



DRILLING PERMITS:

SWR 37 & 38: How to Identify and Resolve

July 2025



TERMINOLOGY-WELLBORE



HORIZONTAL WELL- A well that contains 5 main parts: a) surface location b) penetration point c) first take point d) last take point, and e) terminus location.

HORIZONTAL DRAINHOLE- Portion of the horizontal wellbore including, and between, the first and last take point.

TAKE POINT- Any open point on a horizontal wellbore that allows hydrocarbons to flow.

TERMINOLOGY-EXCEPTIONS



- **OFFSET-** Refers to the operator, lessee, or un-leased mineral owner of a tract that is adjacent to the lease/unit the application is being applied for or to an interior unleased tract.
- **WAIVER-** A letter signed by an identified offset. In that letter the offset is requested to waive their right to protest the granting of the needed exception to a Statewide or Field Rule.
- **AFFECTED PARTY-** Determined by Statewide or Field Rules and reason for the notification or exception.

UNDERSTANDING “PERPENDICULAR”

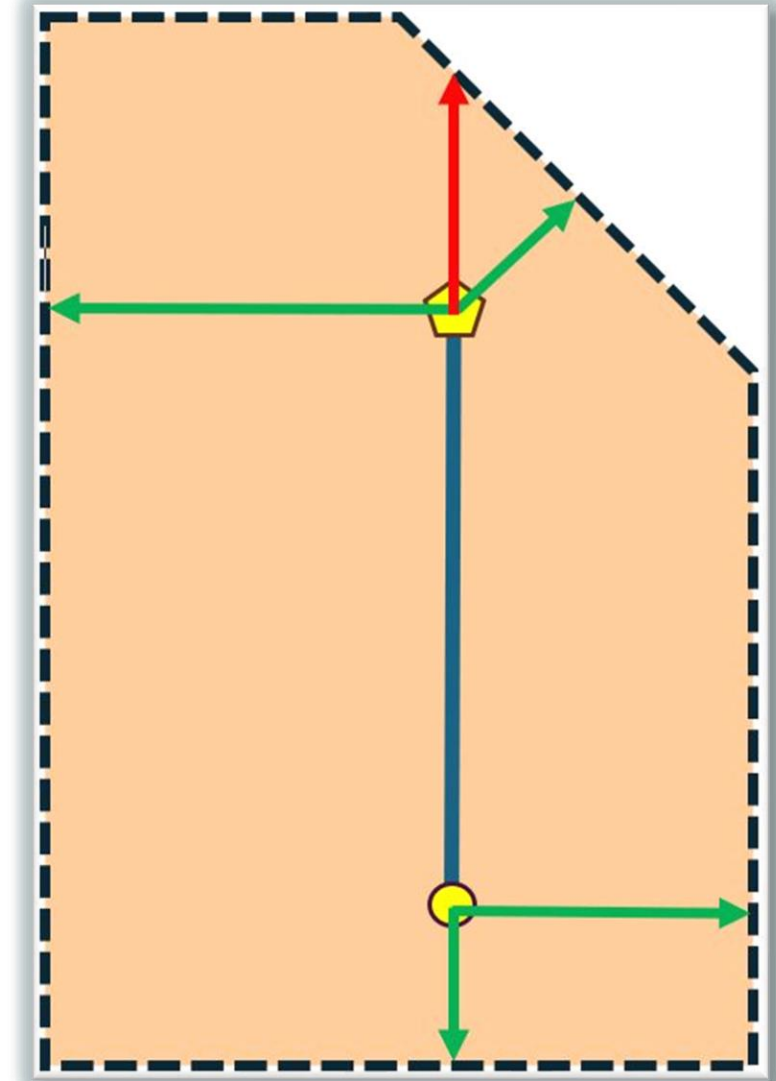


- For SWR 5 purposes the plat must show the perpendicular call 90 degrees from the lease line, to the part of the well being identified.
- For SWR 37 purposes the plat must show the perpendicular call 90 degrees from the productive part of the well to the lease line.
- In some instances, the distance identified could be the same, however, this is not always the case.

