

Drilling Permits (W-1)

Online Filing User Guide

Railroad Commission of Texas
Information Technology Services Division
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Contents

Contents	2
1.0 ABOUT THE ONLINE DRILLING PERMITS SYSTEM	1
1.1 Filing	1
1.2 Fees	1
1.3 Searches (Drilling Permit Query)	2
1.4 System Log In	2
1.5 Online Filing Features	3
1.5.1 Selection Main Menu	4
1.5.2 Summary Permit Application Header Information	4
1.5.3 Tabs	5
1.5.4 Message Area	5
1.5.5 Permit Application Status	6
1.5.5.1 Existing W-1 Statuses 1.5.5.2 Drilling Permit Query Statuses 2.0 DRILLING PERMIT FILING PROCEDURES	7
2.1 Filing for a New Drilling Permit (New Drill)	9
2.1.1 W-1: General Information Page	9
2.1.2 Field List Page	16
2.1.3 Field Details	19
2.1.3.1 Basic Details	24
2.1.3.3 Off-lease Penetration Point Resolution	
2.1.3.5 Statewide Rule Exceptions Resolutions	
2.1.4.1 SWR 37 Lease Line Exception	40 42
2.1.4.4 SWR 38 Exception	
2.1.4.6 SWR 39 Exception	
2.1.5 Attachments Page	50
2.1.6 Comments Page	5/1

2.1.7 Review Page	55
2.1.8 Payment	57
2.2 Filing (Recompletion, Reclass, Field Transfer, or Re-enter)	59
2.2.1 Recompletion Permits	61
2.2.2 Re-entry Permits	62
2.2.3 Field Transfer Permits	62
2.2.4 Reclass Permits	62
2.3 Amend Approved Permit (W-1)	63
2.3.1 When You Cannot Amend a Drilling Permit	64
2.3.1.1 Expired Permits	64
2.3.1.2 Closed Permits	
2.4 Copy Existing W-1	
2.5 Reapply for Expired Permit	
2.5.1 When You Cannot Reapply for a Drilling Permit	70
2.5.1.1 Active Permits	
2.5.1.2 Closed Permits	
2.7 RRC Approval Process	73
3.0 QUERIES	74
3.1 Drilling Permit Query	74
3.2 Field Query	76
3.2.1 Search by County, Field Number, or Docket Number	76
3.2.2 Search by Field Name	79
4.0 Getting Help	84
Appendix A: Form W-1 Instructions-Application for Permit to Drill, Reco	mplete or Re-Enter 85
Appendix B: Frequently Asked Questions	91
Appendix C: Requirements for Participation	101
Appendix D: General Procedures for Electronic Filing	103
Appendix E: Geological and Engineering Data Required for SWR 38 Adm	

1.0 ABOUT THE ONLINE DRILLING PERMITS SYSTEM

1.1 Filing

The RRC Online Drilling Permits System allows operators and third party filers to file for new or amended drilling permits if the required <u>Security Administrator Designation (SAD) paperwork</u> is on file with the Commission.

This online system also allows you to copy an existing permit to minimize the data entry required. You must have the original permit's status number or permit number.

You can also amend a drilling permit that has already been approved by entering the permit number or status number of the permit. To confirm that an amendment is required, please contact the RRC Well Compliance section. If you are not sure of the permit number, you can use the online Drilling Permit Query (see Section 3.1) to find it. When you amend an existing permit, you must attach any attachments supporting the amended application. New fees apply to the amended filing.

Be sure that amending an existing permit is the correct action to take. If the well has been completed under another permit, a new *Recompletion* permit may be the correct filing. To file a recompletion permit, use the *New W-1* option, selecting *Recompletion* for the purpose of filing. If you are not sure of the purpose of filing, contact the <u>RRC Well Compliance section</u>. Remember, if the application is set up with an incorrect purpose of filing and submitted, you may lose all of your fees, and you will need to resubmit the application correctly.

1.2 Fees

The system calculates fees based on the total vertical drilling depth. There are also other fees that can be applied to the permit application:

- Permit applications with exceptions to Statewide Rules require an additional \$200.00 fee.
- An additional \$150.00 fee is required for permit applications that require expedited handling.
- All fees are subject to the surcharge rate as approved in SWR 78.

To learn more about fees and surcharge rates, see the Oil & Gas Fee Payment and Surcharges table on the RRC public website.

Permit applications submitted without the required payment of fees will not be processed. All fees are nonrefundable and nontransferable.

1.3 Searches (Drilling Permit Query)

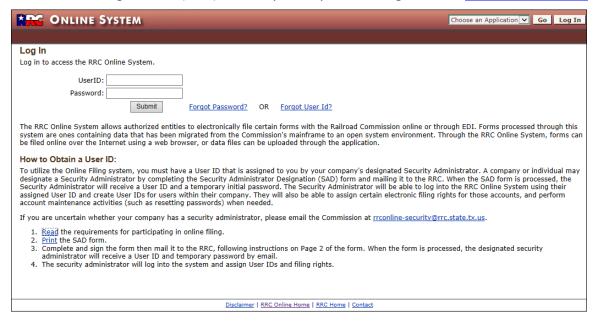
The online system also has a query function. You can search for permit applications that have been approved or those in the process of being approved. You can also search for permits that were withdrawn, dismissed, denied, as well as other status conditions. You can search for a permit or permit application by permit number, depth, date, county, district, filing purpose, and other permit attributes.



NOTE: This query retrieves more up-to-date information than the public Drilling Permit (W-1) Query available from the RRC public website. The public query is only updated on a nightly basis.

1.4 System Log In

To access the Drilling Permits (W-1) online system, you must log in to the RRC Online System.



- 1. Enter your *User ID* that was assigned by your company's designated Security Administrator.
- 2. Enter your Password.

3. Click the **Submit** button. The system displays the RRC Online System Welcome page.

IMPORTANT: If you cannot log into the RRC Online System (the Welcome page does <u>not</u> display), it may be due to a delinquent P-5 filing or other enforcement action. Please contact the <u>RRC P-5 section</u> for more information.



If you do not see an RRC Online System application, it may be that your company's security administrator did not give you rights or they may need to update your company's <u>Security Administrator Designation (SAD) form</u> with the Commission to include rights to the applications needed.



4. Select the **Drilling Permits (W-1)** option from the Welcome page's menu. The system displays the Drilling Permits Main Menu.

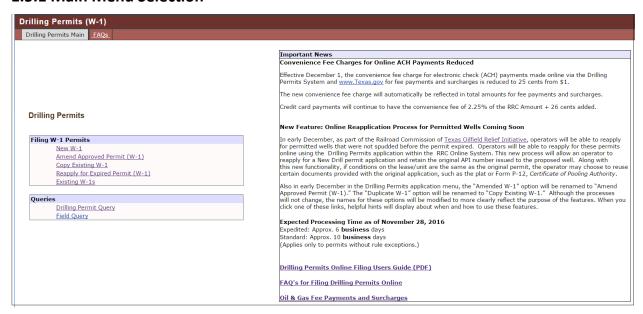
1.5 Online Filing Features

Each online page contains common elements:

- Main Menu selection
- Summary permit application header information
- Navigation tabs
- Message area
- Permit application filing status

These elements are described in the following sections.

1.5.1 Main Menu Selection



The Main Menu includes links to the pages that allow you to apply for a drilling permit, amend a drilling permit, query permits, and query fields. Read the *Important News* section to learn the latest important news for filers.

1.5.2 Summary Permit Application Header Information

The first page to be completed in the online drilling permit application process is the *General Information* page. After this page is completed and saved, a header displays at the top of the page containing operator name and number, tracking number, the status of the permit, date created, lease name, well number, district, county, purpose of filing, and wellbore profile.



This header also displays on all subsequent pages completed after the *General Information* is saved.

1.5.3 Tabs

The tabs at the top of each page provide navigation to the other pages required for the drilling permit application process. Each of the update pages has a **Save** button.

Certain tabs are not made available until specific pages have been completed and saved. When you begin a new permit application on the *General Information* page, that tab is the only one available. After you save that page, the *Field List*, *Attachment*, *Comments*, and *Review* tabs are displayed. More tabs are revealed as pages are completed and saved.

The image below shows all of the tabs in the permit application.



Click a tab to open the corresponding page.

1.5.4 Message Area

When you click the **Save** button on a page to save the data you have entered, error messages may display at the top identifying any data entry errors or missing items.

- Save Successful
- Coordinates are required.
- Survey perpendicular Distance 1 is required
- · Distance from nearest town is required
- Survey perpendicular Distance 2 is required
- Survey perpendicular Direction 1 is required
- · Survey perpendicular Direction 2 is required
- · Direction from nearest town is required
- Surface Location Survey is required
- Nearest town is required

A *Save Successful* message means that the data that was entered was saved by the system. There still may be missing data, however.

If this symbol <u>A</u> appears next to an item on the page, it means that information is incomplete or invalid. Enter the missing data and/or correct data and click the **Save** button again.

When you access some pages, the message area may contain information about what is required to complete that particular page. For instance, using the information already saved for the permit application, the system determines what attachments are required for that particular permit and lists them in the message area of the *Attachments* page.

1.5.5 Permit Application Status

From the time you create your W-1 application in the online system until it is error-free and submitted, it has a status of *Work In Progress*. When you submit the W-1 application, the status changes to *Pending Approval*. After the application proceeds through the approval process without error, it has a status of *Approved*.

Your W-1 application can remain a *Work In Progress* for 30 days. In most cases, if the application is not completed and submitted within 30 days, it is removed from the *Work In Progress* list. It is deleted and no longer available. If you, however, have attempted to make a payment, it remains in the *Work In Progress* list until you submit the permit application.



NOTE: If you have attempted to make a payment and it was unsuccessful or you were successfully charged, but the application remains in your *Work In Progress* list, please contact the <u>RRC Drilling Permits section</u>. Be prepared to provide the tracking number located in the application header.

1.5.5.1 Existing W-1 Statuses

The following table describes the possible statuses for your *Existing W-1* permit applications in the online system.

Status	Description
Work In Progress	The W-1 application has not yet been submitted to the RRC, but it is being worked on by the operator or RRC staff (if filed as a hard copy). The permit application is in <i>Work In Progress</i> status until it is error-free and submitted. IMPORTANT: When filing electronically, Work In Progress permit applications are only viewable by the operator who is submitting/working the permit.
Pending Approval	The status of the W-1 application is pending approval by the RRC. As soon as the permit application has been successfully submitted, the status changes to <i>Pending Approval</i> .
Approved	The W-1 application has been approved by the RRC. The operator now has a valid Drilling Permit.

Existing W-1 Permit Application Statuses

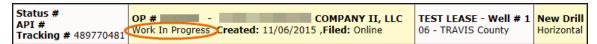
1.5.5.2 Drilling Permit Query Statuses

One of the search criteria for the Drilling Permit Query (see <u>Section 3.1</u>) is *Status*. The following table describes additional statuses in the query results besides *Work In Progress, Pending Approval*, and *Approved*.

Status	Description
Cancelled	The approved W-1 application is cancelled at the request of the operator.
Closed	The W-1 application is closed by Oil and Gas docket services per RRC commission order.
Deleted	The W-1 application is deleted by internal staff if it is originally submitted incorrectly.
Denied	The W-1 application is denied by Oil and Gas docket services per RRC commission order.
Dismissed	The W-1 application is dismissed after 90 days if it has not been completed correctly and the applicant has failed to resolve the issues.
Withdrawn	The W-1 application is withdrawn per request by the operator.
Other	A status not covered by the standard codes.

Drilling Permit Query Application Statuses

The current status of the permit application displays in the header area at the top of each page.



2.0 DRILLING PERMIT FILING PROCEDURES

Filing procedures vary depending on the purpose of filing. There are five purposes of filing:

- **New Drill:** Drilling a new wellbore.
- **Recompletion:** Working over an existing wellbore to complete in a different field/reservoir or deepening the wellbore beyond its original, approved vertical depth in the same field.
- Re-entry: Going back into a wellbore that has been plugged to the surface.
- Reclassification: Changing an existing well originally permitted only as
 injection/disposal or other service well to an oil or gas producing well or changing an
 existing well in the Panhandle East or West fields from oil to gas or gas to oil production.
 No new work should have been done to the wellbore. If any work was done to the
 wellbore, then the appropriate purpose of filing should be *Recompletion*. If you are
 unsure that *Reclassification* is the correct purpose of filing, contact the <u>RRC Well</u>
 Compliance section.
- Field Transfer: Transfer a well from one field to another.



NOTE: A Field Transfer cannot be done as an amended permit after all the completion papers are in. No new work should have been done to the wellbore since the filing of the original completion paperwork. In order to change completion papers after validation, you must apply by letter to Technical Permitting for a Field Transfer. You must show that the well is not in the correct field. Once Technical Permitting approves the field transfer, you must file a new W-1 (a new permit number needs to be issued) with **Field Transfer** selected as the *Purpose of Filing*, file a G-2/W-2 noting the field change, and file a P-4 reflecting the change. A copy of the approved Field Transfer letter must be included in your W-1 application.

2.1 Filing for a New Drilling Permit (New Drill)

To file a new drilling permit, select **New W-1** from the Drilling Permits Main Menu. The system displays the *W-1: General Information* page.



2.1.1 W-1: General Information Page

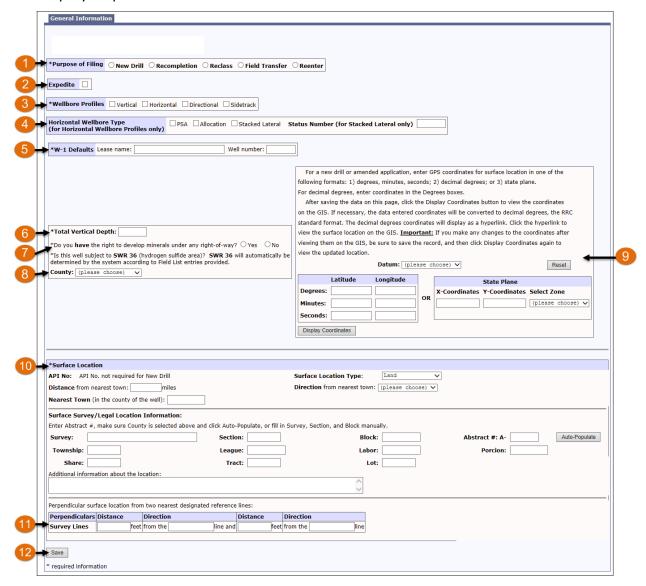
Completing the *General Information* page is the first stage in creating a new W-1. The *General Information* page includes information about the lease and location. The data entered on this page provides some general information about the wellbore. The minimum information required to start a permit application is:

- Purpose of Filing
- Wellbore Profile
- Lease Name
- Well Number
- Total Vertical Depth
- County
- GPS Coordinate Information (for the surface location)

When these items are entered and **Saved**, the system creates a *Work In Progress* shell that can be located from the *Existing W-1s* link on the Drilling Permits Main Menu page. This feature allows an operator to leave and return later to complete the work on the permit application.

All the location information requested on this page pertains to the SURFACE location of the wellbore. Information from this page affects the wellbore profile options that display on the *Field Details* page. If the wellbore is directionally or horizontally drilled, location information pertaining to any bottomhole(s) and/or lateral(s) is requested on the *Field Details* page.

The numerical labels in the following diagram of the *General Information* page correspond to the step-by-step instructions below.



The header information at the top of the page reflects the name and number of the logged in operator.

- 1. Select the Purpose of Filing.
 - Select New Drill when you are drilling a new wellbore.
 - Select Recompletion when you are working over an existing wellbore to complete in a different field/reservoir or deepening the wellbore beyond its original, approved vertical depth in the same field.
 - Select Reclass to change an existing well originally permitted only as injection/disposal or other service well to an oil or gas producing well or

changing an existing well in the Panhandle East or West fields from oil to gas or gas to oil production. No work should have been done to the wellbore. If any work was done to the wellbore, then the appropriate purpose of filing should be *Recompletion*.

- Select **Field Transfer** when a well is being transferred from one RRC regulatory field to another regulatory field. No new work should have been done to the wellbore since the filing of the original completion paperwork. A copy of the approved Field Transfer letter must be included in your W-1 application.
- Select Re-entry when you are going back into a wellbore that has been plugged to the surface.
- 2. Select **Expedite** if you want the permit application process expedited. (Additional fees apply.)



NOTE: Read the *Important News* section on the Drilling Permits Main Menu to learn the current permit application processing times.

3. Select the *Wellbore Profile* associated with the wellbore (*Vertical, Horizontal, Directional,* or *Sidetrack*). You can select all profiles that apply to the wellbore.



NOTE: If you select *Sidetrack*, you should also select another wellbore profile.

IMPORTANT: Drilling Permits requests that you submit an application for multiple wellbore profiles (i.e., vertical and directional; or vertical and horizontal) only if both profiles will be completed as a producer or injection well type (i.e., Oil or Gas/Oil/Gas/Injection).



If a vertical pilot hole (i.e., Exploratory Well type) is permitted with a directional or horizontal well, the vertical profile should not be submitted at this time. This will ensure that the vertical wellbore application doesn't get flagged for a SWR 37 exception that is not needed.



IMPORTANT: If you have already added fields and wellbore profile information to this application, unchecking a Wellbore Profile selection on the General Information tab will DELETE the corresponding wellbore profile on the Field Details pages for all the fields on this application. See <u>Sections 2.1.3.2.1</u> and 2.1.3.2.2 for further information.

- 4. For horizontal wells, if you are applying for a special permit type, select the *Horizontal Wellbore Type* (*PSA*, *Allocation*, or *Stacked Lateral*). If you select *Stacked Lateral*, provide the permit number of the "record" or "parent" well in the *Status Number* field.
- 5. In the *W-1 Defaults* section, enter the *Lease name* and the *Well number*. (For a new drill, the well number is the next number available for wells on the lease.)

 For your well number, you are allowed six characters. The first character can be either alpha or numeric. The second, third, and fourth characters are numeric only. The fifth and sixth characters are alpha only.
- 6. Enter the *Total Vertical Depth* to which the well is to be drilled.
- 7. If you have the right to develop minerals under any right-of-way, select **Yes**. If not, select **No**. If you select *No*, you need to confirm that the well location complies with the Commission's lease spacing rules (SWR 37).



NOTE: The system automatically determines if the well is in a hydrogen sulfide area (SWR 36) using the *Field List* entries provided. To view a list of these fields, see the Hydrogen Sulfide (H2S) Fields and Concentrations Listings on the RRC public website.

8. Select the *County* in which the surface location of the well is located.

Steps 1-6 and 8 are required before you can save a permit application. Once those are entered, you can click the **Save** button. The system creates a replica of the W-1 form, filled in with the data you have entered to this point. Each time you save, this form replica is updated to reflect all data entered to that point. To view this form in a PDF format, click the **View Current W-1** link on the *Review* page.

