Form P-16 Discussion

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FORM P-16
OVERVIEW AND DISCUSSION

ACREAGE DESIGNATION

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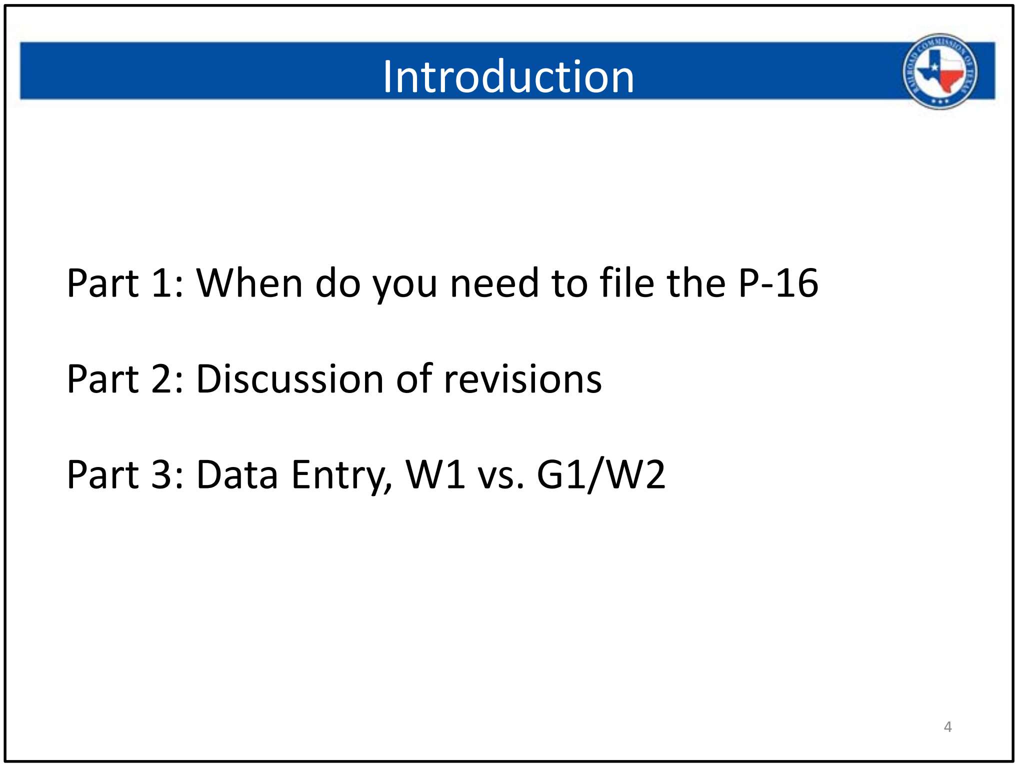
Class Synopsis

This presentation will highlight the revisions and enhanced features 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 highlights for common issues encountered by RRC staff when reviewing the Form P-16 submissions.



- Small updates have been made to the Form P-16 since the revisions went live in February.

- 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 have the most current version saved and will have the benefit of all updates since the rollout.

Part 1 – 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
- Please use the new form (Rev. 09/2019)
- If amending a W-1 that used the old form, and no changes are required, it is ok to submit the old form.

Part 1 – 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)

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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.

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?

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Part 2 – Form Revisions

- Part Two of this presentation will discuss the changes that were made to Sections on the Form P-16
- Sections that have experienced changes are:
  - Section II
  - Section III
  - Section V
  - Section VI

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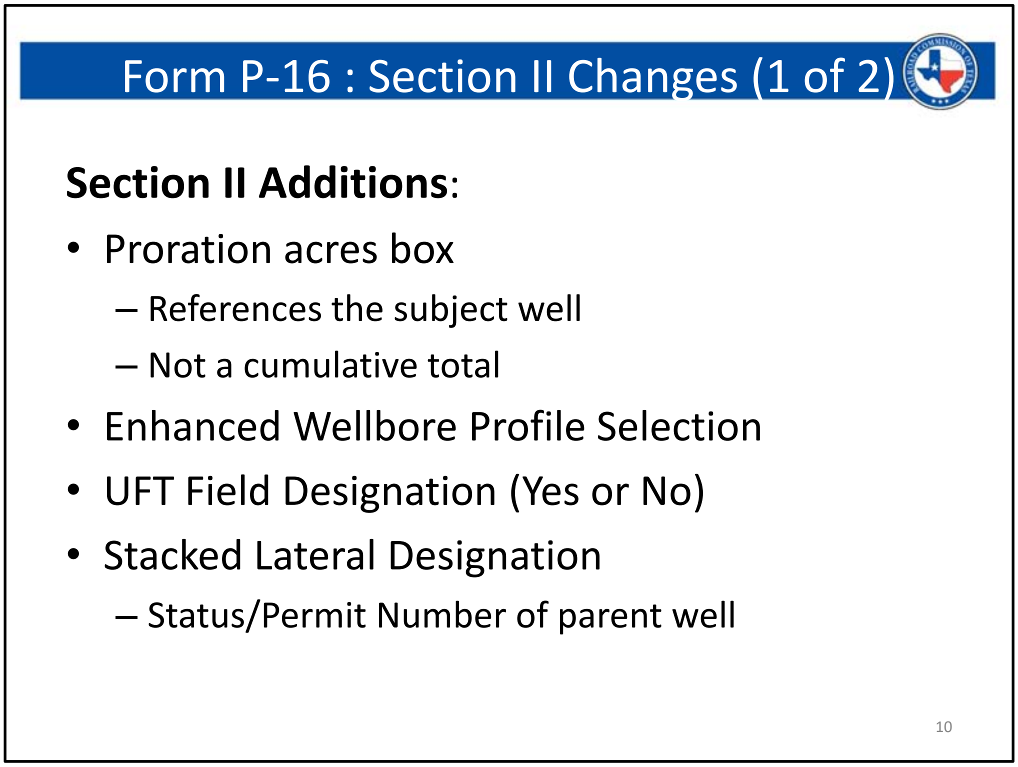
- Section I did not change, and still requires the same information as the old version of the form.

- Section IV is the comments box on page 1. This section did not experience any changes, but is still required to be used to show the percentage of agreement statement when filing for a PSA well (Production Sharing Agreement).

- Section VII was a second comments box on page 2. It was located below Section VI and has been removed to allow more space for Section VI on this page, as well as for redundant reasons.