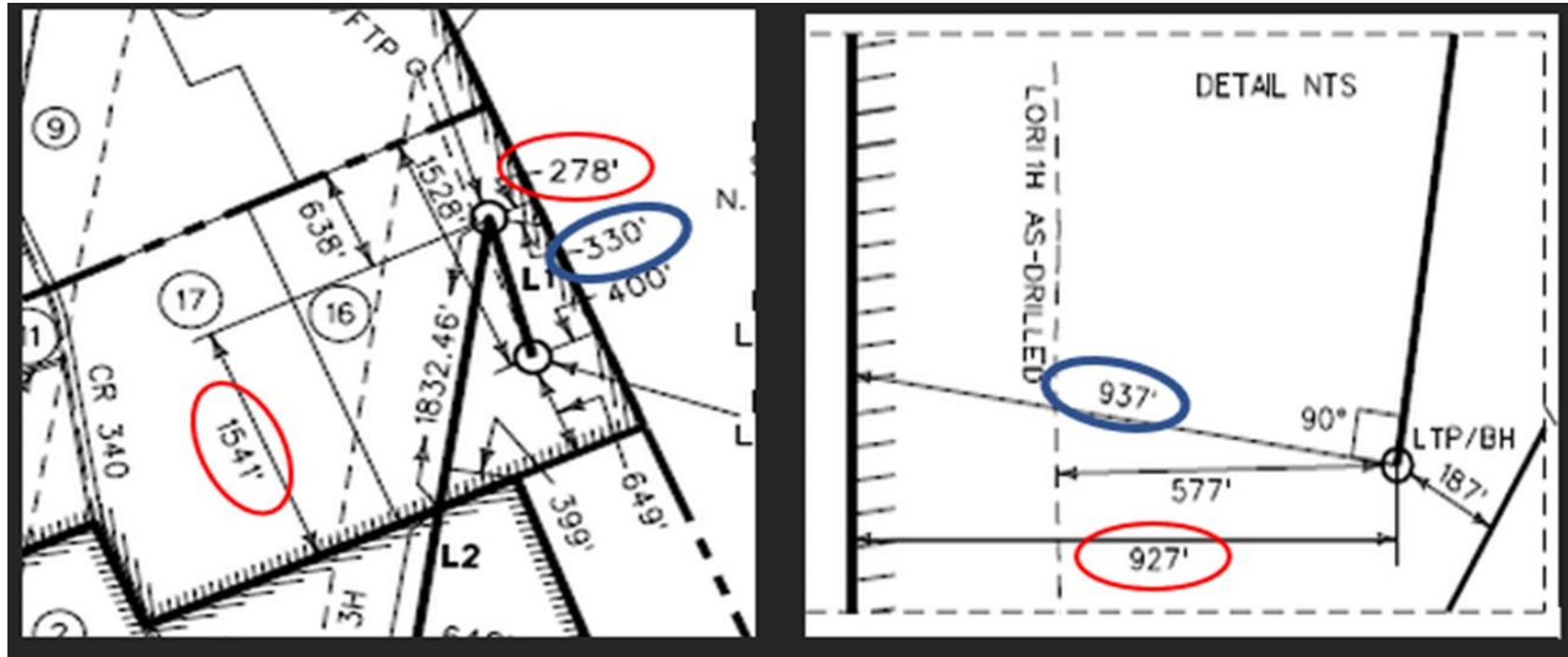
LEASE LINE CALLS



- There is a difference between “lease line calls” and “nearest perpendicular calls.”
 - Geographic Reference vs Spacing Verification
- “Lease Line calls” are geographic reference calls and are not always spacing calls.
- The lease line calls “CAN” be used for spacing, if at least one of them is the nearest distance.