- 9. Enter the GPS coordinates for the surface location of the well.
 - a. Select the *Datum* from the drop-down.
 - b. Enter the coordinates using one of the following formats:
 - o Latitude and Longitude in degrees, minutes, seconds.
 - Latitude and Longitude in decimal degrees.
 - X-Coordinate/Easting and Y-Coordinate/Northing in the state plane zone.
 If you use state plane coordinates, use the drop-down list to select the zone.
- 10. In the *Surface Location* section, complete the following:
 - If purpose of filing is anything but New Drill, you must enter an API Number.
 - Select Surface Location Type from the drop-down (Bay/Estuary, Inland Waterway, Land, or Offshore).



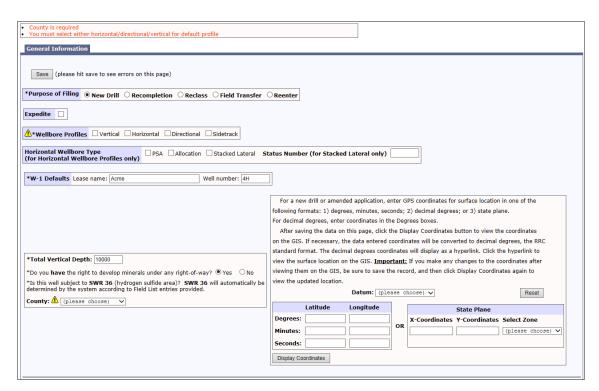
NOTE: For a *Surface Location Type* of *OffShore*, you must have the appropriate financial assurance filed with the Commission, or the permit will not be approved.

- Enter the distance from the nearest town (in miles). (If the well site is in the city limits, enter 0.)
- Select the direction **from** the nearest town to the well from the drop-down.
- Enter the name of the *Nearest Town* to the well in the county.
- Enter Surface Survey/Legal Location Information. Survey is a required field. You can manually enter the Survey, Section, Block, Abstract #, Township, League, Labor, Porcion, Share, Tract, or Lot names. Then enter any other information about the location in the Additional information about the location field.
 - Auto-Populate: If you know the abstract number and county of the well location, you can use the Commission's GIS system to auto-populate the Survey, Section, and Block. Select a County, enter the abstract number, and then click the Auto-Populate button. The Survey, Section, and Block information related to that abstract are displayed. (You must manually enter any other information in the Surface Survey/Legal Location Information section.)



TIP: If you believe any of this information is incorrect, you can change it as needed. Upon receipt of the permit application, the Commission Mapping staff researches the discrepancy and provides you with the correct information.

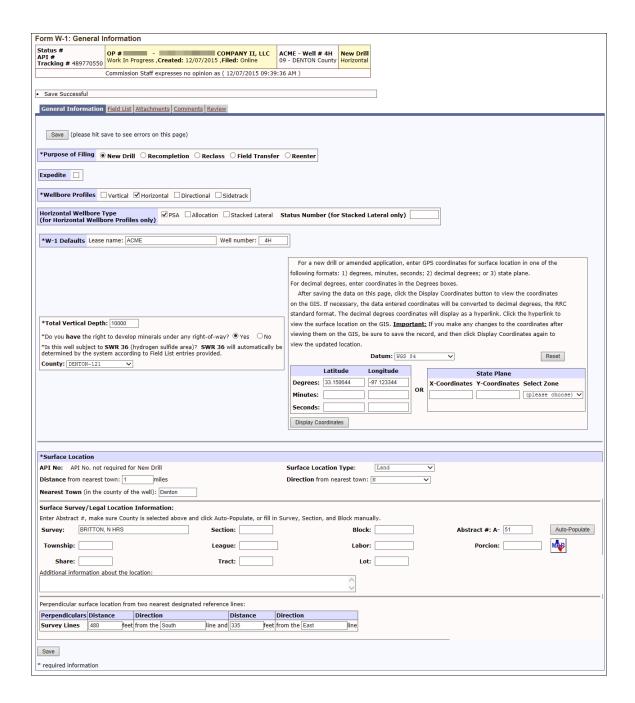
- 11. Enter the perpendicular surface location (distance in feet) from the two nearest designated survey lines (north, south, east, or west). You should <u>not</u> use a county line unless it is the actual boundary line of a survey.
- 12. Click the **Save** button to save the *General Information* you just entered. The system saves the data and redisplays the page. If data is missing or incorrect, error messages are displayed at the top. Also, if a yellow warning triangle ⚠ appears next to items on the page, it means you have missing or invalid information. (See <u>Section 1.5.4 Messages</u> for further information.) You cannot submit the final permit application with errors.



Once the *Save* is successful, the system displays the *General Information* page populated with the data and with four new tabs at the top. Information supplied on the page is added to the header information at the top. A tracking number is also assigned.



NOTE: You can use the Drilling Permit tracking number in communications with RRC staff for payment issues only.



You can save at any point as long as you have entered the required items needed to start an application:

- Purpose of filing
- Wellbore profile
- Lease name
- Well number
- Total vertical depth
- County

If you start a drilling permit application and save it after each page (or tab), you can locate that permit application from the Drilling Permits Main Menu page by clicking the **Existing W-1s** link. (See Section 2.6 for more information about accessing existing W1s.)

To continue with the filing, click the **Field List** tab.

2.1.2 Field List Page

To add fields to the permit application, first select the **Field List** tab from the top of the *General Information* page. The system displays an *Add Field* button.



The Associated 49B Fields with non-matching numbers link accesses a list of fields that produce both oil and gas. Normally these fields have the same number for oil and gas. However, the fields in the list are fields that produce oil and gas and have one field number for oil and a different number for gas. Refer to this list when trying to locate this type of field.

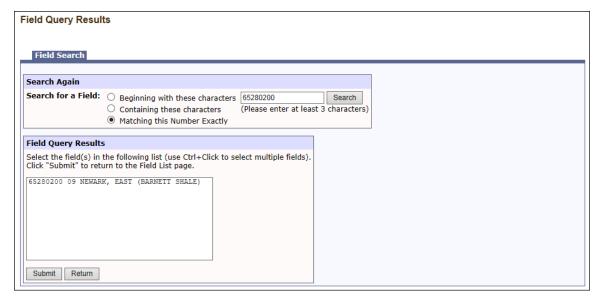
Click the **Add Field** button, and the system displays the *Field Search* page.



To add fields:

- 1. Specify one of the following types of selection criteria to use:
 - **Beginning with these characters:** Searches the first few letters of the field name for the letters you specify. Enter a minimum of 3 characters. For example, to find the Carthage field, enter CAR and click **Search**.

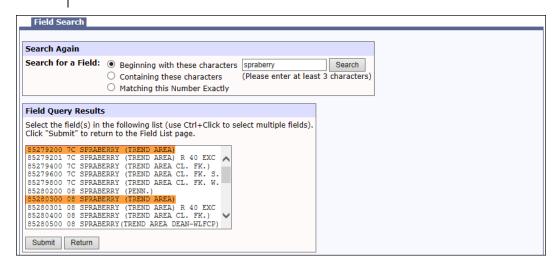
- Containing these characters: This is a wildcard search. Type in whatever letters
 you want to match in the query. For example, to find all fields with a reservoir of
 Austin chalk, enter Austin and click Search.
- Matching this Number Exactly: Enter the 8-digit RRC field number and click
 Search.
- 2. Click the **Search** button. The system displays a list of all fields that match your search criteria.



3. Select the appropriate field and click **Submit**. To select multiple entries from the list, select the first one, and then hold down the **CTRL** button on your keyboard while selecting additional fields. If the field you are searching for is not in the list, you can search again from the top of the page.



NOTE: Some fields are in multiple districts. Confirm that you are selecting the field in the correct district. See the following screenshot to view an example of a field in multiple districts.

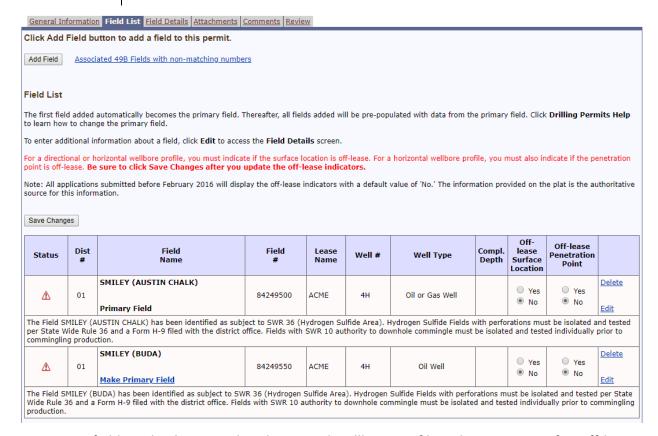


4. When you click **Submit**, the system returns you to the *Field List* page with the selected field appearing in the *Field List* table.



NOTE: After you add a field in the *Field List* page, you can click the **Edit** link next to that field to go to the *Field Details* page and enter the wellbore profile information. If you do this, any fields added on the *Field List* page are populated with the wellbore information from that first field entered (the primary field). You can then edit the necessary items rather than completely entering all the information again. (See <u>Section 2.1.3</u> for instructions on how to enter and edit *Field Details*.)

You can also add all the fields first, and then add all the details.



- For fields with a horizontal or directional wellbore profile, select Yes or No for Off-lease Surface Location. Click the Save Changes button after you update the off-lease indicators.
- 6. For fields with a horizontal wellbore profile, select **Yes** or **No** for *Off-lease Penetration Point*. Click the **Save Changes** button after you update the off-lease indicators. See Section 2.1.3.3 for information about selecting a resolution for an off-lease penetration point.
- 7. If the field list contains two or more fields, you can change the primary field designation by clicking the **Make Primary Field** link that is in the *Field Name* column for any field

that is not the primary field. The first field added is automatically designated by the system as the primary field.

8. If you need to delete a field from the *Field List*, click the **Delete** link corresponding to that field. It is located in the last column of the table.



NOTE: You cannot delete the primary field, and if you have an attachment associated with a field, you must delete the attachment before you can delete the field.

9. To add or edit field details, click the **Edit** link corresponding to that field (located in the last column). The *Field Details* page displays. For instructions on entering and editing field details, see the following section.

The next part of the permitting process is to enter or edit field details on the Field Details page.

2.1.3 Field Details

This page is used to add or edit details about the field that were not included in the first two pages (*General Information* and *Field List*). This provides the capability to perform the following tasks:

- Enter missing Basic Details or edit existing Basic Details.
- Enter the Wellbore Profile or edit the information.
- Add multiple terminus locations in the Wellbore Profile.
- Report the resolutions of any off-lease penetration point issues (for horizontal wellbore profiles only).
- Add requests for exceptions to the Statewide Rules that apply to the field.

Step 9 in the previous section explains how to access the *Field Details* page from the *Field List* page. Otherwise, click the **Field Details** tab from any page.

2.1.3.1 Basic Details

The top section of the page allows for the entry or edit of field basic details.



When you select the *Field Details* tab, the primary field information is displayed. If you clicked the *Edit* link next to a field in the *Field List*, that field's information is displayed in the *Field Details* page.

- If you want to add details for a field other than the one currently displayed in the page, select another field from the drop-down in the upper right corner, and then click the Go button.
- 2. Enter any *Basic Details* that have not already been entered through the *General Information* page.
 - In *Lease name*, the name is populated from the *General Information* page. Change this if necessary.
 - Enter the Well number if not populated from the General Information page.
 - Enter Distance to Nearest Lease Line from Surface Location (for all wellbore profiles.) For a vertical well application, this distance is used to determine whether a SWR 37 exception is needed.
 - Distance to Nearest Lease Line from Surface Location is measured in feet from the surface hole location to the nearest point on the external lease line, pooled unit line or interior tract line. If there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, use the nearest point on that unleased tract boundary.
 - If using the nearest point on an unleased tract boundary results in a SWR 37 exception for a vertical well application, mark it as an interior lease line 37 exception in the Statewide Rule Exceptions section of the page. (See Section 2.1.3.4 for more information about SWR exceptions.)

NOTE: For an application created before 05/31/2020, this data field is labeled as *Distance to Nearest Lease Line* and is used for all wellbore profiles to calculate whether a SWR 37 exception is needed. The measurement entered in *Distance to Nearest Lease Line* is based on the wellbore profile selected on the *General Information* page.



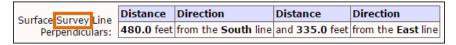
- For a vertical well application, enter the distance measured from the surface hole location to the nearest point on the external lease line, pooled unit line or interior tract line.
- For a horizontal well application, enter the distance measured from the closest point of the well to the external lease line, pooled unit line or interior tract line. The well begins at the first take point, continues along the course of the wellbore path, and ends at the last take point.

- For a directional well application, enter the distance measured from the bottomhole location to the external lease line, pooled unit line or interior tract line.
- For all wellbore profiles, if the distance is measured from the well to a pooled unit line instead of an external lease line, and if there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, use the nearest point on that unleased tract boundary.
 - If using the nearest point on an unleased tract boundary results in a SWR 37 exception, mark it as an interior lease line 37 exception in the Statewide Rule Exceptions section of the page. (See Section 2.1.3.4 for more information about SWR exceptions.)
- In *Total Acres in the Lease*, enter the total acreage in the lease. If pooled, this should be total acreage in pooled lease.

NOTE: Per SWR 5, if this well is the first well on the lease, you must file a plat that shows the entire lease to support the application.

• In Surface Lease Line Perpendiculars, enter the distance (in feet and with up to two decimals) from two of the nearest non-parallel lease lines to the surface location.

If you use an off-lease surface location for a horizontal or directional wellbore profile, the system prepopulates the *Surface Survey Line Perpendiculars* in this section from the location information on the *General Information* tab. The screenshot below shows the *Surface Survey Line Perpendiculars* area for horizontal and directional wellbore profiles.





NOTE: 1) For an off-lease surface location, the label displays as *Surface Survey Line Perpendiculars*. 2) If you need to change the surface location to on-lease, return to the *Field Details* tab and select **No** for *Off-lease Surface Location*. Click the **Save Changes** button after you update the off-lease indicators.

- In *Pooled/Unitized*, check if the lease is composed of several tracts that are pooled together to make up the lease. If checked, attach a scanned image of a completed P-12 (Pooling Authority form), or enter the docket number of the approved unitization hearing.
- In Well Type, select one option from the drop-down menu as you list each field.



NOTE: You may not see all well types available for a given field. For instance, a field classified only as a gas zone cannot have an oil well permitted. You must apply for a permit for a gas completion (meeting the current gas rules). If, once the well is completed, the type well requires that the field be made associated, then the next well permitted can be permitted as oil, gas, or both. Also, some service wells are not permitted in Wildcat fields. Only the type of well that may possibly be permitted in the given field appears in the dropdown box.

NOTE: If a productive wellbore type (oil or gas well) is not an available selection for the *Well Type*, verify that the field had not been consolidated into another regulatory field.

Check the *Don't Permit* indicator and *Comments* in the field rules at the bottom of the page. If the *Don't Permit* indicator is set to *Y*, this regulatory field has been consolidated for production purposes into another regulatory field.





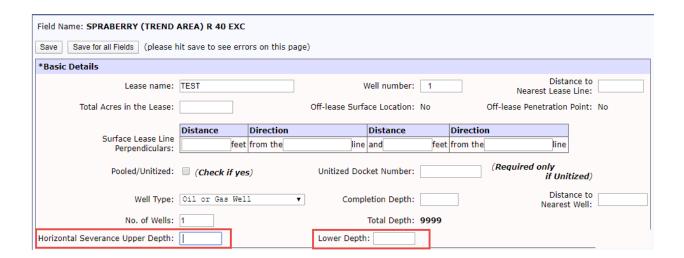
Consult the proration schedule or <u>RRC Well Compliance section</u> if you have questions concerning a field.

- In *Completion Depth*, enter the vertical completion depth. It cannot be deeper than the total vertical depth entered on the *General Information* page.
- In Distance to Nearest Well, enter the distance to the nearest oil or gas well
 applied for, permitted, or completed (well on schedule) on this lease in the same
 field and reservoir.

The *Distance to Nearest Well* is based on the selected wellbore profile on the *General Information* tab.

- For vertical wells, this distance is measured from the surface location.
- For horizontal wells, this distance is measured from the closest point of the well. The well begins at the first take point, continues along the course of the wellbore path, and ends at the last take point.
- For directional wells, this distance is measured from the bottomhole location only.

- In No. of Wells, enter the total combined number of oil and gas wells only (include applied for, permitted, and completed oil and gas wells); do not include injection, disposal, or other types of service wells.
- Total Depth is populated from the General Information page.
- In Horizontal Severance Upper Depth and Lower Depth, enter both the upper and lower limits of the operator's ownership interval. The interval is measured as the total vertical depth from the surface. Horizontal Severance Upper Depth and Lower Depth will display only if a Final Order designates the field as Unconventional Fracture Treated (UFT), or if a Final Order allows a non-UFT field to utilize upper and lower depth severances.



2.1.3.2 Wellbore Profile

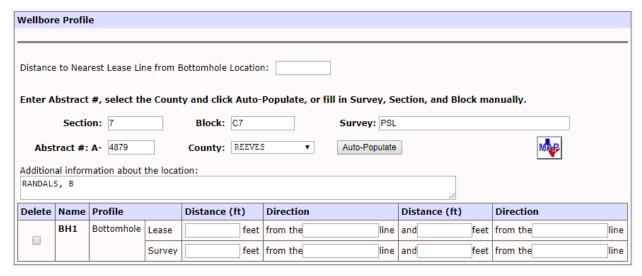
On the *Field Details* page, in the *Wellbore Profile* section, there is an area for specifying one profile. This area is based on the wellbore profile entered on the *General Information* page.

If a vertical wellbore profile is the only selection on the *General Information* page, there is no *Wellbore Profile* section on the *Field Details* page. Skip to the *Statewide Rule Exceptions* section of the page. (See <u>Section 2.1.3.4</u> for more information about selecting Statewide Rule exceptions.)



NOTE: If both a horizontal and directional wellbore profile were selected on the *General Information* page, for each selected field, you need to delete the wellbore profile <u>not</u> associated to the field from its *Field Details* page.

2.1.3.2.1 Directional Wells



- 1. For a directional wellbore profile, if the application is created on or after 05/31/2020, enter *Distance to Nearest Lease Line from Bottomhole Location*. This distance is used to determine whether a SWR 37 lease line exception is needed.
 - Distance to Nearest Lease Line from Bottomhole Location is measured from the
 bottomhole location to the nearest point on the external lease line, pooled unit line
 or interior tract line. If there is an unleased interest in a tract of the pooled unit that
 is nearer than the pooled unit line, use the nearest point on that unleased tract
 boundary.
 - If using the nearest point on an unleased tract boundary results in a SWR 37 exception, mark it as an interior lease line 37 exception in the Statewide Rule Exceptions section of the page (See Section 2.1.3.4 for more information about SWR exceptions.)