- Along with changes to the form, the instructions were rewritten and split into two sets: one for W-1 filings, and the other for G-1/W-2 filings. The new instructions are available in the Oil and Gas Forms library, on the RRC website.



- Section II identifies the well being applied for, or being completed. The lease name, well number, field, and other basic information related to the well are contained in this Section. This is a quick reference for the W1 Permitting group and the well compliance group to understand the well being applied for or completed.

- **In Section II, four new fields were added**:
- Proration Acres Box
- Wellbore Profile Selection
- UFT Field Designation
- Stacked Lateral Information
- (see image on next page for the location of these fields within Section II)

- **Proration Acres Box**:
    - This field is to capture a snapshot of the proration acreage for the applied for well.
    - The value entered here is <u>NOT</u> a cumulative total of what has already been assigned, and should be equal to or greater than the minimum required by the field rules.
        - For a W1 application it is highly suggested to simply show the minimum required by the field rules. This allows for a quick and efficient review of Rule 38 conditions. A W-1 is a proposal, and no acreage is actually held until the completion report has been processed and the well has been built to schedule.

- **For a W1**: This is a required field. If a value is not entered here it will be grounds for a problem letter to be sent from the W1 application.
- **For a G-1/W-2**: The value entered here is what the well will be built to schedule with.
  - Proration acreage is assigned and changed at completion, and not during the W1 process. The W-1 is simply a proposal.
- If any of the three stacked lateral classifications have been selected in the Wellbore Profile Selection field, then the value entered here will be zero. Stacked Lateral wells do not hold acreage.

- **Wellbore Profile Selection**:
  - The wellbore profile selection was added to clarify the type of well being applied for, or completed.
  - The selection, in combination with the UFT field Designation (see D) will aid in the auto-calculation features of the Form.
  - This is required, and should be accurate per the W1 or G-1/W-2
  - The options are:
    - Vertical Well
    - Directional Well
    - Horizontal Well
    - Allocation Well
    - PSA Well
    - Stacked Lateral Well
    - Stacked Lateral Allocation Well
    - Stacked Lateral PSA Well
  - The options will be selected by a drop down menu.
    - To the right of this cell, you will see a small arrow. Clicking on this arrow opens the drop down menu and you can quickly select the profile.

- **UFT Field Designation**:
  - This box has a simple drop down menu with only two options, YES and NO.
  - If YES is selected, the auto-calculation features built into Section III and Section VI will only calculate on a profile specific basis, based on the wellbore profile selected in Section II.
    - If YES is selected:
      - Vertical or Directional profile selected in Wellbore Profile, will only allow these two types to be totaled in Section III and Section VI.
      - Horizontal profile selected in Wellbore Profile, will only allow horizontal wells to be totaled in Section III and Section VI.
    - If NO is selected:
      - All wells listed in Section III and Section VI will be auto-totaled, regardless of the profile selection.
  - If you are using a field that is not classified as UFT, but has UFT field rules, then you will select YES in this section.

    - Two examples of these types of fields are:
        - Parks (Consolidated)
        - Luling (Branyon)

- **Stacked Lateral Designation**:
    - If the well being applied for, or completed, is a stacked lateral, then you will enter the parent well status/permit number in this field.
    - If a parent well status/permit number has been entered, then the wellbore profile selection should show one of the three following options:
        - Stacked Lateral Well
        - Stacked Lateral Allocation Well
        - Stacked Lateral PSA Well

- Not utilizing these fields accurately may lead to inaccuracies with the auto-calculation of the form. The numbers may be correct in Section 3 and Section 6, however, they won't be correct per the field rules. An example would be if you did not select YES for the UFT Designation, your P-16 will auto total everything you have entered in either Section 3 or Section 6, and will make your total assignment values inaccurate. It is important to ensure that the information in these fields is accurate, so that the rest of the form follows the field rules.

Form P-16 : Section II Changes (2 of 2)

Highlighted cells are new to the form

SECTION II. WELL INFORMATION				
District No.:		API No.:		Purpose of Filing:
Well No.:		Drilling Permit No.:		
Lease Name:		RRC ID or Lease No.:		☐ Drilling Permit Application (Form W-1)
Total Lease Acres:		Field Name:		
Proration Acres:		Field No.:		☐ Completion Report (Form G-1/W-2)
Wellbore Profile	Select One	Is this a UFT field?	Select One	
SL Record (Parent) Well Drilling Permit No.:		County:	Select One	