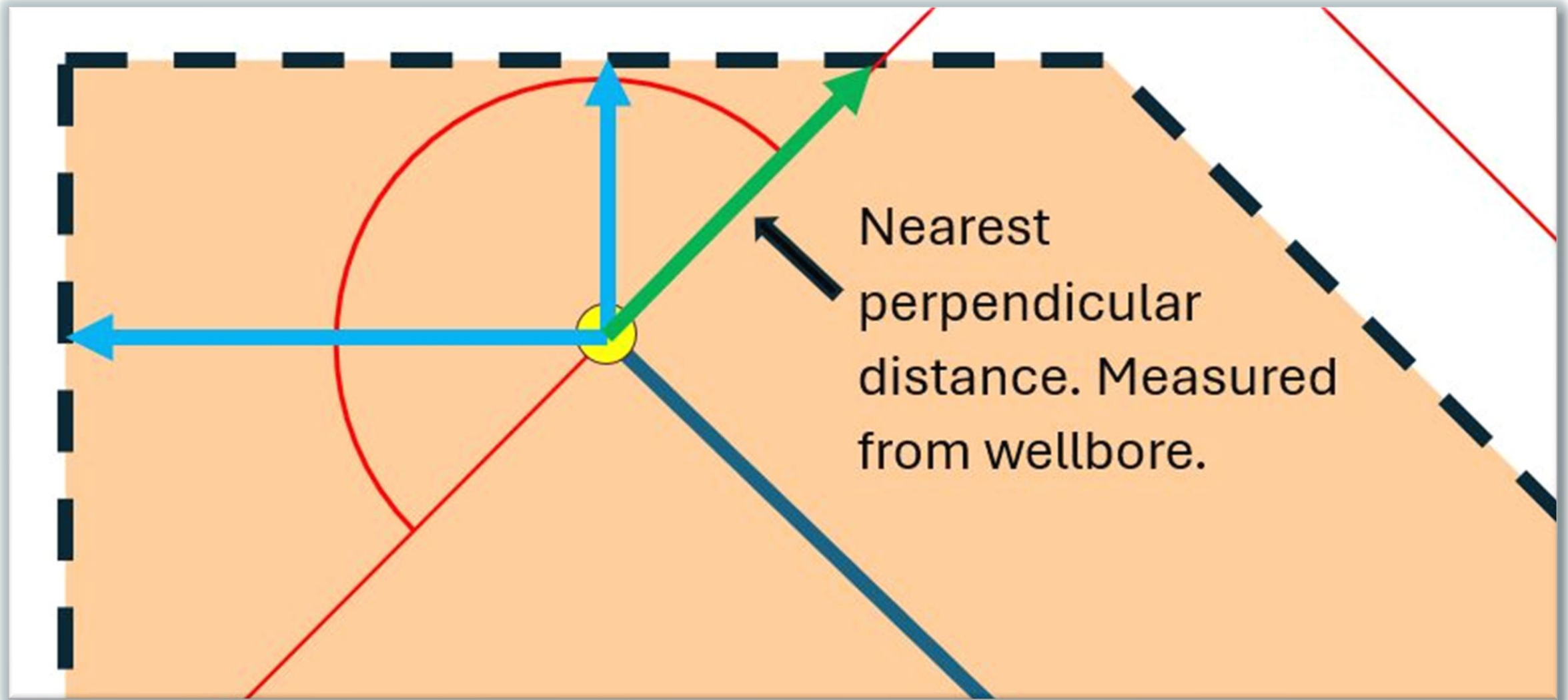


“PERPENDICULAR” EXAMPLE

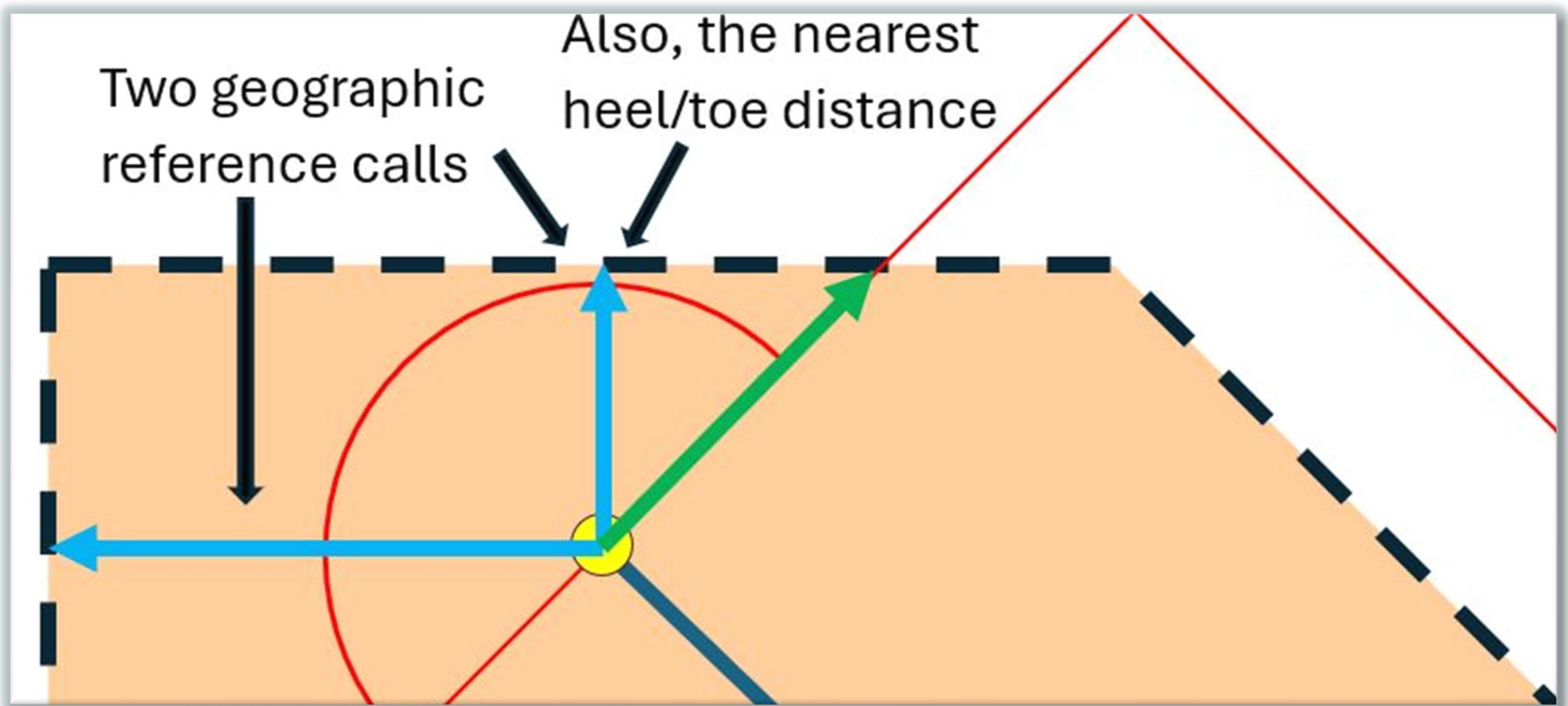


The distances circled in red satisfy the SWR 5 requirements of calls from the lease line to the part of the well being described. The distances circled in blue satisfy SWR 37 requirements to show that the well complies to spacing rules by showing distance from a take point to the lease line for those fields that have “Special” horizontal field rules.

NEAREST PERPENDICULAR ILLUSTRATION



NEAREST HEEL/TOE ILLUSTRATION



NOTIFICATION



COMMISSION IS RESPONSIBLE

- The Railroad Commission will generate and distribute to all identified parties the applicant has provided for on the service list for a SWR 37 or SWR 38 exception.
- If a notice is returned the Railroad Commission will send out a Supplemental Notice to the new address the applicant must provide.

OPERATOR IS RESPONSIBLE

- The applicant will send out to affected parties for any request for an off-lease penetration point. Field Rule requirements must be adhered to. The applicant must wait for the prescribed period before submission of the permit application.
- Any party identified for a SWR 40 exception request

PENETRATION POINT PUBLICATION



- Under SWR 3.86 the standard publication is for 4 consecutive weeks.
- Some fields have undergone a hearing to change the publication to 2 consecutive weeks.
- Field rule requirements must be adhered to.
 - Some fields have been updated and require additional information in the notice.

RESOLUTION TO EXCEPTIONS



- Clearly identifying on the certified plat all affected offset parties.
- Resolution is Own Offset or signed Waivers have been attached to filing.
- 21-Day Notice of Application has termed out and no protests have been received.
- Submitting the Publisher's Affidavit once the publication has run.