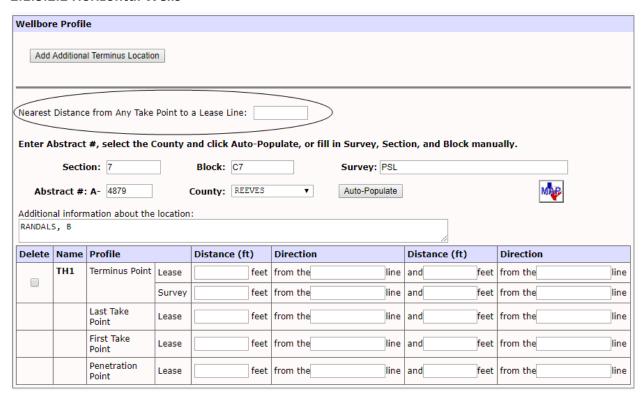
For applications created before 05/31/2020, this data was entered in *Distance to Nearest Lease Line* in the *Basic Details* section.

- The Legal Location information that displays here applies to the bottomhole location perpendiculars and has been populated with information entered on the General Information page. Change any of the information as needed to describe the location of the actual bottomhole. See <u>Section 2.1.1</u>, Step 10, for instructions on entering surface location information.
- 3. Enter the *Bottomhole Survey Line Perpendiculars* and the *Bottomhole Lease Line Perpendiculars* distances and directions.
- 4. If you selected multiple wellbore profiles on the *General Information* tab and this specific *Wellbore Profile* is vertical or horizontal, you need to remove the bottomhole location. Click the check box in the *Delete* column of the *Wellbore Profile* and then click the **Save** button.



NOTE: If you accidentally delete a bottomhole location and need to add the bottomhole location back to the *Wellbore Profile*, click the **Add New Directional** button. The system adds a new *Wellbore Profile* section to the page. You can only add a new bottomhole location after deleting the initial bottomhole location.

2.1.3.2.2 Horizontal Wells

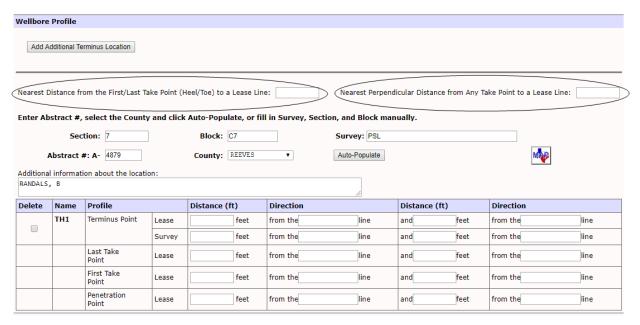


1. For a horizontal wellbore profile, if the application is created on or after 05/31/2020, the data fields for entering take point to lease line distances will be based on whether

the permitted field is governed by statewide rules or special field rules. These distances will be used to determine whether a SWR 37 lease line exception is needed.

- Enter Nearest Distance from Any Take Point to a Lease Line if horizontal well spacing for the permitted field is defined by statewide rules, or if the permitted field has special horizontal field rules with the same minimum distance requirements from all take points on the wellbore to a lease line.
 - Nearest Distance from Any Take Point to a Lease Line is the distance in feet from the take point within the productive interval that is nearest to the external lease line, pooled unit line or interior tract line. The productive interval begins at the first take point, continues along the course of the wellbore path, and ends at the last take point.
 - If the distance is measured from the well to a pooled unit line instead of an external lease line, and if there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, use the nearest point on that unleased tract boundary.
 - If using the nearest point on an unleased tract boundary results in a SWR 37 exception, mark it as an interior lease line 37 exception in the Statewide Rule Exceptions section of the page. (See Section 2.1.3.4 for more information about SWR exceptions.)

For applications created before 05/31/2020, this data was entered in *Distance to Nearest Lease Line* in the *Basic Details* section.



• Enter Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line and Nearest Perpendicular Distance from Any Take Point to a Lease Line if the permitted field has special horizontal field rules with dual lease line take point spacing.

- Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line is the distance in feet from either the first take point (heel) or the last take point (toe) on the wellbore (whichever is closer) to the external lease line, pooled unit line or interior tract line. If there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, use the nearest point on that unleased tract boundary.
 - If using the nearest point on an unleased tract boundary results in a SWR 37 exception, mark it as an interior lease line 37 exception in the Statewide Rule Exceptions section of the page. (See Section 2.1.3.4 for more information about SWR exceptions.)
- Nearest Perpendicular Distance from Any Take Point to a Lease Line is measured in feet as the perpendicular distance (i.e., at a 90-degree angle) from the take point on the wellbore that is nearest to the external lease line, pooled unit line or interior tract line. If there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, use the nearest point on that unleased tract boundary.
 - If using the nearest point on an unleased tract boundary results in a SWR 37 exception, mark it as an interior lease line 37 exception in the Statewide Rule Exceptions section of the page. (See Section 2.1.3.4 for more information about SWR exceptions.)

NOTE: Dual lease line take point spacing is the term used when the special horizontal field rules define different required minimum distances for take points as follows:



- 1. First (heel) and last (toe) take points to lease line along the axis of the wellbore
- 2. For all take points, perpendicular spacing (at a 90-degree angle) from the well to the lease line.

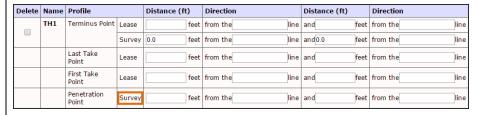
For more information about special horizontal field rules, see <u>Section</u> 3.2.1 or <u>Section 3.2.2</u>.

- 2. For a horizontal wellbore profile, the *Legal Location* information that displays here applies to the terminus point location perpendiculars and has been populated with information entered on the *General Information* page. Change any of the information as needed to describe the location of the actual terminus point. See <u>Section 2.1.1</u>, Step 10, for instructions on entering surface location information.
- 3. Enter the *Terminus Point Survey Line Perpendiculars* and the *Terminus Point Lease Line Perpendiculars* distances and directions. Then enter the *Last Take Point Lease Line*

Perpendiculars and First Take Point Lease Line Perpendiculars. Then enter the Penetration Point Lease Line Perpendiculars distances and directions.

NOTE: For horizontal wellbore profiles with off-lease penetration points, the penetration point is measured from the <u>survey</u> line instead of the lease line.





4. If the well requires more than one terminus location be defined, click the **Add Additional Terminus Location** button. The system adds another *Wellbore Profile* section to the page. The name is the same as the first profile, sequentially numbered. For example, if the first profile was named *TH1*, the second profile is *TH2*, the third is *TH3*, and so on. The new wellbore section is populated with the information from the first profile (if it has been entered). Change any information as necessary.



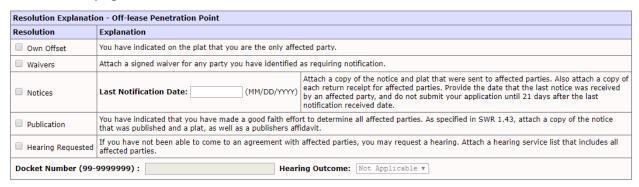
NOTE: The *Basic Details* section must be completed before you can add an additional terminus location.

5. If you selected multiple wellbore profiles on the *General Information* tab and this specific *Wellbore Profile* is vertical or directional, you need to remove the terminus location. Click the check box in the *Delete* column of the *Wellbore Profile* and then click the **Save** button.

2.1.3.3 Off-lease Penetration Point Resolution

The Resolution Explanation – Off-lease Penetration Point section of the Field Details page allows you to specify the resolution for a field that has an off-lease penetration point.

This section only displays when you select **Yes** for *Off-lease Penetration Point* for the field on the *Field List* page.



1. Identify affected parties that require notification.

Affected parties are defined as all persons with an offsite tract through which the proposed wellbore path traverses from the point of penetration, including

- All designated operators.
- All lessees of record for tracts that have no designated operator.
- All owners of record of unleased mineral interests.
- 2. Select one or more of the following resolution methods:
 - Click the Own Offset check box if you are the only affected party in the
 notification area. You have indicated this information on the attached certified
 plat(s) by placing your operator name as the operator of record of all the
 identified offsetting tract(s).
 - Click the Waiver check box if you are submitting waivers from all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach scanned images of the waivers.
 - Click the Notices check box if you have sent notification to all affected parties.
 Attach a copy of the notice and plat that were sent to affected parties. Also, attach a copy of each return receipt for affected parties. Provide the date that the last notice was received by an affected party. You will not be able to submit your application before the expiration of the 21-day notice.



NOTE: You must resolve any protests prior to the submission of the permit application. If you cannot reach a resolution, you can request a hearing.

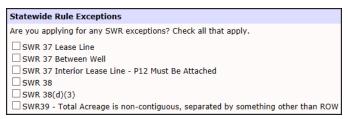
- Click the **Publication** check box if you have made a good faith effort to
 determine all affected parties to receive notice but were unable to locate the
 whereabouts of one or more persons who are required to be notified of an
 application.
 - As specified in SWR 1.43, you must publish a notice once a week for four consecutive weeks in a newspaper of general circulation in the county of the well location.
 - Attach to the permit application a copy of the notice that was published, a plat, and a publishers affidavit.
- Click the Hearing Requested check box if you have not been able to come to an
 agreement with affected parties and would like to request a hearing. Attach a
 hearing service list with names and mailing addresses of all affected parties,
 including the applying operator.



NOTE: RRC staff will enter the *Docket Number* and *Hearing Outcome* after the hearing.

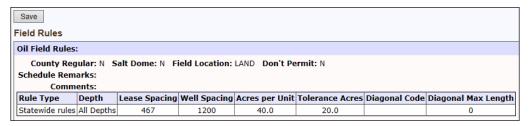
2.1.3.4 Statewide Rules

The *Statewide Rule Exceptions* section of the *Field Details* page is used to mark any Statewide Rule exceptions that apply.

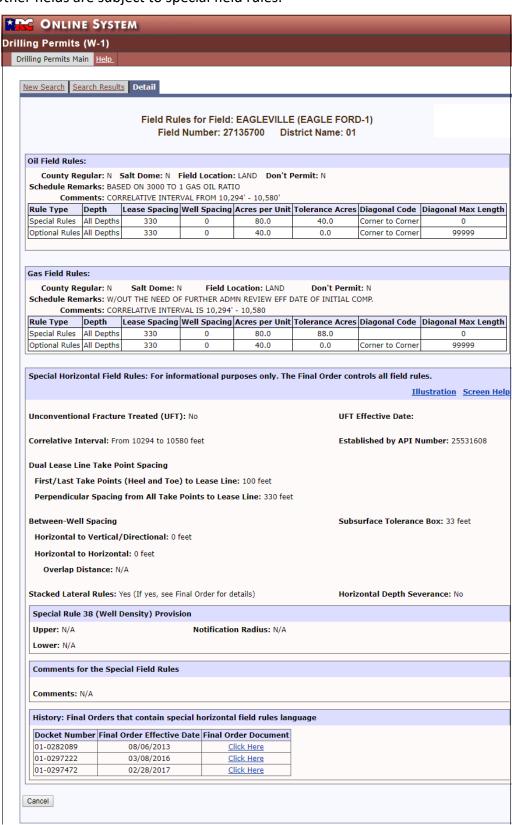


1. Refer to the *Field Rules* at the bottom of the page to determine if the well requires any Statewide Rule exceptions.

For some fields, only Statewide Rules apply.



Other fields are subject to special field rules.



- In the Statewide Rule Exceptions section, check any exceptions that apply. See <u>Section</u> <u>2.1.4</u> for details regarding exceptions.
 - If a SWR 38 exception is needed, the system automatically selects the checkbox by default.
 - If a SWR 37 lease line exception is needed, the system automatically selects the checkbox by default in most cases.
 - If a SWR 37 between well exception is needed, the system automatically selects the checkbox by default in most cases.
 - The system cannot automatically select a between well exception if the permitted field has special field rules with either of the following two conditions:
 - The minimum required distance to the nearest vertical well is different than the minimum required distance to the nearest horizontal well.
 - There is any horizontal well overlap distance approved in the Field Rules.



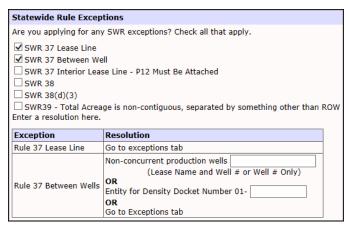
IMPORTANT: If a Final Order establishes special field rules that the system cannot automatically evaluate for SWR 37 lease line and/or between well exceptions, a message will display on the *Field Details* and *Review* screens. When this message displays, you will need to determine whether an exception is required, and you must select the applicable exception(s) on the *Field Details* page. Otherwise, processing of your application could be delayed.



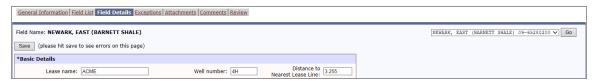
IMPORTANT: If exceptions are selected, exception fees are assessed during the payment process. Exception fees are nonrefundable as specified in SWR 78.

- 3. If a selected exception needs to be removed from the application, you must manually remove the exception.
 - If you need to remove an exception that was manually selected, remove the check mark and click **Save**.
 - If the exception was system-calculated, you cannot remove the exception manually until you review the information you provided, correct it if necessary, and click **Save**. Then remove the check mark and click **Save**.
- 4. Once you finish selecting exceptions, click the **Save** button on the *Field Details* page.

- Check the message area for any error or information messages that may require vour attention.
- If you have Statewide Rule exceptions, the Statewide Rule Exceptions box expands with a place to specify resolutions. See <u>Section 2.1.3.5</u> for more information about specifying resolutions in this box.



5. After you enter the details for the first field, repeat steps 1 through 4 for any other fields shown on the field list.



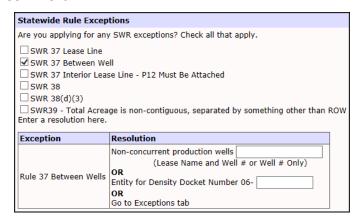
- 6. Select the field name in the drop-down list at the top of the Field Details page.
- 7. Click the **Go** button. The system displays the selected field on the page.

2.1.3.5 Statewide Rule Exceptions Resolutions

When the *Field Details* page is complete and saved successfully, either specify resolutions for exceptions on this page or go to the *Exceptions* page (See <u>Section 2.1.4</u> for more information about resolving exceptions on the *Exceptions* page).

You can enter resolutions on the *Field Details* page for the following exceptions:

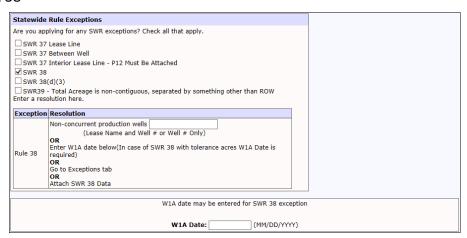
SWR 37 Between Wells



To resolve an SWR 37 Between Wells exception on the *Field Details* page, do <u>one</u> of the following:

- Enter Non-concurrent production wells information (i.e., lease name and well number or well number only) of any wells in this field that are less than the minimum between-well spacing and that will be shut-in prior to completion of the applied for well.
- o Enter the Entity for Density Docket Number.

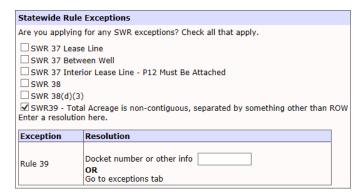
SWR 38



To resolve an SWR 38 exception on the *Field Details* page, do <u>one</u> of the following:

- Enter Non-concurrent production wells information (i.e., lease name and well number or well number only) of any wells in this field to be shut in to bring your effective well count into compliance with the field rules.
- Enter the W1A Date. In cases of SWR 38 tolerance acres, the W1A Date is required.

• SWR 39



To resolve an SWR 39 exception on the *Field Details* page, enter the *Docket number or other info*.

You can also resolve these exceptions on the *Exceptions* page. See <u>Section 2.1.4</u> for more information.

If there are no exceptions, click the **Attachments** tab to add attachments for the permit application.

The next section describes potential resolutions to all exceptions on the Exceptions page.

2.1.4 Exceptions Page

If after completing the *Field Details* page, the system determines there are exceptions or you manually select exceptions, an *Exceptions* tab is added at the top.

```
General Information | Field List | Field Details | Exceptions | Attachments | Comments | Review
```

If there are no exceptions to resolve, there is no Exceptions tab.



A Statewide Rule exception can be denoted in two ways:

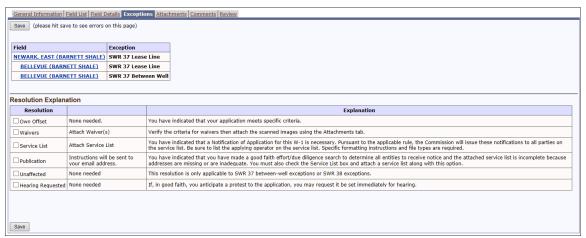
- The permitting application compares the spacing and density pattern from the data entered to the field rules in effect and determines if the location complies with the spacing and density rules for the specific field (i.e., the location is "regular").
- You can click on one or more of the check boxes shown in the Statewide Rule list. In some cases, the program cannot calculate the exception (e.g., a SWR 37 Interior Lease Line exception or a SWR 39). And, in a few cases, the field is governed by spacing and density requirements that do not fit into the general format. These are referred to as "manual review fields."

In those cases where this is not possible by comparing the data entered with the field rules, you are responsible for checking the appropriate SWR box. If you know you have an exception that was not caught by calculation, check the appropriate SWR box.

Rule exceptions are:

- SWR 37 Lease Line exception
- SWR 37 Between Well exception
- SWR 37 Interior Lease Line exception
- SWR 38 exception
- SWR 38(d)(3) exception
- SWR 39 exception

If you did not resolve the exceptions on the *Field Details* page, click the **Exceptions** tab to access the *Exceptions* page. The image below shows the potential resolutions as displayed on the *Exceptions* page.

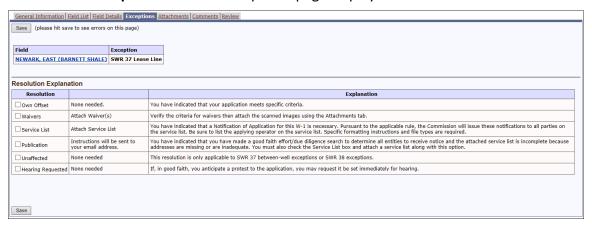


The following sections explain how to resolve exceptions on the *Exceptions* page.