Wellbore Profile Options

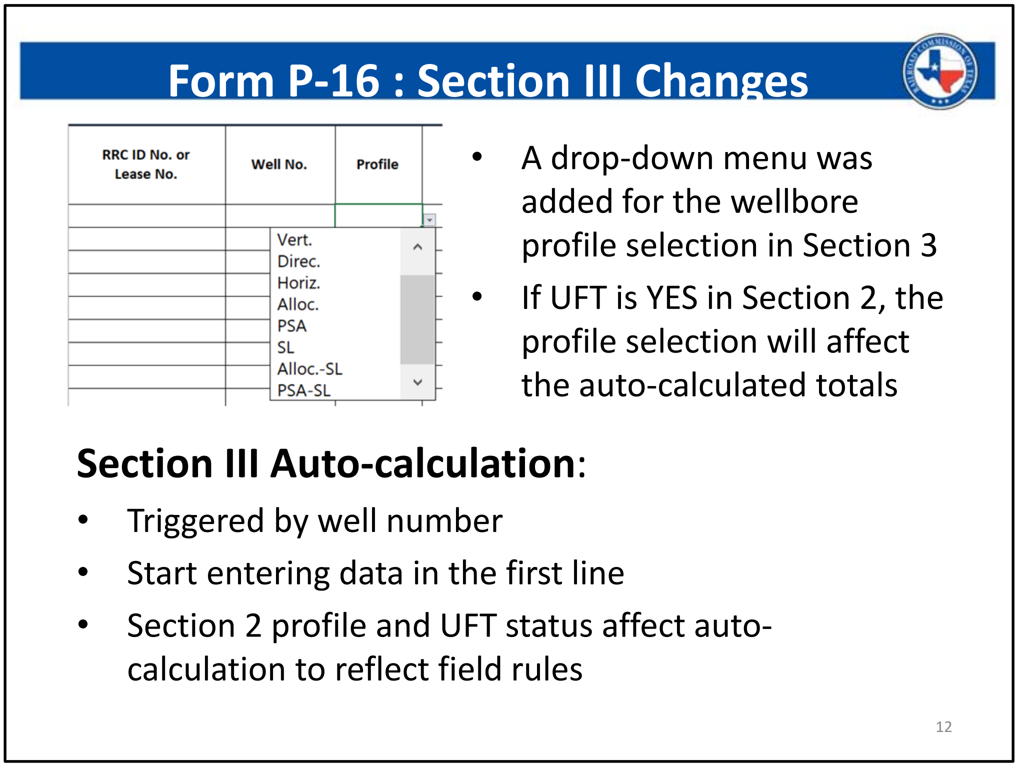
Wellbore Profile: Select One

- Vertical Well
- Directional Well
- Horizontal Well
- Allocation Well
- PSA Well
- Stacked Lateral Well
- Stacked Lateral Allocation Well
- Stacked Lateral PSA Well

UFT Options

Is this a UFT field?: Select One

- Select One
- Yes
- No



- Section III has remained largely the same, except for a change to the wellbore profile menu. All procedures and requirements for data entry for a W1 or for a G-1/W-2 have not changed. (See Part Two of this presentation for details on the data entry requirements).

- This Section will only be used for regular leases and pooled units. It will NOT be used for an Allocation or PSA well at the time of permitting OR at the time of completion. The additions to Section II no longer require an Allocation or PSA well to be listed in Section III at the time of completion. If you have selected any Allocation or PSA option from the profile selection in Section II, and you enter information in Section III, you will be asked to remove it, which can delay the processing of your W1 or G-1/W-2.

- 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.

- 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 II 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.

Page 1A (Addendum to Section III)

- Page 1A is a continuation of Section III
- All changes made to Section III will apply to Page 1A

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Auto calculation features will not cross pages.
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.
Filers and RRC will calculate the grand total from each individual total at the bottom of each page.

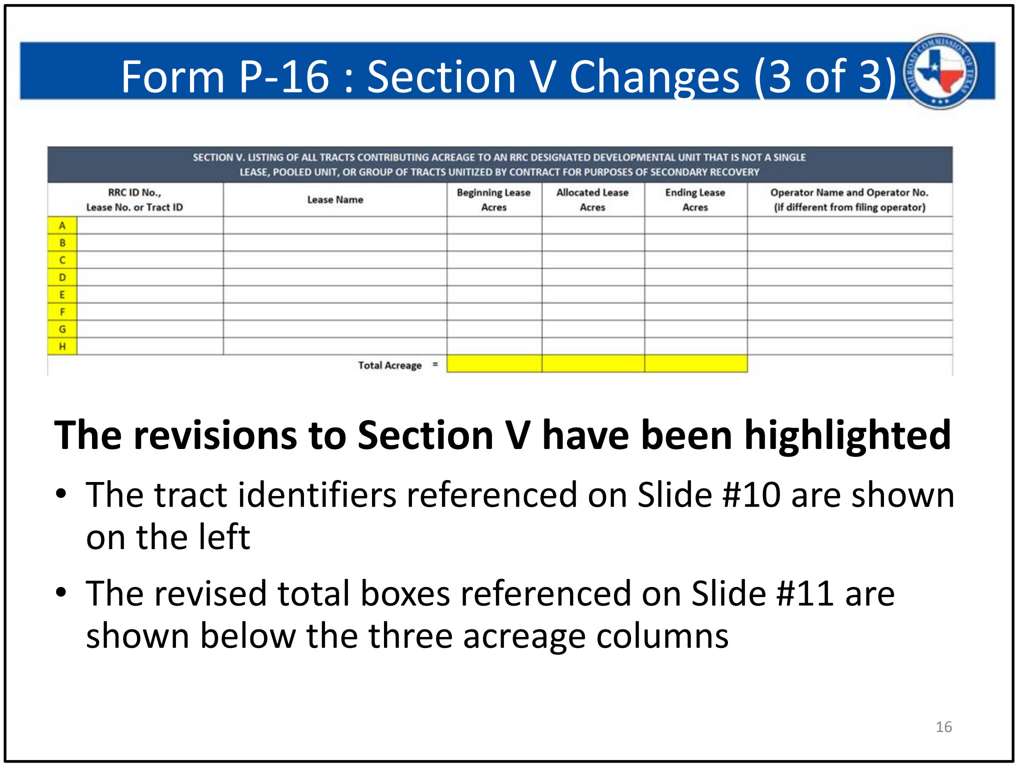
Form P-16 : Section V Changes (1 of 3)

- Tract identifiers added
  - There are now letters preceding each row on the left side of the section.
  - These letters will auto populate into the column headers of Section VI.

- Lease No. triggers auto-calculation of totals
  - If no lease number, you can use:
    - A, B, C, etc. (Matches up with identifiers)
    - Undev. - (abbreviation for Undeveloped)
    - New – (suggested due to simplicity in Section 6)
    - Pending

Form P-16 : Section V Changes (2 of 3)

- Acreage columns are still the same:
  - Beginning acreage is the size of the tract
  - Assigned proration acreage is what you want to give the subject well, from this tract
  - Remaining acreage is simple subtraction between the previous two values
- Added additional total box so that all acreage columns now have a total



- Two small changes have been made to this Section and will aid in the use of Section 6.

- **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 V, you will be asked to remove it, which can delay the processing of your W1 or G-1/W-2.

- The tract identifiers added in this Section will auto-populate into the column headers of Section VI.
- This will allow for easy identification in Section VI, of the tracts that are listed in Section V.
    - This also makes it easy for users of the form to know where acreage totals need to be entered in Section VI.
    - The order you list the tracts in Section V (top to bottom) will dictate the order that the columns are labeled in Section VI (left to right).

- 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.
        - 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 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 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.

- Each acreage column in Section5 now has its own total box and will auto-calculate if something is entered in the lease id box, as described above.