AMENDED APPLICATIONS



When filing an amended application with a previously approved exception:

- **Provide all service lists, waivers, and/or publisher's affidavits that resolved any prior exceptions.**
- **Select the same resolution methods that previously resolved the exception.**
- **Add a comment requesting no additional notification**
 - **This is a request and will be reviewed by RRC DP staff**
 - **An additional notification may still be required based on the review**

REASON FOR RE-NOTIFICATION (1 of 2)



- New regulatory field on amended W-1.
- Producing points have moved closer to a lease line, and are not covered by subsurface tolerance
 - Heel/toe spacing is NOT covered by subsurface tolerance, only perpendicular spacing is covered (lateral drift)
- A new point of exception has been created with the amendment
- Offsets were not included on the previous service list

REASON FOR RE-NOTIFICATION (2 of 2)



As you have an offsetting or affected operator, lessee and/or mineral interest owner to your tract whom you cannot locate, you must give "notice by publication". A copy of the Railroad Commission's notice, must be published in a newspaper in the county where your tract is located. Such notice is your responsibility and must be published once each week for two (2) consecutive weeks. If you cannot meet the 14-day requirement due to newspaper filing deadlines it is your responsibility to contact the Drilling Permit Unit and request a new term out date for your publication. If you don't meet the requirements as laid out in SWR 3.37 or SWR 3.38 you will be required to re-publish your notice. The first publication date must be at least 14 days before the termination date on the notice of application. Proof of publication must be filed for the record. A publisher's affidavit must be submitted. Mail a hard copy of the affidavit to Railroad Commission of Texas, PO BOX 12967, Austin TX 78701. Or you may e-mail a scanned image of this affidavit to: SWR37@RRC.TEXAS.GOV. The entire notice excluding the service list and notice of protest letter must be published. Upon receipt of the publisher's affidavit by the Drilling Permit Unit, and there being no protest received, a permit may be issued.

RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

DISTRICT 06
DATE OF ISSUANCE: Apr 10, 2018
NOTICE OF PROTEST DEADLINE: 5:00 PM, May 1, 2018
Address: Railroad Commission of Texas
ATTN: Drilling Permit Unit,
P. O. Box 12967
Austin, Texas 78711-2967
Fax: (512) 463-6780
Email: SWR37@RRC.TEXAS.GOV