2.1.4.1 SWR 37 Lease Line Exception

To resolve a SWR 37 Lease Line exception on the Exceptions page:

- 1. Identify affected parties that require notification.
 - Affected parties are defined as all persons with a tract closer to the well location than the greater of one-half of the minimum between-well spacing distance or the minimum lease-line spacing distance, including:
 - All designated operators.
 - o All lessees of record for tracts that have no designated operator.
 - All owners of record of unleased mineral interests.
 - When you are applying for a permit with multiple fields that require a lease line spacing exception, use the **strictest** field rules to determine the notification area. For example, you are applying for a permit on two fields. Field A requires 1200 feet minimum between-well spacing, and Field B requires 2640 feet minimum between-well spacing. You must notify all affected parties located within 1320 feet of the subject well (one-half of 2640 minimum between-well spacing).
- 2. Click the **Exceptions** tab. The *Exceptions* page displays.



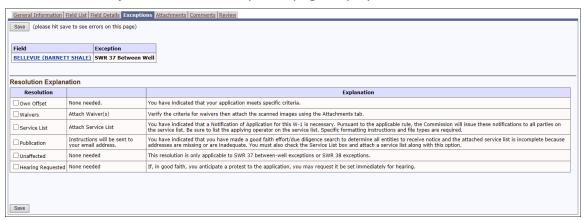
- 3. On the *Exceptions* page, select one or more of the following resolution methods from the *Resolution Explanation* table:
 - Click the **Own Offset** check box if you have indicated that you are the designated operator for all acreage in the notification area. You have indicated this information on the attached certified plat(s) by placing your operator name as the operator of record of all the identified offsetting tract(s).
 - Click the **Waivers** check box if you are submitting waivers from all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach scanned images of the waivers.

- Click the Service List check box if the Commission needs to issue a Notification of Application to all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach a service list with names and mailing addresses of affected persons, including the applying operator.
- Click the **Publication** check box if you have made a good faith effort to
 determine all affected parties to receive notice but were unable to locate the
 whereabouts of one or more persons who are required to be notified of an
 application.
 - Attach a letter stating that you are unable, after due diligence, to locate the whereabouts of one or more persons who are required to be notified of an application.
 - Attach a service list with names and mailing addresses of all affected persons, including the applying operator.
 - As specified in SWR 3.37, you must publish a Commission-supplied notice once a week for two consecutive weeks in a newspaper of general circulation in the county of the well location.
 - At the end of this publication period, you must submit to the Commission a publishers affidavit that records this publication. E-mail a scanned image of this affidavit to: SWR37@rrc.texas.gov, or mail a hard copy of the affidavit to Railroad Commission of Texas, Drilling Permits Section, P.O. Box 12967, Austin TX 78701.
 - For an application requiring publication, the normal application period is approximately six weeks.
 - Your permit is NOT granted until the publishers affidavit is received.
- Click the **Hearing Requested** check box if, in good faith, you anticipate a protest to the application. Attach a hearing service list with names and mailing addresses of all affected parties, including the applying operator.
- 4. Click the **Save** button.

2.1.4.2 SWR 37 Between Well Exception

To resolve a SWR 37 Between Well exception on the Exceptions page:

- 1. Identify affected parties that require notification.
 - Affected parties are defined as all persons with an adjacent offset tract and those with a tract closer to the well location than the greater of one-half of the minimum between-well spacing distance or the minimum lease-line spacing distance, including:
 - All designated operators.
 - All lessees of record for tracts that have no designated operator.
 - o All owners of record of unleased mineral interests
 - When you are applying for a permit with multiple fields that require a between-well spacing exception, use the **strictest** field rules to determine the notification area. For example, field rules for Field A specify 467 feet minimum lease-line spacing and 1200 feet minimum between-well spacing. Field rules for Field B specify 660 feet minimum lease-line spacing and 0 feet minimum between-well spacing. You must notify all affected parties in all adjacent tracts to your lease and all tracts that are within 660 feet of your well location.
- 2. Click the **Exceptions** tab. The *Exceptions* page displays.



- 3. On the *Exceptions* page, select one or more of the following resolution methods from the *Resolution Explanation* table:
 - Click the Own Offset check box if you have indicated that you are the designated operator for all tracts within the notification area. You have indicated this information on the attached certified plat(s) by placing your operator name as the operator of record of all the identified offsetting tract(s).
 - Click the Waivers check box if you are submitting waivers from all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach scanned images of the waivers.

- Click the Service List check box if the Commission needs to issue a Notification of Application to all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach a service list with names and mailing addresses of all affected persons, including the applying operator.
- Click the **Publication** check box if you have made a good faith effort to
 determine all affected parties to receive notice but were unable to locate the
 whereabouts of one or more persons who are required to be notified of an
 application.
 - Attach a letter stating that you are unable, after due diligence, to locate the whereabouts of one or more persons who are required to be notified of an application.
 - Attach a service list with names and mailing addresses of all affected parties, including the applying operator.
 - As specified in SWR 3.37, you must publish a Commission-supplied notice once a week for two consecutive weeks in a newspaper of general circulation in the county of the well location.
 - At the end of this publication period, you must submit to the Commission a publishers affidavit that records this publication. E-mail a scanned image of this affidavit to: SWR37@rrc.texas.gov, or mail a hard copy of the affidavit to Railroad Commission of Texas, Drilling Permits Section, P.O. Box 12967, Austin TX 78701.
 - For an application requiring publication, please be aware that the normal application period is approximately six weeks.
 - Your permit is NOT granted until the publishers affidavit is received.
- Click the Unaffected check box if there are parties within the notification area that may not be affected because the distance between the proposed well location and the affected tracts is greater than one mile.
 - Attach a certified plat with a radius of at least one mile or more around the proposed well location. Make sure all parties within the notification area have been identified on the plat.
 - Attach a letter requesting that identified parties beyond the radius be deemed unaffected.
 - If the well location tract does not meet this distance requirement, supporting engineering data can be submitted. Contact the <u>Drilling</u> <u>Permits section</u> for more information about acceptable engineering data.
- Click the Hearing Requested check box, if in good faith, you anticipate a protest to the permit application. Attach a hearing service list with names and mailing addresses of all affected parties, including the applying operator.
- 4. Click the **Save** button.

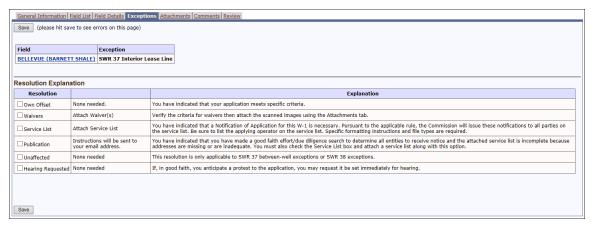
2.1.4.3 SWR 37 Interior Lease Line Exception

To resolve a SWR 37 Interior Lease Line exception on the Exceptions page:



NOTE: When applying for a *SWR 37 Interior Lease Line* exception, you are required to attach a P-12 to your permit application.

- 1. Identify affected parties that require notification.
 - Affected parties are defined as all persons with a tract closer to the well location than the greater of one-half of the minimum between-well spacing distance or the minimum lease-line spacing distance, including:
 - All designated operators.
 - All lessees of record for tracts that have no designated operator.
 - All owners of record of unleased mineral interests.
 - When you are applying for a permit with multiple fields that require an interior lease line spacing exception, use the strictest field rules to determine the notification area. For example, you are applying for a permit on two fields. Field A requires 1200 feet minimum between-well spacing, and Field B requires 2640 feet minimum between-well spacing. You must notify all affected parties located within 1320 feet of the subject well (one-half of 2640 minimum between-well spacing).
- 2. Click the **Exceptions** tab. The *Exceptions* page displays.



- 3. On the *Exceptions* page, select one or more of the following resolution methods from the *Resolution Explanation* table:
 - Click the **Own Offset** check box if you have indicated that you are the designated operator for all acreage in the notification area. You have indicated this information on the attached certified plat(s) by placing your operator name as the operator of record of all the identified offsetting tract(s).

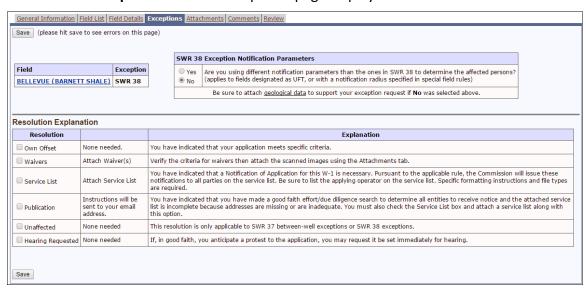
- Click the Waivers check box if you are submitting waivers from all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach scanned images of the waivers.
- Click the Service List check box if the Commission needs to issue a Notification of Application to all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach a service list with names and mailing addresses of affected persons, including the applying operator.
- Click the **Publication** check box if you have made a good faith effort to
 determine all affected parties to receive notice but were unable to locate the
 whereabouts of one or more persons who are required to be notified of an
 application.
 - Attach a letter stating that you are unable, after due diligence, to locate the whereabouts of one or more persons who are required to be notified of an application.
 - Attach a service list with names and mailing addresses of all affected persons, including the applying operator.
 - As specified in SWR 3.37, you must publish a Commission-supplied notice once a week for two consecutive weeks in a newspaper of general circulation in the county of the well location.
 - At the end of this publication period, you must submit to the Commission a publishers affidavit that records this publication. E-mail a scanned image of this affidavit to: SWR37@rrc.texas.gov, or mail a hard copy of the affidavit to Railroad Commission of Texas, Drilling Permits Section, P.O. Box 12967, Austin TX 78701.
 - For an application requiring publication, the normal application period is approximately six weeks.
 - Your permit is NOT granted until the publishers affidavit is received.
- Click the Hearing Requested check box if, in good faith, you anticipate a protest to the application. Attach a hearing service list with names and mailing addresses of all affected parties, including the applying operator.
- 4. Click the **Save** button.

2.1.4.4 SWR 38 Exception

To resolve a SWR 38 exception on the Exceptions page:

- 1. Identify affected parties that require notification.
 - Affected parties are defined as all persons with an adjacent offset tract and those with a tract closer to the well location than the minimum lease-line spacing distance, including:
 - All designated operators.
 - o All lessees of record for tracts that have no designated operator.
 - All owners of record of unleased mineral interests.
 - When you are applying for a permit with multiple fields that require a well
 density exception, use the strictest field rules to determine the notification area.
 For example, field rules for Field A specify 467 feet minimum lease-line spacing.
 Field rules for Field B specify 660 feet minimum lease-line spacing. You must
 notify all affected parties in all adjacent tracts to your lease and all tracts that are
 within 660 feet of your well location.
 - If you want to use different notification parameters than the ones specified in SWR 38, select **Yes** in the SWR 38 Exception Notification Parameters section.
 - To qualify for different notification parameters, all of the fields with a SWR 38 exception listed on the *Exceptions* page must be designated as unconventional fracture treated (UFT) or have a notification radius specified in special field rules.
 - If the system validates that the permit application qualifies for different notification parameters than the ones specified in SWR 38, provide a resolution option that corresponds to those parameters.
 - If the permit application does not qualify for different notification parameters, provide a resolution option that corresponds to the parameters specified in SWR 38.
 In addition, you must also attach geological evidence (i.e., SWR 38 data) supporting your request. See <u>Appendix E</u> for more information.

2. Click the **Exceptions** tab. The *Exceptions* page displays.



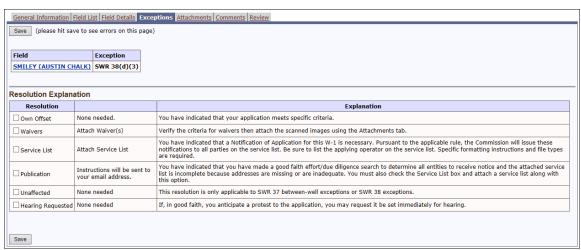
- 3. On the *Exceptions* page, select one or more of the following resolution methods from the *Resolution Explanation* table:
 - Click the Own Offset check box if you have indicated that you are the designated operator for all tracts within the notification area. You have indicated this information on the attached certified plat(s) by placing your operator name as the operator of record of all the identified offsetting tract(s).
 - Click the Waivers check box if you are submitting waivers from all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach scanned images of the waivers.
 - Click the Service List check box if the Commission needs to issue a Notification of Application to all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach a service list with names and mailing addresses of all affected persons, including the applying operator.
 - Click the **Publication** check box if you have made a good faith effort to
 determine all affected parties to receive notice but were unable to locate the
 whereabouts of one or more persons who are required to be notified of an
 application.
 - Attach a letter stating that you are unable, after due diligence, to locate the whereabouts of one or more persons who are required to be notified of an application.
 - Attach a service list with names and mailing addresses of all affected parties, including the applying operator.
 - As specified in SWR 3.38, you must publish a Commission-supplied notice once a week for two consecutive weeks in a newspaper of general circulation in the county of the well location.

- At the end of this publication period, you must submit to the Commission a publishers affidavit that records this publication. E-mail a scanned image of this affidavit to: SWR37@rrc.texas.gov, or mail a hard copy of the affidavit to Railroad Commission of Texas, Drilling Permits Section, P.O. Box 12967, Austin TX 78701.
- For an application requiring publication, please be aware that the normal application period is approximately six weeks.
- Your permit is NOT granted until the publishers affidavit is received.
- Click the **Unaffected** check box if there are parties within the notification area that may not be affected because the distance between the proposed well location and the affected tracts is greater than one mile.
 - Attach a certified plat with a radius of at least one mile or more around the proposed well location. Make sure all parties within the notification area have been identified on the plat.
 - Attach a letter requesting that identified parties beyond the radius be deemed unaffected.
 - If the well location tract does not meet this distance requirement, supporting engineering data can be submitted. Contact the <u>Drilling</u>
 <u>Permits section</u> for more information about acceptable engineering data.
- Click the Hearing Requested check box, if in good faith, you anticipate a protest
 to the permit application. Attach a hearing service list with names and mailing
 addresses of all affected parties, including the applying operator.
- 4. Click the **Save** button.

2.1.4.5 SWR 38(d)(3) Exception

To resolve a SWR 38(d)(3) exception on the Exceptions page:

- 1. Identify affected parties that require notification.
 - Affected parties are defined as all persons having a tract within the pooled unit
 or unitized tract at the time the application is filed. Additionally, if one or more
 wells on the unitized tract have produced from the field within the 12 month
 period prior to the application, affected persons include those with an adjacent
 offset tract and those with a tract closer to the well than the minimum lease-line
 spacing distance, including:
 - All designated operators.
 - o All lessees of record for tracts that have no designated operator.
 - All owners of record of unleased mineral interests.
- 2. Click the **Exceptions** tab. The *Exceptions* page displays.



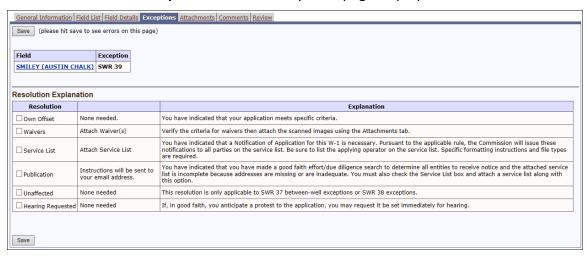
- 3. On the *Exceptions* page, select one or more of the following resolution methods from the *Resolution Explanation* table:
 - Click the Waivers check box if you are submitting waivers from all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach scanned images of the waivers.
 - Click the Service List check box if the Commission needs to issue a Notification of Application to all affected parties. The attached certified plat(s) must reference all affected parties you have identified. Attach a service list with names and mailing addresses of affected persons, including the applying operator.
 - Click the **Publication** check box if you have made a good faith effort to
 determine all affected parties to receive notice but were unable to locate the
 whereabouts of one or more persons who are required to be notified of an
 application.

- Attach a letter stating that you are unable, after due diligence, to locate the whereabouts of one or more persons who are required to be notified of an application.
- Attach a service list with names and mailing addresses of all affected persons, including the applying operator.
- As specified in SWR 3.38, you must publish a Commission-supplied notice once a week for two consecutive weeks in a newspaper of general circulation in the county of the well location.
- At the end of this publication period, you must submit to the Commission a publishers affidavit that records this publication. E-mail a scanned image of this affidavit to: <u>SWR37@rrc.texas.gov</u>, or mail a hard copy of the affidavit to Railroad Commission of Texas, Drilling Permits Section, P.O. Box 12967, Austin TX 78701.
- For an application requiring publication, please be aware that the normal application period is approximately six weeks.
- o Your permit is NOT granted until the publishers affidavit is received.
- Click the Hearing Requested check box, if in good faith, you anticipate a protest
 to the permit application. Attach a hearing service list with names and mailing
 addresses of all affected parties, including the applying operator.
- 4. Click the **Save** button.

2.1.4.6 SWR 39 Exception

To resolve a SWR 39 exception:

- If a SWR 39 exception was previously granted for this lease, enter the Docket Number or memo date granting the exception on the Field Details page. See <u>Section 2.1.3.5</u> for more information about resolving a SWR 39 exception on the Field Details page.
- 2. If a SWR 39 exception was <u>not</u> previously granted for this lease:
 - a. Click the **Exceptions** tab. The *Exceptions* page displays.



- b. On the Exceptions tab, click the Hearing Requested check box.
- c. Attach a hearing service list with names and mailing addresses of all affected parties, including the applying operator.



NOTE: To determine affected parties, refer to the notification requirements for a SWR 38 exception. See <u>Section 2.1.4.4</u> for more information.

d. Click the Save button.



NOTE: A *SWR 39* exception can be granted administratively only when the tracts involved are separated by a long, narrow right-of-way such as a road or railroad line.

2.1.5 Attachments Page

Except for Service Lists, attachments that support a drilling permit application must be in PDF or TIF format.



IMPORTANT: TIFF format is not accepted.

Service List attachments are accepted in the following formats:

- CSV (Microsoft Access Comma Separated Values)
- DOC (Microsoft Word 97-2003)
- DOCX (Microsoft Word)
- PDF
- TIF



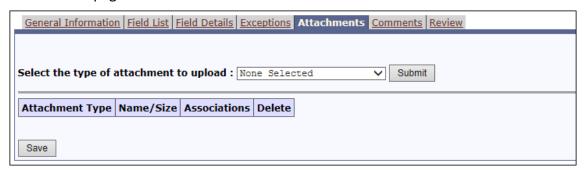
IMPORTANT: TIFF format is not accepted.

Attachments can be a maximum of 4MB in size.

All scanned images should be scanned on a flatbed scanner with a resolution sufficient to ensure that all the text is readable in the image (200 or 300 dpi is usually fine). Be certain the plat is correctly aligned to be flush with corners. A 24-bit size is the minimum acceptable.

Multiple page forms such as Form P-12, *Pooling Authority*, may be either one image of multiple pages (possible if using a multi-page scanner) or consist of several separate image files.

Select the **Attachments** tab. If there are currently no attachments associated with the permit, the *Attachments* page contains no information.