Form P-16 : Section VI Changes (1 of 4)

- Complete rework of Section
- No longer two columns side by side
- Wells are listed on a row basis
  - Allocation and PSA wells are now listed once
    - Previously were listed multiple times due to old columns
- Profile selection added
  - This is identical to Section III, and functions the same way

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Form P-16 : Section VI Changes (2 of 4)

- Total assignment column
  - This column will be a total of the proration assignments to each well
  - Auto-calculated from the totals listed in the columns to the right
  - Total should equal at least the minimum
  - Well number column will trigger the auto-calculation
  - Auto-calculation will be influenced by Section II attributes
    - Profile and UFT designation

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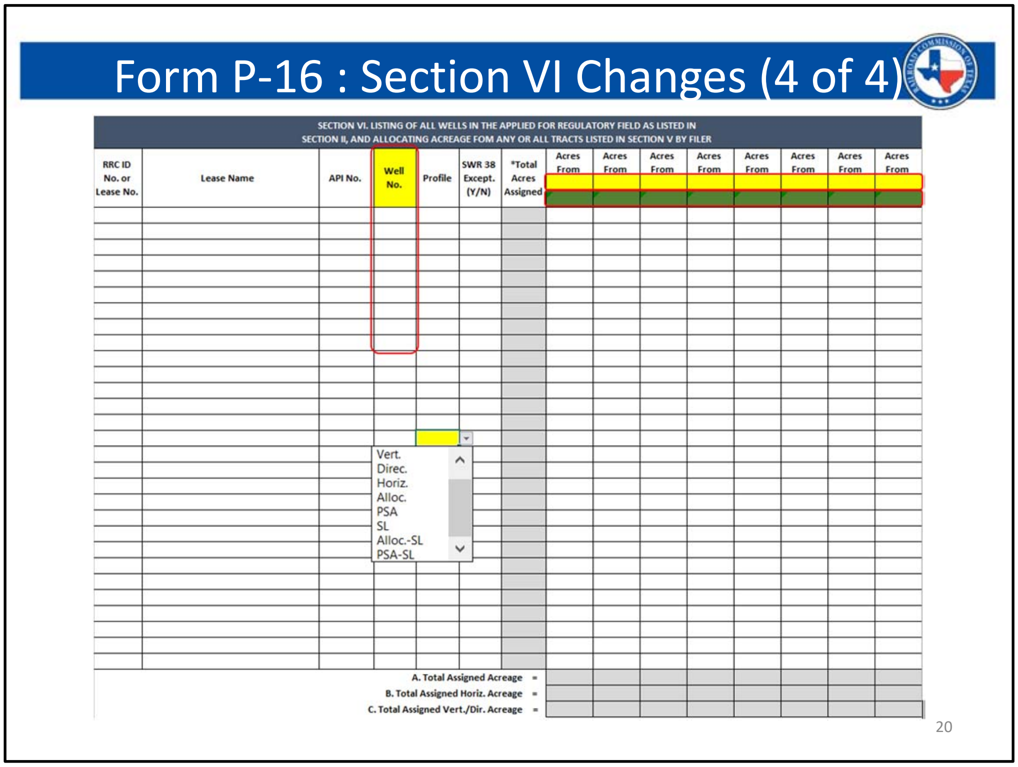
Form P-16 : Section VI Changes (3 of 4)

- Acreage assignment columns
  - Headers are auto-populated and arranged based on Section V tract listing
    - Letter assignment cannot be changed.
    - Name of column can be changed
      - This is to allow filers to enter additional tracts for domino effect changes to assigned acreage at the time of completion
- Vertical orientation of columns
  - The vertical orientation of lease columns have removed the situation in which a well was redundantly listed more than once in this Section



Section VI has been completely reworked. All procedures and requirements for data entry for a W1 or for a G-1/W-2 have not changed. (See Part Two of this presentation for details on the data entry requirements).

- **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.

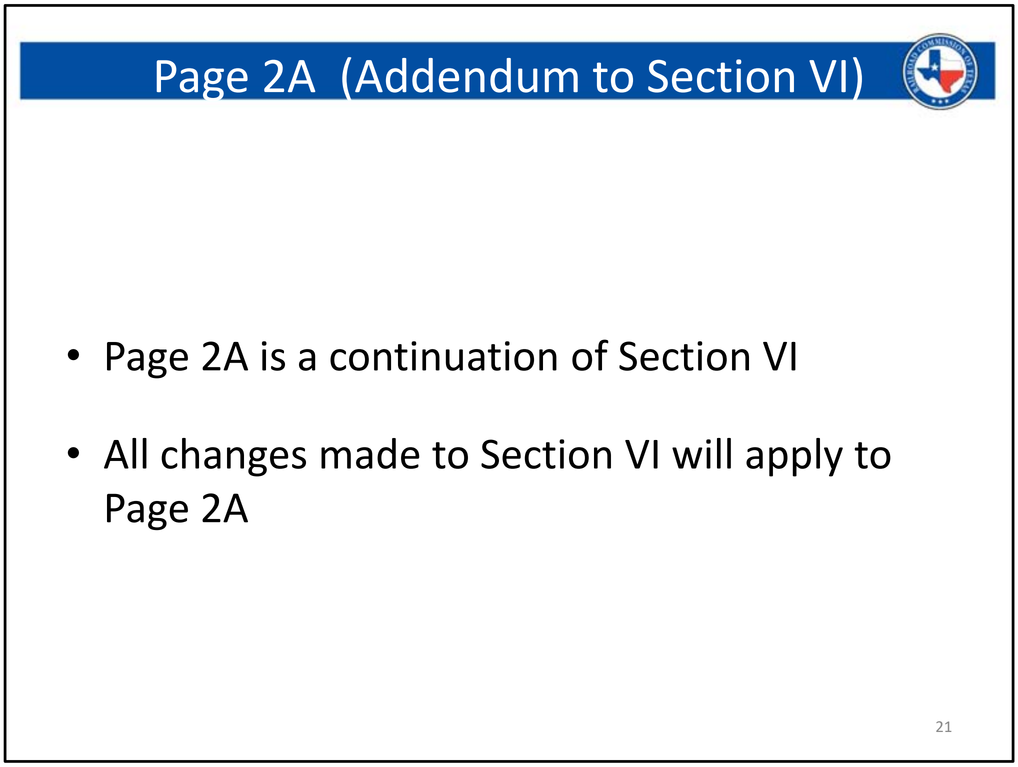
- The **wellbore profile** cells in this Section now have options that are selected from a drop-down menu.
- These options are:
    - Vert. = Vertical Well
    - Direc. = Directional Well
    - Horiz. = Horizontal Well
    - Alloc. = Allocation Well
    - PSA = Production Sharing Agreement Well
    - 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).



