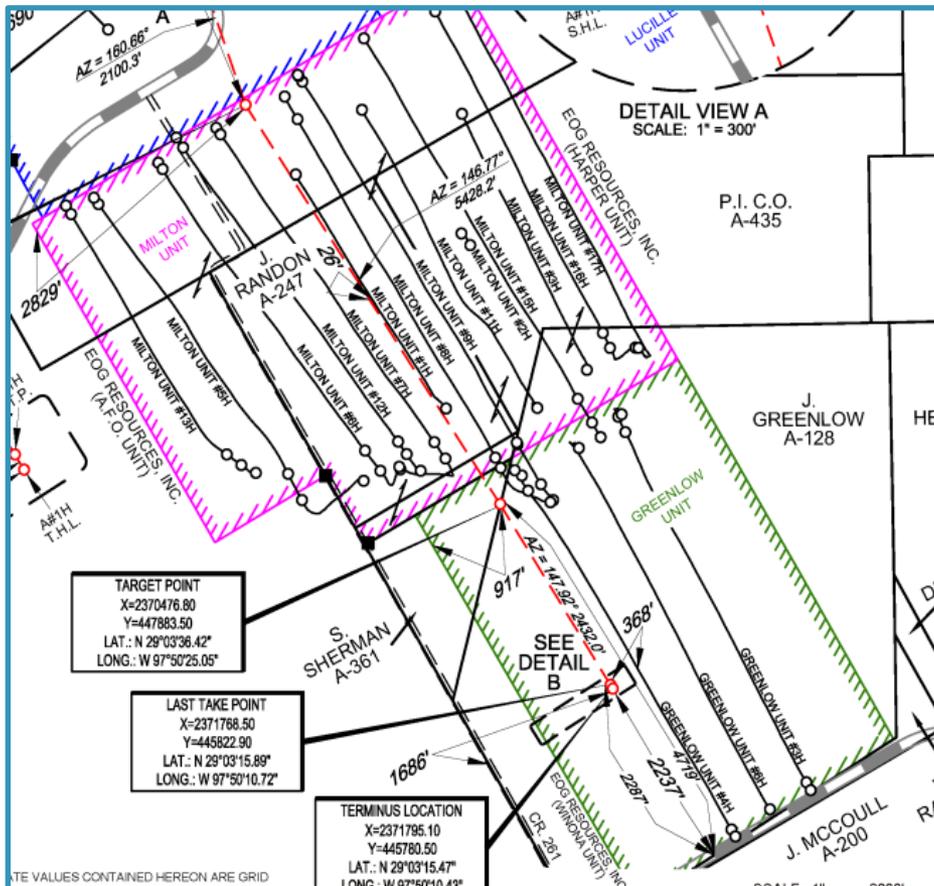
Unitized Docket Number: (Required only if Unitized)

Well Type: Completion Depth: Distance to

COMMON ISSUES ON PSA AND ALLOCATION WELL APPLICATIONS (2 of 5)



- Not providing a P-12 to support any PSA or Allocation unit tracts that are pooled units.



RAILROAD COMMISSION OF TEXAS
 Oil and Gas Division
 PO Box 12967
 Austin, Texas 78711-2967
 www.rrc.state.tx.us

CERTIFICATE OF POOLING AUTHORITY P-12

Revised 05/2001

1. Field Name(s) Eagleville (Eagle Ford-2)	2. Lease/ID Number (if assigned) 09512	3. RRC District Number 02
4. Operator Name EOG Resources, Inc	5. Operator P-5 Number 253162	6. Well Number
7. Pooled Unit Name Milton Unit	8. API Number	9. Purpose of Filing <input checked="" type="checkbox"/> Drilling Permit (W-1) <input type="checkbox"/> Completion Report
10. County Karnes	11. Total acres in pooled unit 640.00	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1	The Milton L. Harper Trust	171.32	<input type="checkbox"/>	<input type="checkbox"/>
2	The Milton L. Harper Trust	33.80	<input type="checkbox"/>	<input type="checkbox"/>
3	Hilmer Wagener Jr. Et Al	10.80	<input type="checkbox"/>	<input type="checkbox"/>
4	Hilmer Wagener Jr. Et Al	63.49	<input type="checkbox"/>	<input type="checkbox"/>