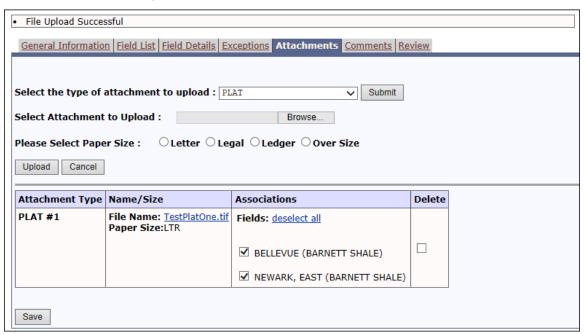


The message area at the top of the page lists what attachments are required for a complete permit application.

1. Select the type of attachment you are uploading (e.g., log, plat, P-12, SWR 38 data, service list, W-1A, or other) and click the **Submit** button. The system redisplays the page with a *Select Attachment to Upload* data field.



- 2. Locate the file to be uploaded using one of the following methods:
 - Enter a complete path and file name in the text box.
 - Click the **Browse** button. In the *Choose File* dialog box, navigate to and select the file, and click the **Open** button.
- 3. If the attachment is a plat, select the paper size of the hardcopy version to ensure the plat will print at the correct scale during application review. Plats can be letter (8 ½ by 11), legal (8 ½ by 14), or ledger (11 by 17) size. For plats of a larger size, contact the Drilling Permits section.
- 4. Click the **Upload** button. The attachment type and file name display in the attachments table after the file is successfully uploaded. (Click the **Cancel** button to cancel the attachment action.)





NOTE: If the system kicks you out and fails to attach the file, confirm that the file name does <u>not</u> contain special characters (i.e., ..., &, *, #, etc.). The system does not recognize special characters as part of a file name and rejects your attachment.

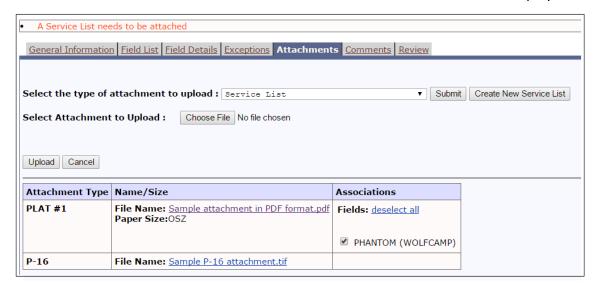
Also, the system generates an error when the file name contains more than 80 characters.



5. If you need to remove the association of a field from an uploaded plat, click the field check box in the *Associations* column.

An uploaded plat is initially associated with all the fields on the application. All fields must be associated with at least one plat and, conversely, all plats must be associated with a field.

- 6. If you need to create a new service list in the CSV format:
 - a. Use the drop-down list to select **Service List** as the type of attachment.
 - b. Click the Create New Service List button. The Service List section displays.

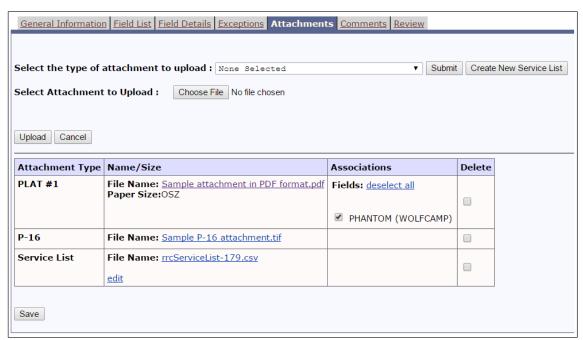


c. For each person or entity on the service list, enter name and address, and click **Save**. The saved entry displays in the *Current Service List* section.



d. When you have entered all the parties on the Service List, click **Return**.

The system automatically creates and names the CSV file. As shown in the image below, the created Service List displays in the list of uploaded attachments.



7. You can remove any of the attachments from the permit application by clicking the check box in the *Delete* column next to the attachment.



NOTE: If there is a field you want to delete from the permit application, you must first delete any attachments associated with it.

- 8. You can view an attachment at any time by clicking on the file name link.
- 9. After all attachments are uploaded or deleted and plats are associated with the correct field, click the **Save** button.

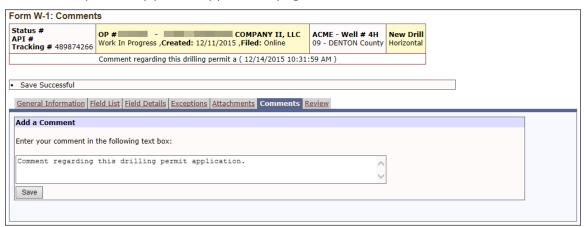
Next, go to the *Comments* page to enter remarks.

2.1.6 Comments Page

The *Comments* page provides a place to enter any remarks that would assist in the approval process. You can have only one comment. The text that appears in the *Comment* box accompanies the W-1 when it is submitted. Select the **Comments** tab.



- 1. Click inside the *Comments* text box and enter your remarks.
- 2. Click the **Save** button. The system returns the *Comments* page with the comment displayed at the top of the page, under the heading. The system displays the comment at the top of every permit application page.



Next, go to the *Review* page to review all data entered for the permit.

2.1.7 Review Page

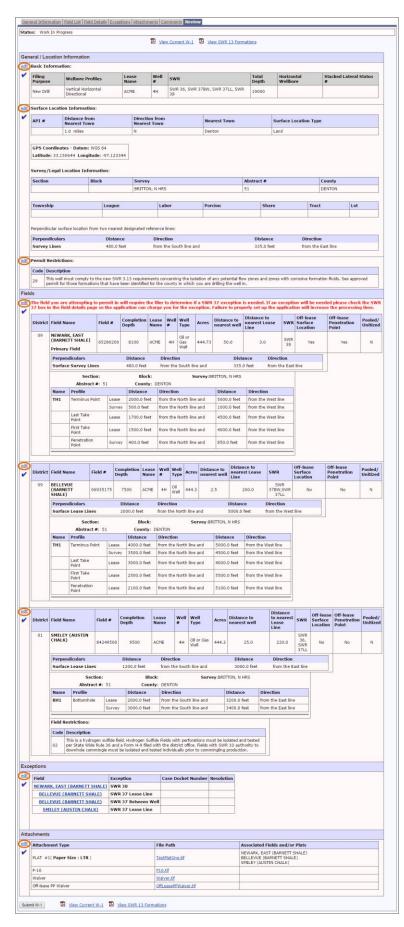
Select the **Review** tab. This page is a compilation of all the data entered on the permit:

• The left column shows the validation status of a specific set of information such as the general/location information, attachments, or exceptions. Also provided in this column is an *Edit* link, for quick access to the specific area. The validation status is displayed as either a red triangle ⚠ indicating that the area has not passed validation or a check mark indicating the area has passed validation. Until all areas show a check mark, the permit cannot be submitted.



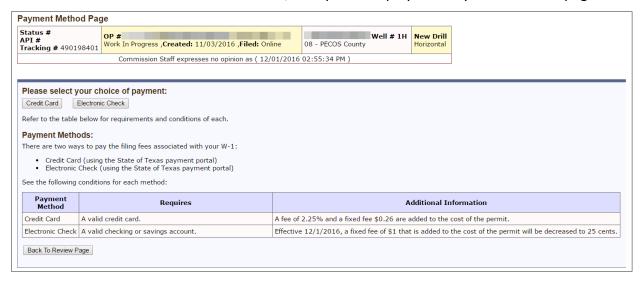
NOTE: 1) The check mark does <u>not</u> indicate that the entered information is correct. The system only validates that all data fields are complete and that the entered information does not conflict with the system's business rules. It is the applicant's responsibility to ensure that the entered data is correct to minimize problems in permit processing that may delay the issuance of the permit. **2)** You can click on the **View Current W-1** link and use the W-1 replica to review your online data closely to ensure that all information is correct.

- The right column displays the actual data entered. Editing is not allowed from the *Review* page. While the permit has a status of *Work In Progress*, each section of the *Review* page has an *Edit* link that when clicked, takes you to the page for that section.
- Details can only be edited on the pages from which they were entered. If a section of the *Review* page shows the problem flag △, click the **Edit** link to go to the particular editable page.
- 2. If the application includes fields with special field rules, go to the *Field Details* page to confirm that you do not need to indicate an SWR 37 exception.
- 3. After all problems have been resolved and each area on the *Review* page shows a check mark ✓, click the **Submit W-1** button. The permit application is submitted.



2.1.8 Payment

When the W-1 is error-free and submitted, the system displays the *Payment Method* page.



 Select Credit Card or Electronic Check as the payment method. The Payment page displays.



The *Texas.gov Price* (total payment amount) is indicated, along with an itemized breakdown of the fees. The drilling depth determines the permitting fee. There can be additional fees for exceptions to Statewide Rules, and there is a Payment Portal convenience fee.



NOTE: Before making a payment, confirm that the purpose of filing is correct and that the application is still needed. Once you make a payment for the application, you cannot receive a refund for an incorrect or unnecessary application as defined in SWR 78.



NOTE: If you pay with a credit card, the transaction will be assessed using the following formula: ((RRC Amount + \$.25) * .0225) + \$.25. For example, if you pay a fee of \$100, the assessment is \$2.51, and you are charged a total of \$102.51.

If you pay with an electronic check, \$.25 will be added to the fee total.

- 2. Click the **Make Payment** button to proceed to the Texas Online Payment Portal secure site for processing your payment. Read the browser requirements to make sure you are using a browser that supports the level of security in the Payment Portal.
- 3. Complete the Texas Online Payment Portal pages with your credit card information (the online Payment Portal accepts Visa, MasterCard, American Express, and Discover) or e-check information and click the **Submit** button.

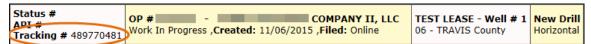


NOTE: The credit card information in step 3 is only for online payments processed through the Payment Portal. If you later need to pay additional fees, you can call the <u>RRC Public Sales department</u>. The RRC Public Sales department only accepts Visa and MasterCard. If you apply for a drilling permit via mail, the RRC accepts Visa, MasterCard and checks.

4. On the *Payment Processed* page, the system displays a success message in the message area indicating that the payment processed successfully along with an authorization number, a trace number, and the total amount paid. If you supplied an email address when you registered to file online, a statement displays that an email was sent to that address, which contained the trace and authorization numbers.

At this point the W-1 is submitted to the Commission and assigned a status number. This status number becomes the permit number once the application is approved. You can track the approval process of your permit using the Drilling Permit Query. (See <u>Section 3.1</u> for more information about this query.)

If you have a successful payment, but the application remains in the *Work In Progress* list, contact the <u>RRC Drilling Permits section</u> with the tracking number. The tracking number can be found in the application header.



2.2 Filing (Recompletion, Reclass, Field Transfer, or Re-enter)

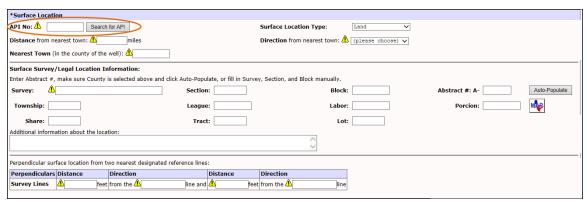
When using the Drilling Permits system to file a W-1, the only difference in filing for a recompletion, reclass, field transfer, or re-enter drilling versus a new drill permit is that an API number is required on the *General Information* page.



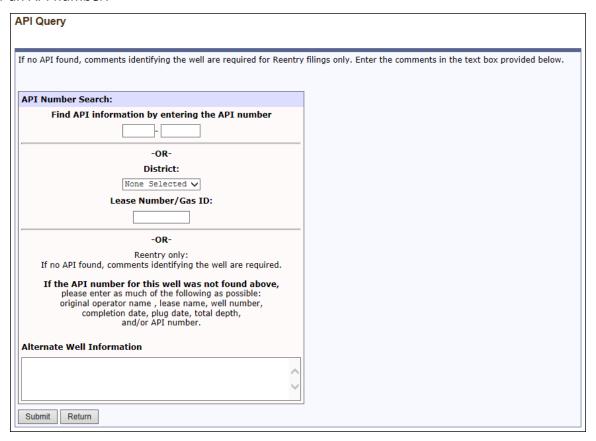
NOTE: Required paperwork/attachments may be different for each purpose of filing, for instance, for a Field Transfer. In order to change completion papers after validation, you must apply by letter to Technical Permitting for a Field Transfer. You must show that the well is not in the correct field. Once Technical Permitting approves the field transfer, you must file a new W-1 with **Field Transfer** selected as the *Purpose of Filing* and include a copy of the approved field transfer letter, file a G-2/W-2 noting the field change, and file a P-4 reflecting the change.

Enter the API number using one of the following methods.

- In the API No. field, enter the valid API number.
- If you do not know the API number, click the **Search for API** button. The system displays the *API Query* page.



The API Query page provides a search by API number or by district and lease number. To search for an API number:

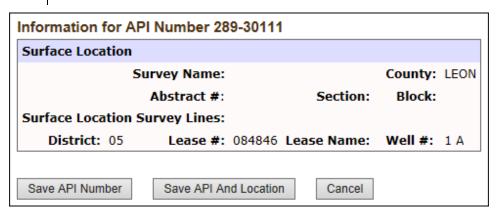


- 1. If you know the API number, enter it.
- 2. If you do <u>not</u> know the API number, select the *District* for the well and enter the *Lease Number/Gas ID* number.
- 3. If the well is a reentry, and no API was found, you must enter comments identifying the well in the *Alternate Well Information* field. This information can be the original operator name, lease name, well number, completion date, plug date, total depth, and/or API number.

4. Click the **Submit** button. The system either finds the API number or it verifies the API number you entered and displays the surface location type, survey, block, and abstract number of the well site at the bottom of the page.



TIP: Use the **Return** button to return to the *General Information* page without searching for an API number.



- 5. To select an API number and return to the *General Information* page, use <u>one</u> of the following methods:
 - Click the **Save API Number** button. The system populates the API number on the *General Information* page.
 - Click the **Save API and Location** button. The system populates the API number and all of the surface location information on the *General Information* page.
 - TIP: To clear the API Query page without selecting an API number, click the Cancel button.

2.2.1 Recompletion Permits

You must select **Recompletion** as the *Purpose of Filing* when working over an existing wellbore to complete in a different field/reservoir or deepening the wellbore beyond its original, approved vertical depth in the same field. An API number is required.



2.2.2 Re-entry Permits

You must select **Reenter** as the *Purpose of Filing* when going back into a wellbore that has been plugged to the surface. An API number is required.



2.2.3 Field Transfer Permits

You must select **Field Transfer** as the *Purpose of Filing* when transferring a well from one field to another. No work should have been done to the wellbore. An API number is required.



2.2.4 Reclass Permits

You must select **Reclass** as the *Purpose of Filing* when changing an existing well originally permitted only as injection/disposal or other service well to an oil or gas producing well or changing an existing well in the Panhandle East or West fields from oil to gas or gas to oil production. No work should have been done to the wellbore. An API number is required.



2.3 Amend Approved Permit (W-1)

There are many reasons why an approved permit may require amending. Minor changes such as an operator name change, well number change, or lease name change can be done as an amended permit, or these changes can wait until the time of completion. The main reasons for filing an amended permit are:

- To change the well location.
- To add fields.
- To change the well depth.
- To make the well into a pooled unit or change it from a pooled unit to a standalone.
- To respond to a RRC Engineering Unit request for reasons such as when a directional well runs too close to a lease line.



NOTE: If the permit is being amended due to a request from the RRC Engineering Unit or Well Compliance department, attach a screenshot to the amended permit of the email message request from the RRC. The RRC Drilling Permits section may need this information to process the amendment. See Section 2.1.5 for information about attachments.

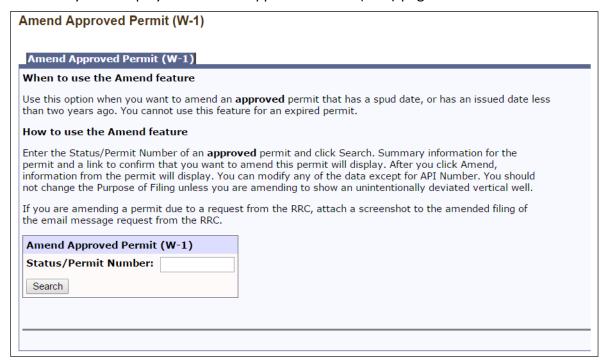
You can modify any data when amending a permit except for the API number. You should <u>not</u> change the *Purpose of Filing* unless you are amending to show an unintentionally deviated vertical well. You must upload new attachments for the amended permit, and new fees apply to the amended filing.

If you are not sure of the permit number of the permit to be amended, use the Drilling Permit Query to find it. See <u>Section 3.1</u> for more information about using this query. Be sure that amending an approved permit is the correct action to take.

The following steps describe how to amend an approved permit.



1. Select the **Amend Approved Permit (W-1)** option from the Drilling Permits Main Menu. The system displays the *Amend Approved Permit (W-1)* page.



- 2. Enter the Status/Permit Number to amend.
- 3. Click the **Search** button. The system redisplays the page showing identifying information for the permit number that was entered.



- 4. Click the **Amend** link. The system displays the *General Information* page of the permit.
- 5. Enter or edit the data as described in the previous sections.

2.3.1 When You Cannot Amend a Drilling Permit

You cannot amend expired or closed drilling permits.

2.3.1.1 Expired Permits

You cannot amend a drilling permit that has expired. If the well is not spudded, a drilling permit expires two years after the date it is approved and issued.



NOTE: If you spudded the well before the permit expired, report the date to your District Office. They will update the Commission's records to reflect an active permit that has not expired.



NOTE: Although you cannot amend an expired permit, you can reapply for the permit. See <u>Section 2.5</u> for more information about reapplying for an expired permit.

2.3.1.2 Closed Permits

You cannot amend a drilling permit that is closed. For example, a drilling permit is closed after any of the following forms are filed with the Commission:

- Form W-2 Oil Well Potential Test, Completion or Recompletion Report, and Log
- Form G-2 Gas Well Back Pressure Test, Completion or Recompletion Report, and Log
- Form W-3 Plugging Report

To determine whether a permit is closed, use the Drilling Permit Query to view the *Form W-1* page. See <u>Section 3.1</u> for more information about using this query. As shown in the image below, at the top of the *Form W-1* page, a closed permit has a *Completion Information* section, with a value in the *Well Status Code*.