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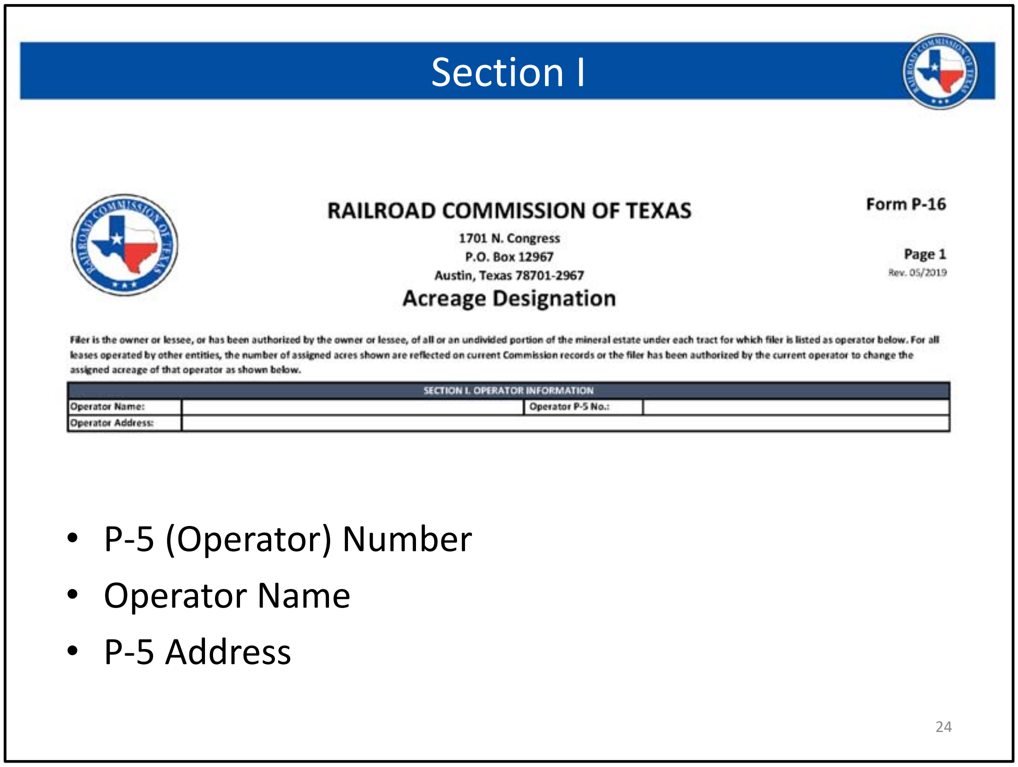
QUESTIONS ?

Are there any questions?

Part 3

This portion of the discussion will focus on the Form P-16 Data Entry requirements by Section.

There are different requirements when filing with a W-1 and a G-1/W-2.



- Section I did not change, and still requires the same information as the old version of the form.

- 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.

P-16 Section II – Data Entry (1 of 2)

SECTION II. WELL INFORMATION				
District No.:		API No.:		Purpose of Filing:
Well No.:		Drilling Permit No.:		
Lease Name:		RRC ID or Lease No.:		☐ Drilling Permit Application
Total Lease Acres:		Field Name:		(Form W-1)
Proration Acres:		Field No.:		☐ Completion Report
Wellbore Profile	Select One	Is this a UFT field?	Select One	(Form G-1/W-2)
SL Record (Parent) Well Drilling Permit No.:		County:	Select One	

- *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

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P-16 Section II – Data Entry (2 of 2)

- **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

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Section II

- **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

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Section III

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 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)

A. Total Assigned Horiz. Acreage =

Total Remaining Horiz. Acreage =

B. Total Assigned Vert./Dir. Acreage =

Total Remaining Vert./Dir. Acreage =

C. Total Assigned Acreage =

Total Remaining Acreage =

Section III is Used when the subject well is <u>NOT</u> an Allocation or a PSA

Section III – Data Entry (1 of 4)

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

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Detail Notes for specific information regarding Data Entry requirements

Section III – Data Entry (2 of 4)

- **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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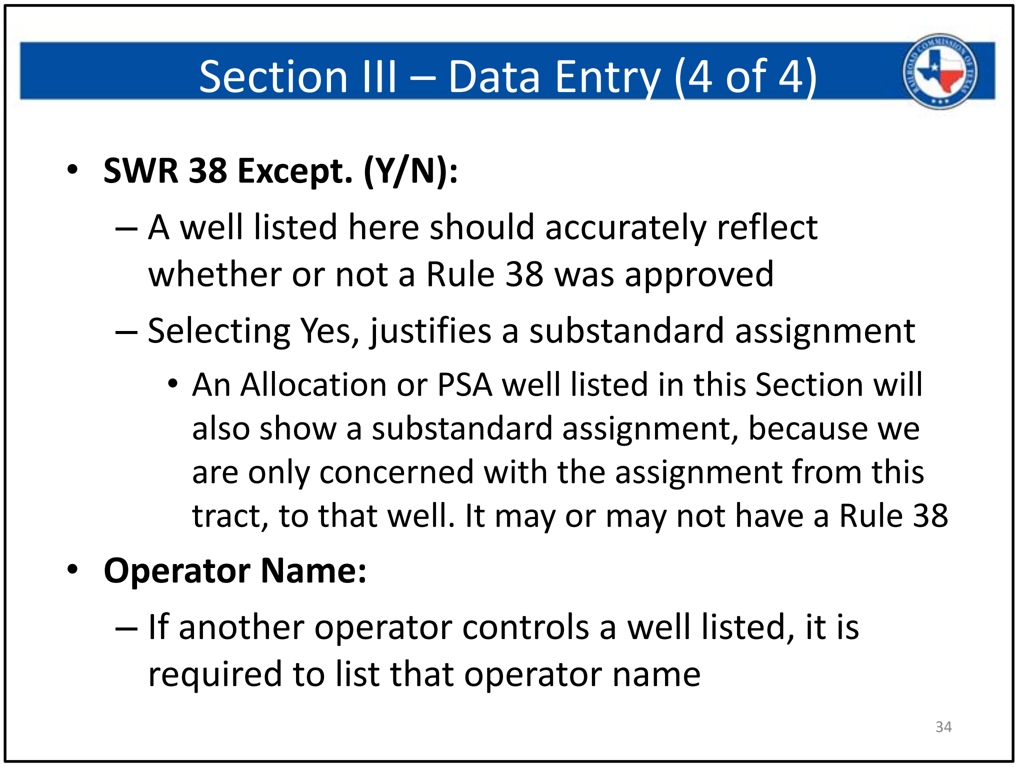
Detailed Notes for specific information regarding Data Entry requirements