www.rrc.state.tx.us Revised 05/2001

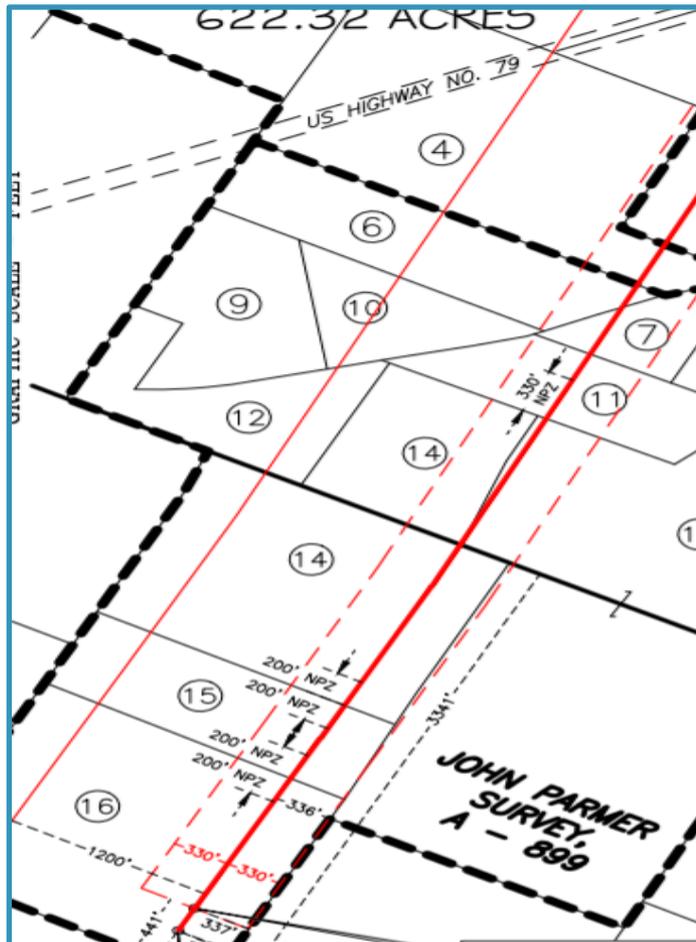
1. Field Name(s) EAGLEVILLE (EAGLE FORD-2)	2. Lease/ID Number (if assigned) 09582	3. RRC District Number 02
4. Operator Name EOG RESOURCES, INC.	5. Operator P-5 Number 253162	6. Well Number
7. Pooled Unit Name GREENLOW UNIT	8. API Number	9. Purpose of Filing <input checked="" type="checkbox"/> Drilling Permit (W-1) <input type="checkbox"/> Completion Report
10. County KARNES	11. Total acres in pooled unit 411.32	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1	WINONA HARPER, ET AL	391.35	<input type="checkbox"/>	<input type="checkbox"/>
2	WINONA HARPER, ET AL	19.97	<input type="checkbox"/>	<input type="checkbox"/>



- If there are unleased interests in a tract, they are not being clearly shown on the plat.



7. Pooled Unit Name M.E. GULLEY GAS UNIT	8. API Number	9. Purpose of Filing		
10. County PANOLA	11. Total acres in pooled unit 704.00	<input checked="" type="checkbox"/> Drilling Permit (W-1)	<input type="checkbox"/> Completion Report	
DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT				
TRACT/ IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTEREST	
			UNLEASED	NON-POOL
11	MARTHA GRACE BEASON ET AL	20.00	<input type="checkbox"/>	<input type="checkbox"/>
12	CAROLYN L KLEVENHAGES	22.67	<input type="checkbox"/>	<input type="checkbox"/>
13	DIXIE W GULLEY ET AL	245.55	<input type="checkbox"/>	<input type="checkbox"/>
14	MITTIE E GULLEY HORTON ET AL	82.50	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15	BARBARA S MIDLO ET AL	25.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16	GRACE MULLINS ET AL	67.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Tracts checked as having unleased minerals in them should be identified on the plat.



Selecting “Interior Lease Line” SWR 37 exception on application.

Statewide Rule Exceptions

Are you applying for any SWR exceptions? Check all that apply.

- SWR 37 Lease Line
- SWR 37 Between Well
- SWR 37 Interior Lease Line - P12 Must Be Attached
- SWR 38
- SWR 38(d)(3)
- SWR39 - Total Acreage is non-contiguous, separated by something other than ROW

Enter a resolution here.

Exception	Resolution
Rule 37 Lease Line	Go to exceptions tab

There may be instances in which this may be valid if you have a tract within a pooled unit that the well may be closer to than the field rules allow.



If this field is permitted with a horizontal wellbore profile, a SWR 37 exception may be necessary since the PSA or allocation indicator was selected for this application. Please check the plat carefully before entering the values for distance to the nearest lease line from the take points.

The distance to the nearest lease line should be 1' if the well crosses developmental tract boundaries.

Remember that an exception to SWR 37 is required for all PSA or Allocation wells if there is to be no restrictions as to where the well can be perforated.

Thank You



Drilling Permits:

Lorenzo.Garza@rrc.texas.gov

David.King@rrc.texas.gov