Completion Information				
Well Status Code	Spud Date	Drillin	ng Completed	Surface Casing Date
W - Final Completion	09/29/2014	10/14/2014		10/01/2014
Field Name	Completed We	ell Type	Completed Date	e Validated Date
SUGARKANE (EAGLE FORD)	Gas		10/14/2014	06/29/2015



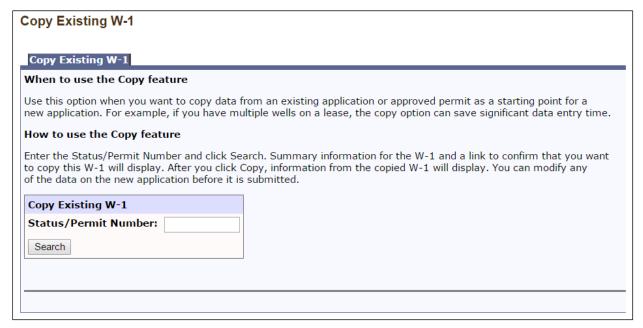
NOTE: If you attempt to amend a permit, but the permit is closed, contact the <u>RRC Well Compliance section</u> to determine whether the permit can be reopened.

2.4 Copy Existing W-1

You can use an existing submitted permit as a starting point (or template) to file a new W-1. This feature is intended as a timesaving convenience to begin a new W-1 application that is a mirror image (or "duplicate" copy) of the significant data from an older W-1 application. This feature proves useful in large multi-well leases/units and in drilling areas where only minor differences (such as depth and surface location) exist between the two applications. Simply change the data that is unique to the current filing. Attachments from the original filing are not copied or attached.

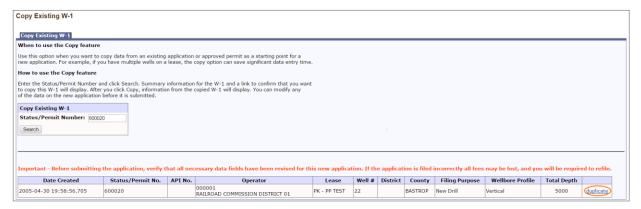


1. Select the **Copy Existing W-1** option from the Drilling Permits Main Menu. The system displays the *Copy Existing W-1* page.



2. Enter the Status/Permit Number to copy.

3. Click the **Search** button. The system redisplays the page populated with identifying information for the permit entered.



- 4. Click the **Duplicate** link. The system displays the *General Information* page of the permit.
- 5. Enter or edit the data as described in the previous sections.

2.5 Reapply for Expired Permit

A drilling permit expires two years after the date it is approved and issued. You can reapply for an expired permit in the following scenarios:

- The purpose of filing is *New Drill*, and the well was not spudded.
- The purpose of filing is Recompletion.
- The purpose of filing is *Reenter*.



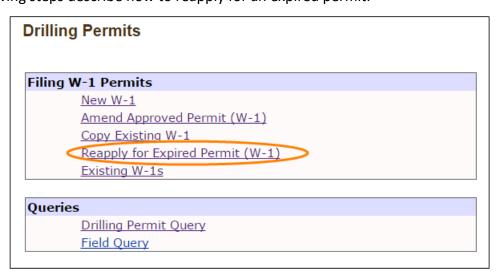
NOTE: If you spudded the well before the permit expired, report the date to your District Office. They will update the Commission's records to reflect an active permit that has not expired. Use the amendment process if the active permit needs any changes. See <u>Section 2.3</u> for more information about how to amend an approved permit.

For a permit where the purpose of filing is *New Drill*, you can keep the same API number when you reapply for the expired permit. This process is different from copying the permit, which would create a new API number for a *New Drill* application. See <u>Section 2.4</u> for more information about how to copy an existing W-1.

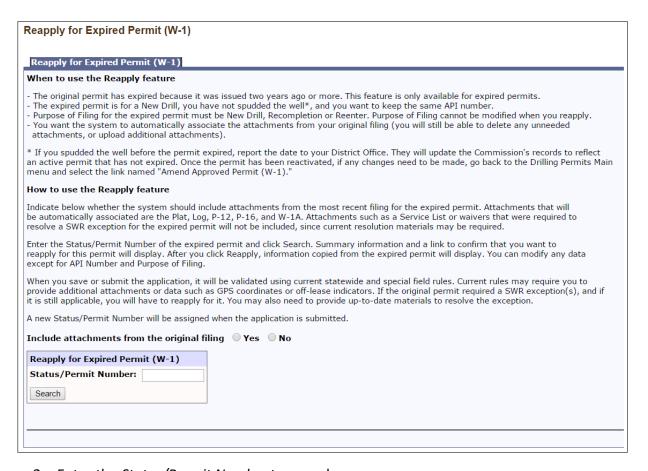
When reapplying for an expired permit, you cannot change the *Purpose of Filing*. You can choose to associate attachments from the most recent filing for the expired permit. A new *Status/Permit Number* is assigned when the application is submitted. New fees apply to the reapplication filing.

If you are not sure of the expired permit number, use the Drilling Permit Query to find it. See Section 3.1 for more information about using this query. Be sure that reapplying for an expired permit is the correct action to take.

The following steps describe how to reapply for an expired permit.



1. Select the **Reapply for Expired Permit (W-1)** option from the Drilling Permits Main Menu. The system displays the *Reapply for Expired Permit (W-1)* page.



- 2. Enter the Status/Permit Number to reapply.
- 3. Click **Yes** or **No** to indicate whether the system will associate attachments for the original filing to the new permit. If you select **Yes**, attachments that are automatically associated are the *Plat*, *Log*, *Form P-12 Certificate of Pooling Authority*, *Form P-16 Acreage Designation*, and *Form W-1A Substandard Acreage Drilling Unit Certification*.
 - Attachments such as a Service List or waivers that were required to resolve a SWR exception for the expired permit are not included, since current resolution materials may be required. You can delete any unneeded attachments or upload additional attachments.
- 4. Click the **Search** button. The system redisplays the page showing identifying information for the permit number that was entered.



- 5. Click the **Reapply** link. The system displays the *General Information* page of the application.
- 6. Enter or edit the data as described in the previous section.

When you save or submit the application, it is validated using current statewide and special field rules. Current rules may require you to provide additional attachments or data such as GPS coordinates or off-lease indicators.

If the original permit required a SWR exception(s), and if it is still applicable, you must reapply for the exception. You may also need to upload up-to-date materials to resolve the exception. See <u>Section 2.1.4</u> for more information on resolving exceptions.

2.5.1 When You Cannot Reapply for a Drilling Permit

You cannot reapply for active or closed drilling permits.

2.5.1.1 Active Permits

You cannot reapply for a drilling permit that is active. If the well has been spudded, the drilling permit remains active until it is closed, even if it was issued more than two years ago.

2.5.1.2 Closed Permits

You cannot reapply for a drilling permit that is closed. For example, a drilling permit is closed after any of the following forms are filed with the Commission:

- Form W-2 Oil Well Potential Test, Completion or Recompletion Report, and Log
- Form G-2 Gas Well Back Pressure Test, Completion or Recompletion Report, and Log
- Form W-3 Plugging Report

To determine whether a permit is closed, use the Drilling Permit Query to view the *Form W-1* page. See <u>Section 3.1</u> for more information about using this query. As shown in the image below, at the top of the *Form W-1* page, a closed permit has a *Completion Information* section at the top of the screen, with a value in the *Well Status Code*.

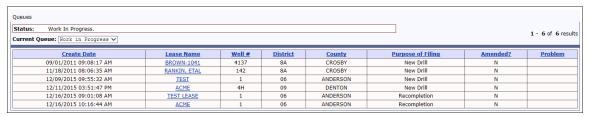
Completion Information				
Well Status Code	Spud Date	Spud Date Drilling Completed		Surface Casing Date
W - Final Completion	09/29/2014	10/14/2014		10/01/2014
Field Name	Completed We	ell Type	Completed Date	e Validated Date
SUGARKANE (EAGLE FORD)	Gas		10/14/2014	06/29/2015

2.6 Existing W-1s

This option allows you to view lists of all pending, approved, or work in progress drilling permit applications.



Select the Existing W-1 option from the Drilling Permits Main Menu. The system allows
you to see lists of all of your existing permits that are approved, pending approval, or
work in progress status.



2. When the page is displayed, it shows all of your W-1 applications that are in a *Work In Progress* status. To see *Approved* permit applications, select **Approved** from the *Current Queue* drop-down. Select **View All Pending** to see all permit applications that have been submitted but are not yet approved.



NOTE: Work In Progress applications are only viewable by the operator to which they belong.

If your application is in *Work In Progress* status, but you have attempted to make a payment, contact the <u>RRC Drilling Permits section</u> with the tracking number. The tracking number can be found in the application header.



- 3. You can sort the list by *Create Date, Lease Name, Well #, District, County, Purpose of Filing, Amended* (Yes or No), and *Problem* (Yes or No) by clicking on the column header name.
- 4. To view one of the W-1s, click on the *Lease Name* link. The system displays the *Review* page for that permit application. This page may contain links to an image of the current W-1 that is created by the system and to an image of the actual permit after the W-1 is approved.

2.7 RRC Approval Process

RRC staff review and process all submitted permit applications. If there are problems with your application, you will receive an email stating the issues. If there are no problems or when all problems are resolved, the RRC sends an email notifying you that your permit has been approved. The email contains a link to your drilling permit *Review* page. From this page, you can access links to a W-1 template containing the data you submitted on your application and to the approved drilling permit, both in PDF file format. These files can be viewed, downloaded, or printed for your records. A copy of the approved drilling permit is also mailed to the operator of record.

If you submit your W-1 via mail, all communications from the RRC regarding the application will be by mail.

3.0 QUERIES

3.1 Drilling Permit Query

You can search for W-1 applications that have been approved or those in the process of being approved. You can also search for permits that were withdrawn, dismissed, denied, as well as other status conditions. The search can be done by permit number, depth, date, county, district, filing purpose, and other permit attributes.

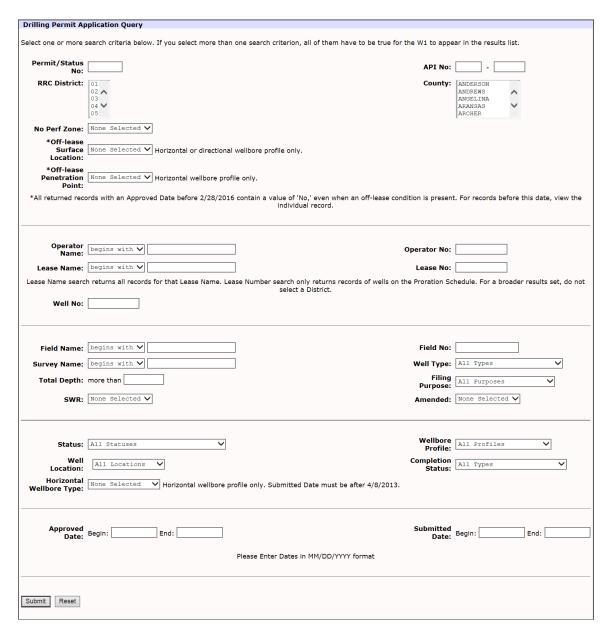
For any query, only one search criterion is required. However, entering more criteria narrows the search to fewer results. All criteria entered must be true for the W-1 to appear in the result list.



NOTE: Work In Progress W-1s do not appear in any query results except in the filing operator's Existing W-1 search. See the Existing W-1s section (Section 2.6) and the RRC Approval Process section (Section 2.7) for more information.

For some of the criteria, you can expand your search results by using one of the options in the preceding drop-down lists:

- contains searches through the entire name record to find a match of the characters you enter.
- begins with searches the first few characters of the name records to find a match.



For alphabetic search criteria, such as operator name or lease name, enter at least three characters, the second or third of which can be a space. Entering more characters retrieves more specific search results.

For numerical search criteria, such as permit number or operator number, enter all the digits of the number.

Click **Submit** when you finish entering search criteria.



TIP: Click **Reset** if you need to erase all the entered search criteria and start over before submitting the query. Text boxes are cleared, and drop-down values return to their default values.

3.2 Field Query

This page allows you to search for fields and view the field rules associated with them. You can search by county, field number, or docket number, or search by field name.



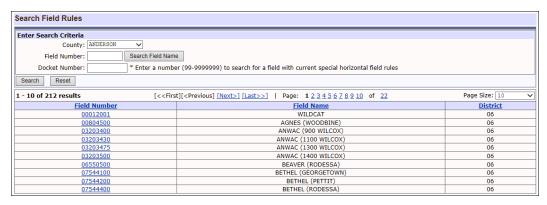
3.2.1 Search by County, Field Number, or Docket Number

You can search for fields by county, field number, or docket number.

- 1. Enter one or more of the following search criteria. Only one search criterion is required.
 - a. Use the County drop-down list to select the county that contains the field.
 - b. Enter the Field Number.

If you do not know the field number, you can find it by searching by the field name. Click the **Search Field Name** button. For more information about using the field name to find the field number, see Section 3.2.2.

- c. Enter the Document Number.
- 2. Click the **Search** button. The system displays a list of all fields that match your search criteria.

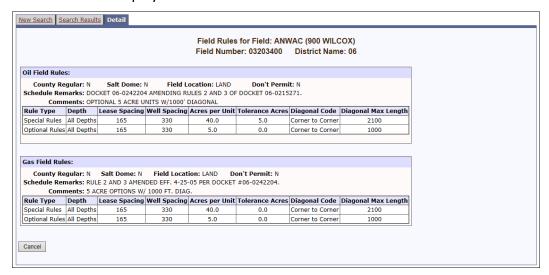


Click a Field Number link to view its field rules. The system displays the field rules for that field.

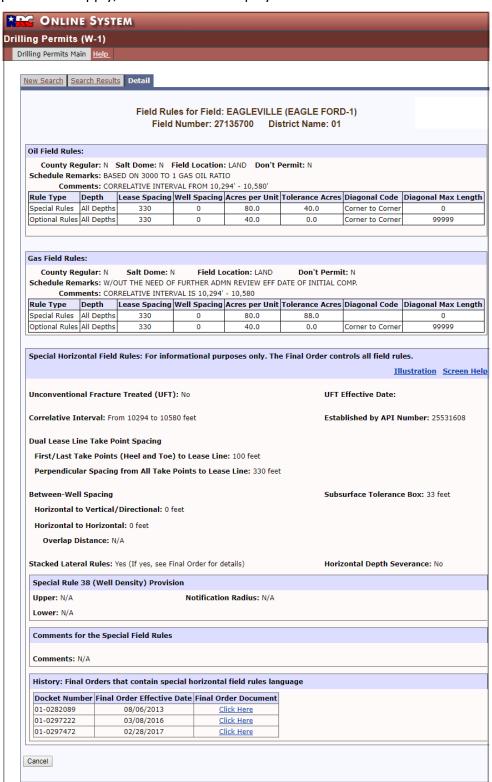


NOTE: You can click the **New Search** tab to return to the initial search criteria screen or click the **Search Results** tab to return to the list of fields that match your search criteria.

The *Details* tab displays the field rules.



If special rules apply, those rules also display.





TIP: For more information about fields with special horizontal field rules, you can click the **Illustration** link or **Screen Help** link in the *Special Horizontal Field Rules* area.

4. To view the *Final Order Document* for fields with special rules, click the link in the *History* area.

3.2.2 Search by Field Name

You can find the field number by searching by the field name. Then the system uses the field number to search for the field rules.



- 1. In the *Enter Search Criteria* screen, click the **Search Field Name** button. The *Select Field* screen displays.
 - i

TIP: You can also search by field number on this screen. In the *Search by Field Number* area, enter the *Field No.* and click the **Search** button.



- 2. In the Search by Field Name area, specify one of the following types of selection criteria to use:
 - Beginning with these characters: Searches the first few letters of the field name for the letters you specify. Enter a minimum of three characters. For example, to find the Carthage field, enter CAR.
 - Containing these characters: This is a wildcard search. Type in whatever letters you want to match in the query. For example, to find all fields with a reservoir of Austin chalk, enter Austin.
 - Matching these characters exactly: Enter the full field name.
- 3. Enter the partial or full *Field Name*.

4. Click the **Search** button. The system displays a list of all fields that match your search criteria.



- Select a field for which to view field rules.
- 6. Click the **Set Field Number** button. The system uses the field number of the selected field to populate the *Field Number* in the *Enter Search Criteria* screen.



7. Click the **Search** button. The system displays the field that matches the field number.

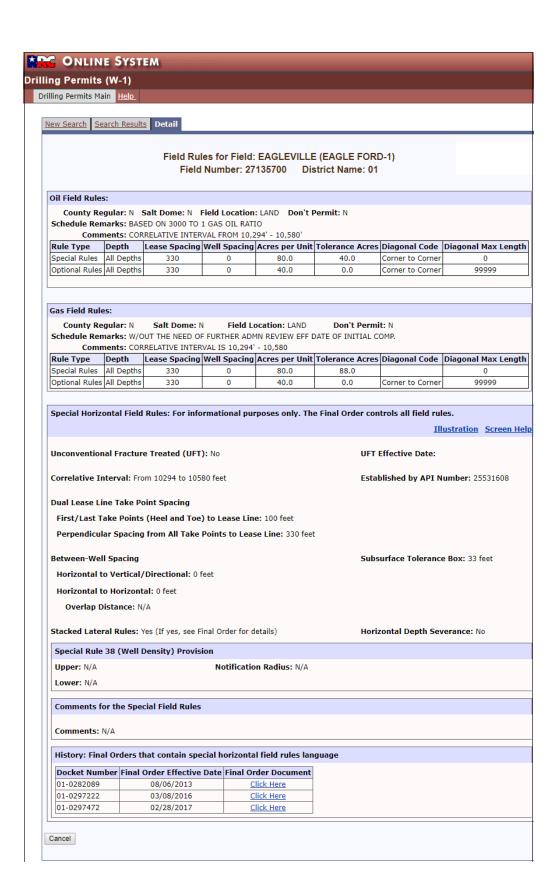


8. Click a **Field Number** link to view its field rules. The system displays the field rules for that field.



NOTE: You can click the **New Search** tab to return to the initial search criteria screen or click the **Search Results** tab to return to the list of fields that match your search criteria.

The *Details* tab displays the field rules. If special rules apply, those rules also display.





TIP: For more information about fields with special horizontal field rules, you can click the **Illustration** link or **Screen Help** link in the *Special Horizontal Field Rules* area.

9. To view the *Final Order Document* for fields with special rules, click the link in the *History* area.

4.0 Getting Help

You can contact the RRC to request assistance with the Drilling Permits (W-1) system.

- For general assistance or questions about payments, contact the RRC Drilling Permits section at DrillingPermits-Info@rrc.texas.gov or 512-463-6751.
- For questions about required amendments, the correct purpose of filing (recompletion, reclassification, field transfer, or re-entry filings), or a specific field, contact the RRC Well Compliance section at <u>prorationunit@rrc.texas.gov</u> or 512-463-6975.
- For questions about P-5 filings, contact the RRC P-5 section at p5@rrc.texas.gov.
- If you successfully submit and pay for a drilling permit application but later need to pay additional fees, contact the RRC Public Sales department at 512-463-6882.