Section III – Data Entry (3 of 4)

- **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

Detail Notes for specific information regarding Data Entry requirements



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)

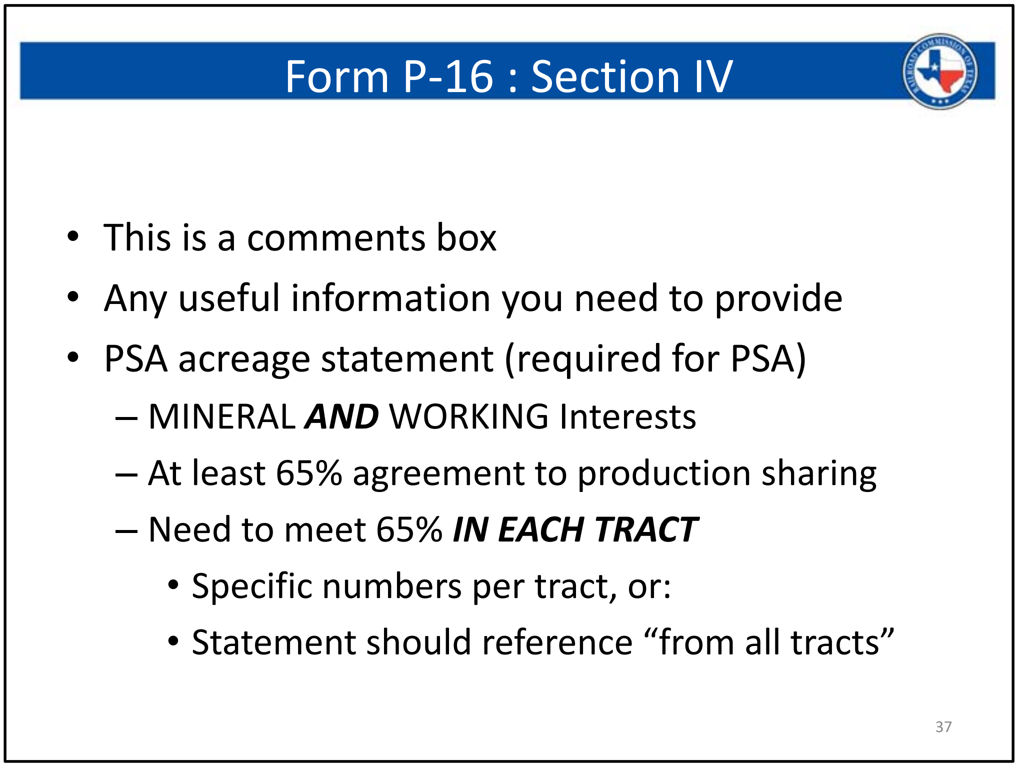
SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER							
RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acres Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if 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 =			

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.



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.

Section V

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.

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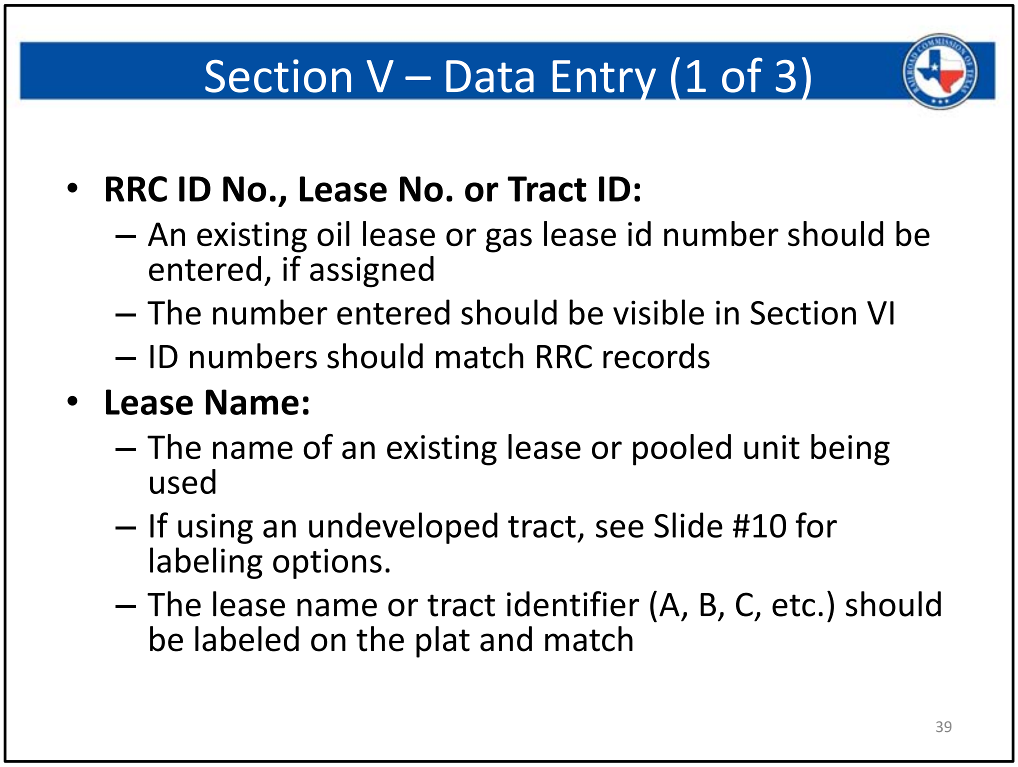

Section V describes the composition of your developmental acreage.

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.

Section V – Data Entry (2 of 3)

- **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.

Section V – Data Entry (3 of 3)

- **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.