Appendix A: Form W-1 Instructions-Application for Permit to Drill, Recomplete or Re-Enter

REFERENCE: Statewide Rules 5, 36, 37, 38, 39, 40 and 86

09/2016

A. COMPLIANCE. In order to file a Form W-1 (APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER) you must have a current Form P-5 (Organization Report) and financial assurance on file with the Railroad Commission of Texas (RRC) and be in compliance with all RRC rules and orders. DO NOT BEGIN DRILLING OPERATIONS UNTIL YOU HAVE RECEIVED AUTHORIZATION FROM THE RRC. Operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit of the RRC, or its predecessor or successor agencies. If you wish to deviate from the recommendation given by the Groundwater Advisory Unit you must apply for a Statewide Rule (SWR) 3.13 surface casing exception from the RRC District Office that oversees your area.

B. WHERE AND WHAT TO FILE. File with the RRC in Austin the original Form W-1 application package, which consists of the completed Form W-1, fee payment, plat, completed Forms W-1D, Supplemental Directional Well Information or W-1H, Supplemental Horizontal Well Information as necessary, and other documents as required by Statewide or Field Rules. For fees, make check or money order payable to Railroad Commission of Texas. For information on use of credit cards visit the RRC website at http://www.rrc.state.tx.us/about-us/resource-center/research/data-sets-available-for-purchase/credit-cards/. The SWR 37/38 exception fee covers one or more exceptions on the same application; if other than a "new drill," provide the original exception case or docket number. Fees are non-refundable or transferrable. The RRC may waive fees if an amended application is filed at the request of RRC. Before you may file computer-generated paper Forms W-1, the RRC must approve the template. You may also electronically file drilling permit applications. For current fees and surcharges visit the RRC website at http://www.rrc.texas.gov/oil-gas/applications-and-permits/fees-surcharges.

C. Filling out the Form W-1

In the box at the top left-hand corner of the Form W-1, enter, if assigned or as applicable, the API number, permit number (if purpose of filing is for an amendment to an already approved permit), If the API number is not known, in "Operator Remarks" area, provide the original operator, lease, and well identification and date of original completion or plugging.

Items 1-3 should be filled out exactly as it has been filed with the Form P-5.

The **LEASE NAME (Item 4.)** if it has already been established, should reflect exactly how it is carried on the proration schedule. If this is the first well on a lease the way the name is formatted will be how each subsequent well on the lease should be filed.

WELL NUMBER (Item 5.) must be formatted as follows: You are allowed six spaces, the first space can be either Alpha or Numeric, second, third and fourth spaces are Numeric only and the fifth and six spaces are Alpha only. If there is a dash anywhere in the numeric spaces, the well number will be changed to "0".

GENERAL INFORMATION

PURPOSE OF FILING (Item 6.):

New drill is for a brand new well location.

Recompletion is working over an existing wellbore to complete in a different field/reservoir. Provide the projected—not measured--true vertical depth. For a plug-back recompletion, give the depth of the plug setting.

Re-entry is going back into a wellbore that has been plugged to the surface.

Reclassification is changing an existing well originally permitted only as injection/disposal or other service well to an oil or gas producing well or changing an existing well in the Panhandle East or West fields from oil to gas or gas to oil production.

Field Transfer is required when you wish to move an already completed well from one regulatory field to another regulatory field when no work is being done to the existing well. Provide a copy of the Field Transfer approval letter with the application.

Amended should be chosen if you are attempting to change something on a previously approved permit that has not been closed out with a completion report or expired. Operator name, lease name, well number and acreage can be changed at the time of completion. Amended as-drilled should be chosen if the original permit was filed as a vertical well and due to drilling complications the wellbore was unintentionally deviated. You must also submit a Form W-1D to reflect the as-drilled bottom hole location (BHL).

An amended permit requires a new Form W-1 and applicable fees as well as all supporting documentation. Include the original drilling permit number when filing an application for an amended permit.

WELLBORE PROFILE (Item 7.) Choose all profiles that apply for your application. Remember if more than one profile is chosen then a plat must be supplied that supports each wellbore profile. Check "sidetrack" only for New Drills, Recompletions or Re-entries, if applicable. File **FORM W-1D**, if the proposed well configuration will be directional with one or more bottom hole locations. File **FORM W-1H**, if the proposed well configuration will be horizontal with one or more terminus locations.

REQUIRED ANSWERS IF DIRECTIONAL OR HORIZONTAL PROFILE IS CHOSEN (Item 8.)

- **8a.** Check appropriate box that describes the location of your surface hole.
- **8b.** If you have chosen a horizontal profile check the appropriate box that describes the location of your penetration point into the permitted formation.
- **8c.** If your answer to 8b is yes choose all the appropriate boxes to describe how you are complying to the requirements concerning off-lease penetration points.

SPECIALIZED HORIZONTAL WELLBORE COMPLETION PERMITS (Item 9.) If you are attempting to apply for a PSA, Allocation or Stacked lateral check all boxes that apply. If the application you are filing is for a stacked lateral well please indicate the permit number of the "record" or "parent" well otherwise leave selections blank.

TRUE VERTICAL DEPTH (Item 10.) Provide the total vertical depth you wish to apply for not the proposed measured depth of the well. If for a recompletion, provide the projected—(not measured)-true vertical depth. If this is a plug-back recompletion, give the depth of the plug setting.

RIGHT TO DEVELOP (Item 11.) Indicate if you have the rights to develop under any right of way that may be located within your lease/unit boundary.

SURFACE LOCATION AND ACREAGE INFORMATION

RRC DISTRICT NO. (Item 12.) Provide the district number associated to the County the surface of the well is located in.

COUNTY (Item 13.) Provide the County Name for where the surface location of the well is being located.

SURFACE LOCATION (Item 14.) Check the appropriate box that best describes the location of the surface hole.

GEOGRAPHIC LOCATION OF YOUR WELL (Item 15.) Provide a distance and bearing from the nearest town in the county the well will be located. You must also provide geographic coordinates for the surface location of your well, no matter the purpose of filing. Choose the appropriate Datum and either provide X/Y(Northing/Easting) or Lat/Long coordinates.

LEGAL LOCATION INFORMATION (Items 16.-18. AND 22.) Provide all pertinent legal location information for the tract of land the surface hole will be located.

ABSTRACT NUMBER (Item 19.) If available, provide the abstract number associated to the survey the well is located.

NEAREST LEASE LINE (Item 20.) Provide the distance to the nearest lease line. For pooled units, if there is an unleased/non-pooled interest in a tract of the pooled unit that is nearer than the pooled unit line, give the distance to the nearest point on that unleased/non-pooled tract boundary.

Vertical wellbore profile that distance is from the surface location of the well.

Directional wellbore profile that distance is from the bottom hole location of the well.

Horizontal wellbore profile that distance is the nearest point to the lease line from the portion of the well between the first take point through to the last take point.

TOTAL NUMBER OF ACRES (Item 21.) Provide the total acreage in the lease, pooled unit or unitized tract you are filing on. Multiple tracts may be pooled together to meet minimum drilling unit acreage requirements. Complete and attach Form P-12, Certificate of Pooling Authority and ensure your plat supports the P-12 and the tract identifiers listed.

LEASE PERPENDICULAR CALLS (Item 23.) Provide 2 non-parallel lease line calls.

SURVEY PERPENDICULAR CALLS (Item 24.) Provide 2 non-parallel survey/section line calls. A county line should not be used to derive a call from unless that county line is actually a boundary to the survey/section.

POOLED UNIT (Item 25.) Is the acreage in Item 21 associated to a pooled unit? If yes you must submit a signed Form P-12.

UNITIZATION (Item 26.) Is the acreage in Item 21 formed by Unitization hearing? If so, provide the Docket number for that hearing.

SUBSTANDARD ACREAGE (Item 27.) If you are applying for a well on substandard acreage and are trying to get a permit approval without having to get a SWR 38 exception, attach a completed and signed Form W-1A, *Substandard Acreage Certification*.

FIELD INFORMATION

RRC DISTRICT NO. (Item 28.) Include the district number of the field you wish to complete in. This number may be different from the district number in Item 12.

FIELD NO. (Item 29.) Add the field number associated with the field you are applying for. Note that a field may be associated to different districts which will have a different field number. Ensure the correct field number is provided. If you need more room use the Form W-1 Field Information Addendum Page.

FIELD NAME (Item 30.) Provide the field name exactly as it is shown on the RRC proration schedule.

WELL TYPE (Item 31.) Use the following codes for Well Type: O = oil; G = gas; B = oil and gas; I = injection/disposal; R = storage; S = service; V = water supply; C = cathodic protection; T = exploratory test (core, stratigraphic, seismic, sulfur, uranium).

COMPLETION DEPTH (Item 32.) Enter the approximate completion depth at which you may complete in each field listed. This depth must be less than or equal to the Total Vertical Depth In Item 10.

DISTANCE TO NEAREST WELL IN RESERVOIR (Item 33.) Required only for wells identified as oil or gas in Item 31 and includes distance to any applied for, permitted location or completed well in the regulatory field being applied for.

NUMBER OF WELLS ON LEASE IN THIS RESERVOIR (Item 34.) Provide the total combined number of oil and gas wells only (include all applied for, permitted locations and completed wells). Do NOT include injection, disposal or other types of service wells.

REQUESTS FOR EXCEPTIONS AND REQUIREMENTS OPERATOR MUST COMPLY WITH

REQUIREMENTS THAT OPERATOR MUST COMPLY WITH IF APPLICABLE TO THE INTENDED OPERATION BEING APPLIED FOR.

REQUESTS FOR SWR EXCEPTIONS (Item 35.) The proposed location must be "regular" in terms of the RRC's spacing (Rule 37 or field rules) and density (Rule 38 or field rules) requirements for each listed field; otherwise, an exception to those requirements must be sought. Answer all questions that apply to this application. With your application remember to include waivers, a service list or supporting information for a request of unaffected status. See below for explanation of regular location and location requiring an exception. Any request for Publication must be accompanied by a Due Diligence letter explaining why you need to publish the notice instead of relying on direct notification. The Service List is still required.

REGULAR locations are in accordance with either (1) statewide spacing minimums – 467′ from the nearest lease line and 1,200′ from the nearest well (applied for, permitted or completed) on the same lease in the same reservoir and statewide density minimums – 40 acres; (2) spacing and density minimums, (which may vary according to depth) for County Regular Fields (Districts 7B, 9, and McCulloch County), where there are no field rules and the proposed depth is 5,000′ or shallower; or (3) spacing and density standards set out in special rules for the field. Field and County Regular rules are available on the Internet at www.rrc.texas.gov.

EXCEPTIONS to minimum standard spacing and density requirements may be requested. The application requires a certified plat with the names of the affected offsets clearly labeled and a list of the names and addresses of the affected parties. a certified plat with the names of the affected offsets clearly labeled and a list of the names and addresses of the affected parties. To view SWR 37 and 38, visit the Texas Secretary of State website at Detailed instructions for SWR 37 and 38 exceptions can be found at http://www.rrc.state.tx.us/media/29099/drilling-permits-statewide-rule-37-38-exceptions.pdf.

NOTE: If you penetrate a SWR Rule 37 or SWR38 field/reservoir not listed on the application, you will not necessarily be allowed to use the existence of this wellbore as justification for an exception to complete this wellbore in such field/reservoir in the future.

ACREAGE – OTHER

If pooled or unitized through a hearing and the Docket number is noted in Item 24 of Form W-1, no Form P-12 is needed.

<u>Substandard Acreage</u>: Complete and submit a Form W-1A, Substandard Acreage Drilling Unit Certification, with the first and only well on a substandard tract or lease, and when using surplus acreage as a substandard pooled unit.

<u>Contiguous Acres</u>: SWR 39 requires that all acres being assigned to the well from the lease or pooled unit be contiguous. If a SWR 39 exception has already been granted for the subject lease or unit, provide the docket number and issuance date in the box in the upper left-hand corner of the Form W-1.

PLAT. All drilling permit applications must be accompanied by a legible, accurate plat, at a scale of 1'' = 1,000' or 1'' = 2000' and showing at least the lease or pooled unit line nearest the proposed location outlined on the plat using either a heavy line or crosshatching AND the nearest section/survey lines. The plat for the initial well on a lease or pooled unit must be of the entire lease or unit (including all tracts being pooled). The plat for subsequent wells on the pooled unit for which a Form P-12 is required must show the entire pooled unit. If necessary, submit the large area plat at a scale of 1'' = 2,000' showing the entire lease.

For **all plats** the following must be included: the geographic location information, including the Latitude/Longitude or X/Y coordinates in the NAD 27, NAD 83, or WGS 84 coordinate system of the surface location, a labeled scale bar and northerly direction arrow.

For vertical wells, the plat shall include the following:

- (A) the surface location of the proposed drilling site;
- (B) perpendicular lines providing the distance in feet from the two nearest non-parallel survey/section lines to the surface location;
- (C) perpendicular lines providing the distance in feet from the two nearest non-parallel lease lines to the surface location;
- (D) a line providing the distance in feet from the surface location to the nearest point on the lease line, pooled unit line, or unitized tract line. If there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, the nearest point on that unleased tract boundary shall be used. If well is directional the distance is taken from the bottomhole;
- (E) a line providing the distance in feet from the surface location to the nearest oil, gas, or oil and gas well identified by number either applied for, permitted, or completed in the same lease, pooled unit, or unitized tract and in the same field and reservoir. If well is directional the distance is taken from the bottomhole.

For horizontal wells, the plat shall include the following:

- (A) the surface location of the proposed drilling site, penetration point, first take point, last take point, and terminus location;
- (B) perpendicular lines providing the distance in feet from the two nearest non-parallel survey/section lines to the surface location;

- (C) perpendicular lines providing the distance in feet from the two nearest non-parallel lease lines to the surface location; if location is off-lease, then provide the distance in feet from the two nearest non-parallel survey/section lines to the surface location;
- (D) a line providing the distance in feet from the horizontal wellbore between and including the penetration point and the terminus location to the nearest point on the lease line, pooled unit line, or unitized tract line. If there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, the nearest point on that unleased tract boundary shall be indicated. A line providing the distance in feet from the horizontal wellbore between and including the first take point and the last take point to the nearest point on the lease line shall be indicated. If there are multiple leases, pooled units and/or unitized tracts closer to the horizontal course(s) of the drainhole(s) than allowed by the applicable spacing rule, then the operator shall provide the distance in feet from the closest take point to each such tract;
- (E) a line providing the distance in feet from the wellbore from the penetration point through the terminus location to the nearest oil, gas, or oil and gas well identified by number either applied for, permitted, or completed in the same lease, pooled unit, or unitized tract and in the same field and reservoir. A line providing the distance in feet from the wellbore between and including the first take point and the last take point to the nearest oil, gas, or oil and gas well identified by number either applied for, permitted, or completed in the same lease, pooled unit, or unitized tract and in the same field and reservoir;

Plats filed for Pooled Units, SWR 37 and/or SWR38 exceptions must also be certified by the surveyor or someone with the company who has knowledge of information being presented. If plat is filed in support of an exception you must clearly have offsets keyed to the offset listing.

Appendix B: Frequently Asked Questions

- 1. How do I file drilling permit applications online through the RRC Online System?
- 2. What is needed to file drilling permit applications electronically?
- 3. How will I file my plat and other forms that need to accompany my application?
- 4. Can I still submit drilling permit applications on paper forms?
- 5. <u>Is the drilling permit application available through the RRC Online System different from</u> the one previously available through the ECAP System?
- 6. How will I be informed about problems with my drilling permit application if I file online?
- 7. How will I be informed when my permit is approved if I file my drilling permit application online?
- 8. My plat is too large to fit on a scanner. What should I do?
- 9. What settings should I scan with?
- 10. The online system is saying that my filing will expire in 30 days. I have not spud my well yet. Why is the system telling me that?
- 11. The online system will not let me make changes on filing. Why?
- 12. I noticed information is different on my filing that what I submitted. Why?
- 13. How many characters are allowed in the Lease name box?
- 14. Is there a certain way the system accepts well numbers?
- 15. Can I change my location after the filing has been submitted to the RRC?
- 16. <u>Can I change information on the General Information page after adding fields to the permit?</u>
- 17. Do have to complete every field on the General Information page before saving?
- 18. Where do I enter the field details?
- 19. Where do I enter the field name?
- 20. Why can't I delete a field?
- 21. The field I selected will not allow me to select Oil or Gas. Why?
- 22. Can I change the reference name of a profile?
- 23. I do not see a Field Details tab. How do I enter details for a field?
- 24. When I add a second field, why is the surface location and wellbore profile data already filled in?
- 25. The total acreage in my lease is less than required by field or statewide rules. Can I still apply for a permit?

- 26. What is required if I apply for an exception to SWR 37 and/or 38 and I cannot determine who is the immediate offset Operator or mineral interest owner?
- 27. Who is required to receive notice for a SWR 37 between well exception?
- 28. Who is required to receive notice for a SWR 37 lease line exception?
- 29. Who is required to receive notice for a SWR 38 exception?
- 30. I only have a partial plat. Is that okay to file?
- 31. Why is the system showing my attachment is too large to upload?
- 32. Why is the system kicking me out when I am uploading my attachments?
- 33. The plat is not a computer file. Can I still attach it to the online form?
- 34. What is a certified plat?
- 35. Can I enter a comment from any page in the application?
- 36. Can I change an existing comment?
- 37. Has my permit been submitted once it has no errors and I've clicked Submit?
- 38. Can I check to see my filing before it has been submitted to the RRC?
- 39. Can I file online and pay for several W-1s at once?
- **40.** Can I submit the application without a payment?
- 41. If I pay too much, will I receive a refund?
- 42. My system timed out while I was in the middle of making a payment. What do I do?
- 43. Under what conditions can I receive a refund or credit from the RRC?
- 44. Why do some wells remain in my Work In Progress queue indefinitely after I attempt payment?

How do I file drilling permit applications online through the RRC Online System?

Before you can file online, you need a User ID and password assigned to you by your company's designated Security Administrator. Below are the steps that need to be followed.

- Designate a Security Administrator(s) by filing of a Security Administrator Designation
 (SAD) Form with the Railroad Commission if one has not already been designated. The
 Commission assigns a User ID to the Security Administrator.
- The Security Administrator must assign User IDs and filing rights for any person filing electronically. **DO NOT FILE A SAD FORM FOR EACH PERSON FILING ELECTRONICALLY.**
- Log into the RRC Online System by entering the User ID and password assigned to you by your Security Administrator. (You can change your password once you have logged in.)
- Select the Drilling Permit Applications System, and file your application online using the pages that are provided.
- If you are set up to file your PR reports online only, you still must be set up to file Drilling Permits online.

What is needed to file drilling permit applications electronically?

To submit filings through the RRC Online System, the following is required:

- Personal Computer
- Internet connection
- Standard web browser, such as Microsoft Internet Explorer (version 5.5/SP2 or higher)
- Image scanner for capturing attachments electronically
- A scanning resolution with a minimum of 200 dots per inch is required for recording documents that contain no type font smaller than six points. For documents with a type font smaller than 6 points, scanning resolution must be adequate to ensure that no information is lost.
 - For plats, Operators are required to enter pre-scanned plat paper size and to show a scale bar on the plat. When the scanned plat is printed out from the electronic record on the same size paper as the original, the scale is the same. The bar ensures that the scale is identical.
- Visa, Master Card, American Express, Discover, or e-check for payment of permit fees.
 Payment of fees may only be made through the State of Texas payment portal by credit card or e-check. Access to the payment portal is provided with the application. A processing fee is added to each charge. ALL FEES ARE NON-REFUNDABLE.

How will I file my plat and other forms that need to accompany my application?

Scan and save your plat and any forms that need to accompany your application. The online application pages provide the ability to search for, attach and identify the scanned files as part of the application. ALL ATTACHMENTS MUST BE IN EITHER .TIF OR .PDF FILE FORMAT. If your application requires an exception and you must attach a service list, that file can be saved and attached in any of the following formats: .CSV, .TIF, .PDF, .DOC, or .DOCX.

Can I still submit drilling permit applications on paper forms?

Yes, Drilling Permit Application Forms are available for downloading on the <u>RRC Forms Library</u> website. However, electronic filing is encouraged.

Is the Drilling Permit Application available through the <u>RRC Online System</u> different from the one previously available through the ECAP System?

The new application is similar to the one previously available through ECAP but has been enhanced with some additional features including:

- Ability to expedite processing of electronically filed permits by paying an expedite fee.
- Option to select multiple fields instead of entering one field at a time.
- Ability to copy location information from a primary field to other fields to eliminate duplicative key-entry.
- Expanded query capability that includes a broader range of drilling permit information including historical permits.
- New online help pages to assist filers.

How will I be informed about problems with my drilling permit application if I file online?

The online pages have built-in checks and edits that prevent certain types of format errors. Other types of errors may be detected when Railroad Commission staff reviews your application. Staff will contact you through the problem email system if filed online, or a problem letter if you filed by paper, or a phone call if absolutely necessary to resolve problems that are detected in the application review process. If no response is received within 90 days of notification of the problem(s), the permit will be dismissed. **FEES WILL NOT BE REFUNDED.**

How will I be informed when my permit is approved if I file my drilling permit online?

An email is sent notifying you that your permit has been approved. The email contains a link to your drilling permit review page. From this page you can access links to a W-1 template containing the data you submitted on your application, and to the approved drilling permit, both in PDF file format. These files can be viewed, downloaded or printed for you records or to be posted on the drill site. A copy of the approved drilling permit is mailed to the Operator of record if filed on paper. All permits can be downloaded through the Permit Query online.

My plat is too large to fit on scanner. What should I do?

First, verify that the plat you are trying to scan does not include a larger area than required. Refer to Statewide Rule 5(h) for plat requirements. If the plat is oversized and does not fit on your scanner, you can either have it scanned and saved as file by the Railroad Commission's Central Records Section in Austin (\$0.25/sq.ft.) or by a commercial company. Oversized plats must be scanned in their entirety and cannot be scanned in sections. If need be, you can also file your permit application and plat in hard copy, but you are encouraged to file electronically.

What setting should I scan with?

The scanner should be set to 200 x 200 dpi and saved as black and white. This results in most files being less than 100 KB.

The online system is saying that my filing will expire in 30 days, I have not spud my well yet. Why is the system telling me that?

You are allowed two years from the date of approval of first filing to spud the well. If you have not spud the well and are amending the filing with 30 days or less before the permit expires, the system will inform you that you only have 30 days to spud your well or it will expire, and any amendments will not matter. **ANY AMENDMENTS THAT ARE MADE TO FILING AFTER THE INITIAL APPROVAL DATE DO NOT PROLONG THE LIFE OF THE PERMIT**.

The online system will not let me make changes on my filing. Why?

If you are trying to amend the filing, please check to see if the filing has had a completion filed on it. THE SYSTEM WILL NOT ALLOW YOU TO MAKE ANY ADDITIONS OR CORRECTIONS TO FILINGS ONCE THAT FILING HAS HAD A COMPLETION FILED ON IT. MAKE SURE ALL INFORMATION IS CORRECT BEFORE YOU SUBMIT THE W-1. Please call the Drilling Permit Section for further instruction. Also, once you have submitted your filing to the RRC, you cannot make any changes because it has been submitted to the RRC for the approval processing. Depending on what type of change you are asking will determine if it can be made through RRC Management.

I noticed information is different on my filing than what I submitted. Why?

If there are any changes made after the filing has been submitted to the RRC, it is approved through the Operator for the RRC staff to change. If working with double browsers opened, your information can be corrupted. If that is the case and your filing is already approved, you will have to amend your filing to correct information that was corrupted. **NEVER WORK WITH TWO BROWSERS OPEN AT THE SAME TIME!**

FAQS – General Information Page

How many characters are allowed in the Lease name box?

You are allowed 32 characters. If the name is longer than that, you can abbreviate if needed, but are encouraged to adhere to the allotted characters set up by the RRC.

Is there a certain way the system accepts well numbers?

Yes. The system allows the well number to be formatted a certain way. You are allowed six spaces, the first space can be either Alpha or Numeric, second, third and fourth spaces are Numeric only and the fifth & six spaces are Alpha only. If there is a dash anywhere in the numeric spaces, the well number will be changed to "0".

Can I change my location after the filing has been submitted to the RRC?

No. Once the filing has been submitted, no location change can be requested by the Operator/Consultant. **IF YOU ARE NOT SURE OF THE LOCATION, DO NOT FILE.** If the Operator requests a change, you will be advised to withdraw your filing and restart the filing over.

Can I change information on the General Information page after adding fields to the permit?

You cannot change the lease name. If you change the profile after adding fields, the existing field wellbore profiles remain. Return to the Field Details page and remove the profiles that do not apply and create new ones.

Do I have to complete every field on the General Information page before saving?

You can save at any point after you enter the purpose of filing, indicate the wellbore profile, enter the lease name, enter the well number, and county. Data fields missing are flagged as errors. You cannot submit the application with errors. Your application with a status of work in progress can contain invalid data and empty fields; you do not have to complete it in one sitting. If you start an application and save it, you can locate it from the main Drilling Permits page by clicking the Existing W-1s link.

FAQS – Field List Page

Where do I enter the field details?

All fields added to the permit application are displayed in the table on the Field List page. The last column of the table has an Edit link and a Delete link. Click the Edit link to open the Field Details page, where you enter field specifics. The system does show you the Field Details tab until you add at least one field to the permit.

Where do I enter the field name?

Fields are added to a permit by using a field search query. On the Field List page, click the **Add Field** button and enter the search criteria. When the search results are returned, select a field from the list.

Why can't I delete a field?

There are two possible reasons. If you only have one field in the table on the Field List page, it is considered the primary field and you cannot delete a primary field. To remove

this field, add another field and make it the primary field. Then the system allows you to delete the original field. Also, if a plat is associated with a field on the Attachments page, you cannot delete the field. Go to the Attachments page and delete the association and, if it is the only field associated with the plat, delete the plat.

FAQS – Field Details Page

The field I selected will not allow me to select Oil or Gas, why?

Check to see if the well has been consolidated into another field. You can check the proration schedule or you can check the Field Query page to see if it says in the remarks section what field it has been consolidated into. Another way to check in the field rules section if the well has been consolidated is to look where it says "DON'T PERMIT". If it has a "Y" under it that means that the well has been consolidated into another field.

Can I change the reference name of a profile?

You cannot. The application supplies the names based on the wellbore profile you selected on the General Information page. If you chose Horizontal, the first profile is automatically named TH1, the second TH2, and so on. When you add a profile, it becomes the next sequential number.

I do not see a Field Details tab; how do I enter details for a field?

The Field Details tab until you have added at least one field to the permit. Select the Field List tab. You add a field to the permit by submitting a query for the field name or number. When you select a field name from the search results, it displays in the Field List table. Click the Edit link in the Field List table to open the Field Details page for that field. It is recommended that you add one field, which automatically becomes the primary field, then enter all the details about that field before adding additional fields to the permit.

When I add a second field, why is the surface location and wellbore profile data already filled in?

When you enter the surface location information for the first field, the subsequent fields you add contain the same section, block, and survey information. You can change any of the information necessary.

FAQS – Exceptions Page

The total acreage in my lease is less than required by field or statewide rules; can I still apply for a permit?

Along with the application (Form W-1), certified plat, and additional filing fee, a Form W-1A must be submitted before a determination can be made.

What is required if I apply for an exception to SWR 37 and/or 38 and I cannot determine who is the immediate offset Operator or mineral interest owner?

If the immediate offset Operator and/or mineral interest owner cannot be located or determined, notice by publication is required. The official notice of application or notice of hearing issued by the Railroad Commission must be published. It is the applicant's responsibility. The Commission notice must be published in a newspaper that serves the county in which the proposed well is located. The publication is required once a week for four consecutive weeks. The publisher's affidavit must be presented to the Railroad Commission before the application is considered for approval.

Who is required to receive notice for a SWR 37 between well exception?

Anyone that touches the tract that is listed as total acreage on the application must be notified, including offset Operators and/or unleased mineral interest owners.

Who is required to receive notice for a SWR 37 lease line exception?

Anyone that is a direct offset and anyone that is within one-half of the between well spacing distance to the subject well must be notified, including offset Operators and/or unleased mineral interest owners. In the case of a horizontal filing, the entire wellbore from penetration point to TL must be tested by SWR 37.

Who is required to receive notice for a SWR 38 exception?

Anyone that touches the tract that is listed as total acreage on the application must be notified, including offset Operators and/or unleased mineral interest owners.

FAQS – Attachments Page

I only have a partial plat. Is that ok to file?

A plat of the entire lease must be filed when it is the first well on the lease by current Operator. Subsequent partial plats are okay to file thereafter.

Why is the system showing my attachment is too large to upload?

If there is any color in your attachment it makes your dpi (dots per inch) larger, which makes the file size appear bigger than what it really is. Attachments should be filed in black & white and no gray scale (gray scale has a tendency to not show up once scanned in). The size of the file must be less than 4 Megs or it will not upload.

Why is the system kicking me out when I am uploading my attachment(s)?

Please check to see if you have any special characters (i.e....&, *, #, etc.) in your file name. The system does not recognize those as part of a file name and will reject your attachment. The filename must be no more than 80 characters or it will generate an error also. *The plat is not a computer file; can I still attach it to the online form?*

Scan the plat it to make it a computer file. Once it is a computer file, you can open it in most paint programs and save it as a TIF or a PDF file.

What is a "certified" plat?

For the plat to be recognized by the RRC as "certified," it must meet one of the following conditions:

- 1. A certified surveyor prepared the Plat and the surveyor's seal is on the plat.
- 2. Anyone in the company with knowledge of the facts can certify with the statement, "All information on this plat is true to the best of my belief and knowledge."

FAQS – Comments Page

Can I enter a comment from any screen in the application?

No. You enter comments on the Comments page. You can have only one comment. You may change it several times as you work on the application. However, when the application is submitted, the last comment entered is accompanies the application.

Can I change an existing comment?

If you have an existing comment and choose to add a comment, the comment that exists is overlaid with the new text you enter. You can have only one comment.

FAQS – Review Page

Has my permit been submitted once it has no errors and I've clicked Submit?

No. You must complete the payment process before it can be accepted by RRC.

Can I check to see my filing before it has been submitted to the RRC?

Yes. At the bottom of the review page (next to the **Submit** button) there is a "Review W-1" link that displays your "As Submitted W-1" as it will be submitted to the RRC. You must make changes, corrections & additions to your filing before you submit the filing to the RRC. **IF THERE ARE ERRORS, YOU MUST WITHDRAW THE W-1 AND REFILE. FESS WILL NOT BE REFUNDED.**

FAQS – Payment Page

Can I file online and pay for several W-1's at once?

No. The Texas Online Payment Portal processes charges for each application at the time it is submitted. Applications without sufficient payment cannot be submitted.

Can I submit the application without a payment?

No. You cannot submit the online application without going through the Texas Online Payment Portal. If you cancel the payment process, the application status remains a work in progress. Applications without sufficient payment cannot be submitted.

If I pay too much, will I receive a refund?

No. The Texas Online Payment Portal processes only the total of the charges noted on the payments page. All fees are non-refundable.

My system timed out while I was in the middle of making a payment. What do I do? Be sure to process you payment within an hour or you'll get a Session Timeout on the Payment

If you have not put in the credit card payment, please check your "work in progress" queue to see if the filing is still in there, if it is still there, you most likely did not get charged and continue the payment process.

If you did put the credit card number in the system, **DO NOT ADD CREDIT CARD NUMBER AGAIN.** First, check to see if the filing is in your work in progress queue, if it is, then call the RRC at 512-463-6751 and explain your situation. The system may have accepted the credit card payment but failed to move your filing into the RRC Online System. If you file a payment twice on the filing, the fees will be non-refundable and credits will not be given for future filings.

Will I get confirmation once I have submitted my filing to the RRC Online System?

Yes. Once you have successfully paid through the Payment Portal, the system will send you an email informing you that the system was successfully submitted. It will also inform you of the status number of the filing, your trace number, authorization number and payment amount. Please keep this information for your records; the RRC does not keep up with this information.

Under what conditions can I receive a refund or credit from the RRC? None. RRC policy states that no fees are ever refunded or credited.

Why do some wells remain in my Work In Progress queue indefinitely after I attempt payment?

An application in your Work In Progress queue will be automatically deleted by the system after 30 days of inactivity unless there was a payment attempt made for that application. If there was a payment attempt made for an application, it will remain in the queue indefinitely. We are aware of this issue and regret any inconvenience it may cause. This system limitation will be addressed when the Drilling Permits online system undergoes a major upgrade or is rewritten.

Is it possible to reuse documents already submitted to the RRC in a new permit application filing?

If you are using the <u>Reapplication for an Expired Drilling Permit</u> process, you will have the ability to choose to use the original documents filed with the expired permit as long as what was originally filed is still valid. Attachments that will be automatically associated are the Plat, Log, P-12, P-16, and W-1A. If the expired permit required an exception to SWR 37 or SWR 38, any attachments filed in support of that exception like the Service List or Waivers will not be able to be reused. Current resolution materials will be required to be attached and certified by the applicant.

Portal page.

Appendix C: Requirements for Participation

Authorization Procedures

Required Authorization Procedure for Operators

Before filing electronically, an Operator must be authorized by completing a hard copy Security Administrator Designation (SAD) form. Both Commission and Operator representatives must sign the agreement. The Operator's representative may be an officer or director of the corporation or an employee of the corporation authorized to approve and sign Commission Organization Reports (Form P-5s) on behalf of the corporation (if it does business in the corporate form), a partner (if it does business as a partnership), or the Operator individually (if it is a sole proprietorship). The signature of the Operator's authorized representative on the agreement shall be deemed to appear on all electronically filed forms as if it actually appeared. The SAD establishes terms of agreement for electronic filing for up to ten years but can be canceled upon notice by either the Operator or the Commission.

Security Administrator Designation

A Security Administrator Designation form must be on file as a condition of participation in online Drilling Permits. The form can list at least one or up to nine security administrators for the company. The security administrator(s) will have complete control over who within the company receives authorization to file electronically. SAD form, the security administrator will be notified of his or her assigned UserID. The security administrator can then further distribute security by assigning additional user IDs to employees within the company and designating which forms they are authorized to file electronically through online filing.

Required Authorization Procedure for Non-Operators

By completing the Security Administrator Designation form, non-Operators declare that all electronic transmissions of forms through online filing shall be in a manner prescribed by the Railroad Commission of Texas that is compatible with its software, equipment, and facilities and shall comply with all provisions of the Required Procedures for Participation in Interactive Online filing.

Where to Send the Security Administrator Designation

The Security Administrator Designation is to be sent to: Permitting/Production Services 1701 North Congress PO Box 12967 Austin, Texas 78711-2967 Fax 512-463-7324

Receipt of the Security Administrator Designation will be acknowledged with a letter.

Appendix D: General Procedures for Electronic Filing

General Requirements

To submit filings online through Drilling Permits, the following equipment is required:

- Personal computer.
- Internet connection.
- Standard web browser, such as Microsoft Explorer or Netscape Navigator.
- Image scanner for capturing attachments electronically.

Each of the Oil and Gas Division district offices and the Austin office will have the required equipment available for use by Operators and consultants during business hours.

Scanning

A scanning resolution with a minimum of 200 dots per inch is required for recording documents that contain no type font smaller than six point. For documents with a type font smaller than 6 point, scanning resolution must be adequate to ensure that no information is lost. For plats, Operators will be required to enter pre-scanned plat paper size and to show a scale bar on the plat. When the scanned plat is printed out from the electronic record on the same size paper as the original, the scale is the same. The bar will ensure that the scale is identical.

Payment Methods

A Visa or MasterCard is required for payment of permit fees. The credit card information can be submitted as part of the application and processed once the Commission has reviewed the application, or you can pay directly through the State of Texas payment portal.

Public Information (Open Records) Act

All Drilling Permit information maintained at the Commission is subject to the Public Information (Open Records) Act, Chapter 552 of the Texas Government Code.

Appendix E: Geological and Engineering Data Required for SWR 38 Administrative Exceptions

Applicants for exceptions to Statewide Rule 38 density provisions are required to submit the following engineering and geological information for each applied-for field in support of the request when seeking administrative approval.

For All Applications

- 1. Area map showing mineral ownership of offsetting wells, offsetting leases, and unleased tracts.
- 2. Cross section(s) indicating continuity or discontinuity of reservoir.
- 3. Structure map and/or isopach map indicating limits of reservoir (if relevant).
- 4. Recoverable reserve calculations for subject lease, pooled unit, or unitized tract, with supporting data.
- 5. Cumulative production from wells on subject lease, pooled unit, or unitized tract that ever produced from each applied-for field.
- 6. Estimated of remaining recoverable reserves from existing wells on subject lease, pooled unit, or unitized tract, with supporting data.

When the Requested Exception Is to Prevent Waste

- 7. Items 1-6, above.
- 8. Estimate of remaining recoverable reserves from offset wells affective subject lease, pooled unit, or unitized tract, with supporting data.
- 9. Cumulative production from offset wells affecting subject lease, pooled unit, or unitized tract.
- 10. Amount of recoverable reserves which will not be recovered by wells on or affecting the subject lease, pooled unit, or unitized tract.

Other relevant information may be required to evaluate the request. If any of the above required data cannot be submitted, the applicant must include a written explanation.