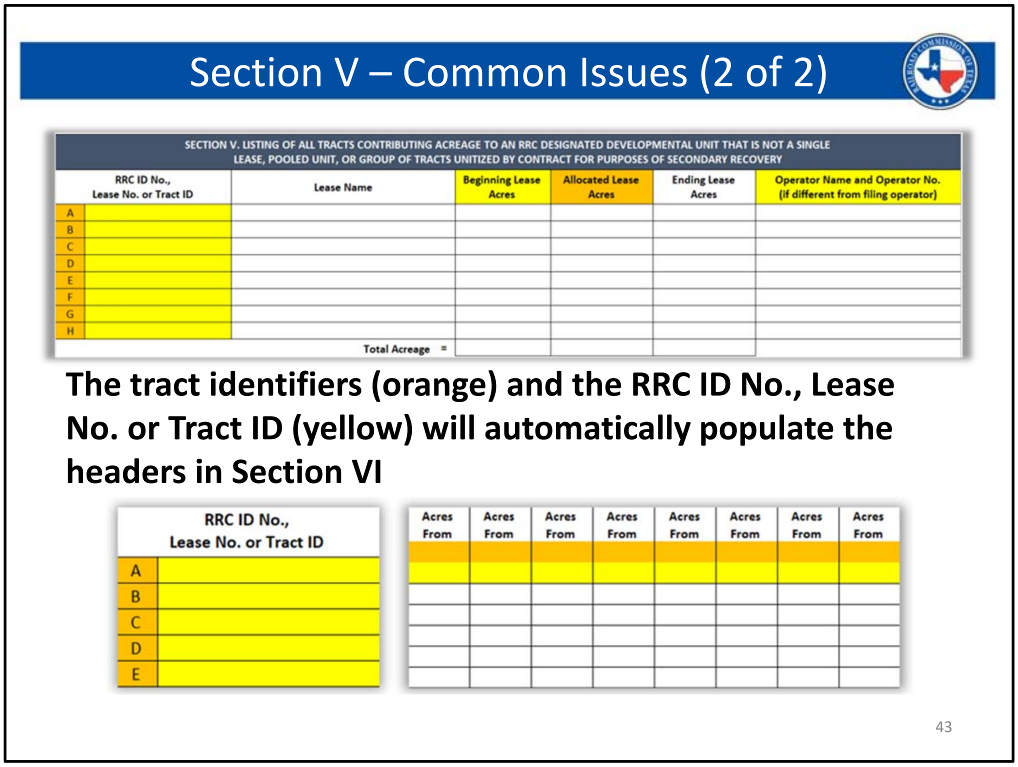
- The ***RRC ID no., Lease No. or Tract ID*** does not contain any values.
  - It is important to always enter a value in the lease number box in order for the auto-calculation to occur.
    - If you are using a tract that has an Oil ID number, you can list that id in this field.
    - If you are using 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.



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.

Section VI

SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR REGULATORY FIELD AS LISTED IN SECTION II, AND ALLOCATING ACREAGE FOM 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
A. Total Assigned Acreage =														
B. Total Assigned Horiz. Acreage =														
C. Total Assigned Vert./Dir. Acreage =														

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Section VI – Data Entry (1 of 8)

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

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Philosophy in notes as to why no applied for in Section 6: Sec.
Five shows the tracts used in the developmental acreage and what the applied for takes out the setup. Section 6 shows us everything that is already out there (completed or permitted) needed for Rule 38 consideration and identifying reduction restrictions.

Split notes to each slide based on Fields Listed on each.

Section VI – Data Entry (2 of 8)

- **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 particular developmental tract.
  - If an ID is not yet assigned, then a placeholder should be used: New, Pending, or the W-1 Status/Permit #

Section VI – Data Entry (3 of 8)

- **Lease Name:**
  - The name of an existing lease or pooled unit
  - If using an undeveloped tract, see Slide #10 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

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Section VI – Data Entry (4 of 8)

- **Profile:**
  - Choose from drop down menu
  - Same options from Section III (see slide #8)
  - 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

Section VI – Data Entry (5 of 8)

- **SWR 38 Except. (Y/N):**
  - This should accurately reflect whether or not 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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Section VI – Data Entry (6 of 8)

- **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

Section VI – Data Entry (7 of 8)

- **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

Section VI – Data Entry (8 of 8)

- **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

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

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

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.

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ANY FINAL QUESTIONS ?

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Contact Drilling Permits

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

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 the 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

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Thank You

Drilling Permits:
lorenzo.garza@rrc.texas.gov

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

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RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Acreage Designation

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.

SECTION I. OPERATOR INFORMATION			
Operator Name:		Operator P-5 No.:	
Operator Address:			

SECTION II. WELL INFORMATION				Purpose of Filing:
District No.:		API No.:		
Well No.:		Drilling Permit No.:		☐ Drilling Permit Application (Form W-1)
Lease Name:		RRC ID or Lease No.:		
Total Lease Acres:		Field Name:		☐ Completion Report (Form G-1/W-2)
Proration Acres:		Field No.:		
Wellbore Profile		Is this a UFT field?		
SL Record (Parent) Well Drilling Permit No.:		County:		

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 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)

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

C. Total Assigned Acreage =
Total Remaining Acreage =

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT *(refer to instructions)*

Attach Additional Pages As Needed. ☐ No additional pages ☐ Additional Pages: ____ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Signature | Name and title (type or print) | Email (include email address *only* if you affirmatively consent to its public release)

Address | City, | State, | Zip Code | Tel: Area Code | Number | Date: mo. day yr.

RAILROAD COMMISSION OF TEXAS

Form P-16

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Rev. 09/2019

Acreage Designation

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drill site tract in the acreage assigned to the well.

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 =				

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.

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

***A revised P-16 is required if increasing the proration acreage on an existing Allocation or PSA well utilizing acreage from a regulatory lease or undeveloped tract not listed in Section V.**
(refer to instructions)

RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

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Rev. 09/2019

Acreage Designation

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.

SECTION III (CONTINUED). 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 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)

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

C. Total Assigned Acreage =
Total Remaining Acreage =

RAILROAD COMMISSION OF TEXAS

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Rev. 09/2019

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Acreage Designation

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drill site tract in the acreage assigned to the well.

SECTION VI (CONTINUED). 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
A. Total Assigned Acreage =														
B. Total Assigned Horiz. Acreage =														
C. Total Assigned Vert./Dir. Acreage =														

***A revised P-16 is required if increasing the proration acreage on an existing Allocation or PSA well utilizing acreage from a regulatory lease or undeveloped tract not listed in Section V.**
(refer to instructions)

RAILROAD COMMISSION OF TEXAS

Oil & Gas Division

Oil & Gas Division

Form P-16 Instructions and Guidelines

For Drilling Permit Application

(Form W-1)

June 2019

CONTENTS

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

GENERAL

PURPOSE OF FILING:

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 a 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 the *Form P-16* can be filed in lieu of a *Form P-15* and *Acreage list*.

WHO FILES:

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 *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:

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, Production Sharing Agreement (PSA) and Allocation wells, for all wells in designated Unconventional Fracture Treated (UFT) fields, and for all co-development scenarios. In addition, *Form P-16* may also be filed independently to adjust proration acreage designation for existing leases/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 this document 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 the *Form P-16*, the well information section should be completed with the data that pertains to the specific well for which the drilling permit application is being filed.

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

STACKED LATERALS:

If the <u>Wellbore Profile</u> is listed as a Stacked Lateral, Stacked Lateral Allocation or Stacked Lateral PSA, list the Status/Permit No. of the Parent wellbore in the field labeled <u>SL Record (Parent) Well Drilling Permit No.</u>

All Stacked Lateral wells must have the same associated Parent wellbore drilling permit number. If a Parent wellbore becomes a Child wellbore, then amended drilling permits will be required for all wells that are impacted by the change. If the impacted wells are already on schedule, amended Drilling Permits and Well Record Only Completion Reports will need to be filed to update the Parent wellbore permit number.

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

This section should only be utilized for proposed and completed wells on a single lease, pooled unit, or unitized tract designated by the RRC 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 *Form P-16 Attachment 1A.*

Completed wells should report the current assigned proration acreage as shown on the RRC proration schedule. If the well is proposed, it is only required to show the minimum proration acreage required by the regulatory field rules. If the well is to be completed as a Stacked Lateral wellbore, then zero acres should be assigned.

FOR NON UFT FIELDS:

1. List all proposed and 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.** ***When using this Section, the applied for well is required to 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 a 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. 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.** ***When using this Section, the applied for well is required to 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/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 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. If any tract has less than 65% of mineral or working interests, the drilling permit application cannot be administratively approved.
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. 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 this section.
4. Provide any additional information that may be necessary and relevant for the review of the *Form W-1* application.
5. **If additional space is required, please 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 being proposed as either an Allocation or PSA wellbore.

This section accounts for the applied for Allocation or PSA wellbore only. No other proration acreage should be referenced in the Allocated Acres columns, except what is being proposed for the applied for wellbore.

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 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.
5. The Allocated Lease Acreage should list the number of lease acres from this tract that are being allocated to the applied for well listed in Section II. The combined total of the acreage assignments from each tract must meet at least the minimum proration acreage per the field rules. Any tract listed must contribute acreage to the wellbore (this applies to both Allocation and PSA wells).
6. The Ending Lease Acreage should reflect the remaining unassigned lease acreage after the applied for well acreage has been subtracted from the beginning acreage of the tract.
7. Operator Name and Operator No. (if different from filing operator) List any additional operators who retain mineral rights in the same regulatory field, as designated in Section II, within any portion of the tracts listed in Section V. If these rights allow the operators to develop wells within any portion of the applied for developmental acreage, it is required that the applicant provide a statement from said operators which states that the acreage proposed to be assigned to the applied for Allocation or PSA well will NOT be applied to any of the said operators' future wells within their tract. This resolves potential SWR-40(d) conflicts. Any additional operators may be considered affected offset parties for SWR-37 purposes.
   a) The above information refers to a situation in which said operators are working in agreement with each other. If there is no such agreement in place, then potential SWR-40(d) issues may need to be addressed.

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, or producing from a specific tract listed in this Section, then 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, so 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 that is 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 W-1* application.

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

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

When using Section VI for an Allocation or PSA wellbore application, the applied for well will NOT be listed. The applied for well is accounted for in Section V. Listing the applied for well in this section can lead to double counting of the well and acreage.

Complete Section VI as follows:

1. Use the rows to list all wells that are completed or proposed 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 proposed, producing, shut-in, and unperforated gas and oil wells,[1] from the base leases or undeveloped tracts included in Section V. Do not include service wells.
   b. Completed wells should list the currently assigned proration acreage as shown on the RRC proration schedule. If the well is proposed, it is only required to show the minimum proration acreage required by the regulatory field rules. If the well is to be completed as a Stacked Lateral wellbore, then zero acres should be assigned.
   c. Also include any completed or proposed Allocation or PSA wells on any leases or tracts listed in Section V.
   d. If a Lease No. is not yet assigned, list the Drilling Permit or Status 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 filling in the letter (i.e., 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.
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.

Acreage shown for wells which are not yet completed and built to schedule is a proposal, and subject to change at the time of completion. This acreage is not a representation of how the well will be completed; it is an indicator to show that Statewide Rule 38 requirements have not been exceeded.

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

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 proposed and 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 WELL: Any well that has been drilled to completion. Completed wells do not necessarily need to be producing to be considered completed. This includes: Producing wells, Shut-In wells, Temporarily Abandoned wells, completed but Unperforated wells. Stacked Lateral wells falling in this category will be listed on the *Form P-16* but will not be included in the *Form W-1* well count.

DISTRICT: Commission designated number for a specific group of counties.

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: 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 §3.29(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

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 Statewide Rule 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 drainhole 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 WELLBORE: Another 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 Parent or Record wellbore.

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

RAILROAD COMMISSION OF TEXAS

Oil & Gas Division

Form P-16 Instructions and Guidelines

For Completion Report

(Form G-1 or W-2)

September 2019

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, Production Sharing Agreement (PSA) 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.

The Proration Acres field in this section is for the applied for 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 effected 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 APPLIED-FOR 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.**
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 Allocated Lease Acreage should reflect the number of lease acres from each tract that are being allocated to the applied for well listed in Section II.
6. The Ending Lease Acreage should reflect the remaining unassigned lease acreage after the applied for well acreage has been subtracted from the beginning acreage of the tract.
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 APPLIED FOR REGULATORY FIELD AS DESIGNATED IN SECTION II AND ALLOCATING ACREAGE FROM ANY OR ALL TRACTS LISTED IN SECTION V

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 filling in the letter (i.e., 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.
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.

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 Total Acres Assigned 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 Total Acres Assigned 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.

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

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.

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*.

VERT. (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).

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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.

SL (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.

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