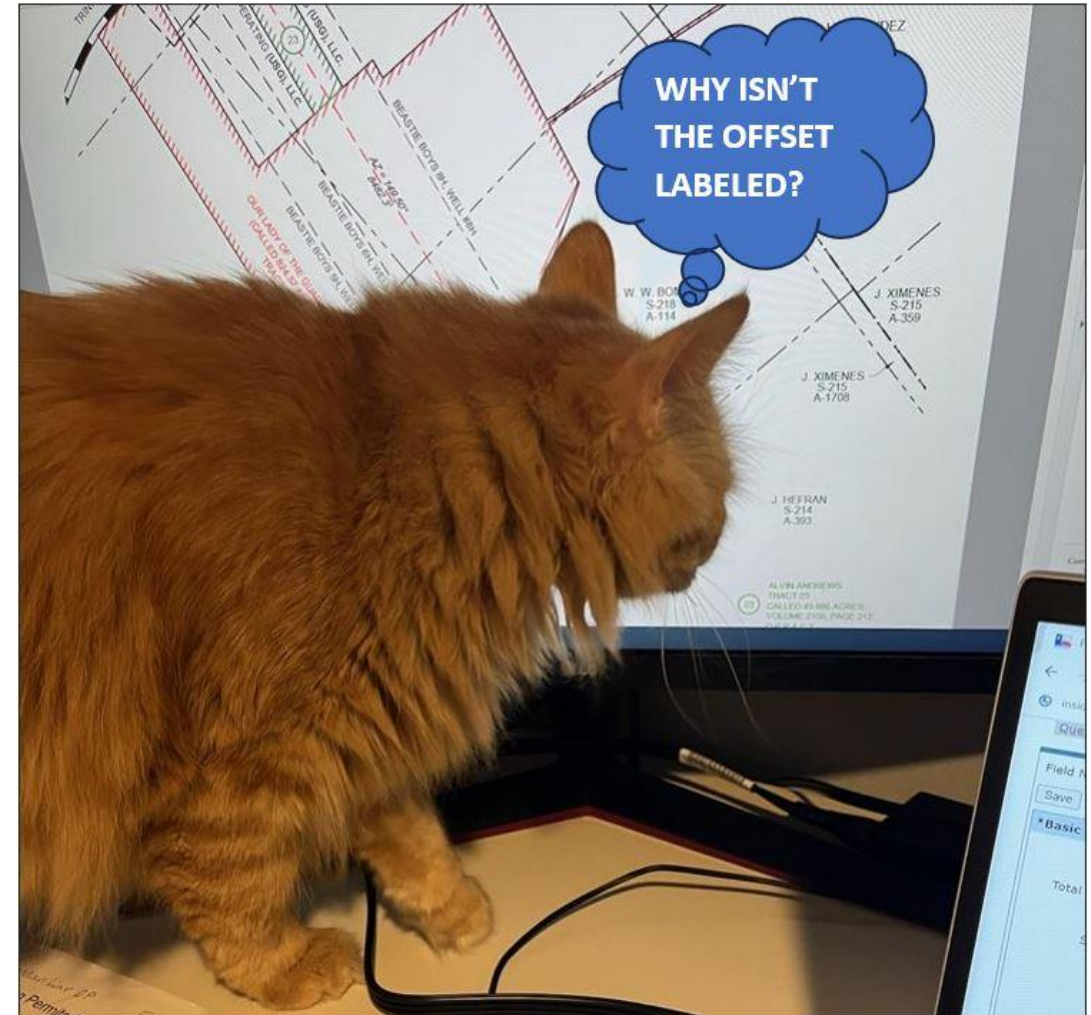
Rule 37 Case No.
Status/Permit No.

- Missing the prescribed period for publication because the first date of publication did not fall within seven days of the issuance date.

OFFSET REMINDER



- “Please label the affected offsets on the plat.”
- This is THE most common problem sent from a W-1.
 - It is also one of the easiest to avoid.
- Check that your offsets are properly labeled.



Overview

- **Triggers**
- **Non-Perforation Zone (NPZ) Requirements**
- **Drilling Permit Exception Checks**
- **Plat Requirements**
- **SWR Resolutions & Notification Parameters**
- **NOA by Publication Requirements**

STATEWIDE RULE EXCEPTIONS



FIELD RULES- STATEWIDE RULES



Field Rules for Field: WILDCAT
Field Number: 00002001 District Name: 01

Oil Field Rules:

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

Schedule Remarks:

Comments:

| Rule Type | Depth | Lease Spacing | Well Spacing | Acres per Unit | Tolerance Acres | Diagonal Code | Diagonal Max Length |
|-----------------|------------|---------------|--------------|----------------|-----------------|---------------|---------------------|
| Statewide rules | All Depths | 467 | 1200 | 40.0 | 20.0 | | 0 |

Gas Field Rules:

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

Schedule Remarks: WELLS IN THIS FLD. NOT ELIGIBLE FOR ALLOWABLE.

Comments:

| Rule Type | Depth | Lease Spacing | Well Spacing | Acres per Unit | Tolerance Acres | Diagonal Code | Diagonal Max Length |
|-----------------|------------|---------------|--------------|----------------|-----------------|---------------|---------------------|
| Statewide rules | All Depths | 467 | 1200 | 40.0 | 20.0 | | 0 |

FIELD RULES- SPECIAL RULES



Field Rules for Field: SPRABERRY (TREND AREA)

Field Number: 85279200 District Name: 7C

Oil Field Rules:

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

Schedule Remarks: FIELD. EFFECTIVE 4/12/16.

Comments: R38 OK W/O DATA,P-15'S,ACLIST & LEASE PLAT OR PRO PLAT

| Rule Type | Depth | Lease Spacing | Well Spacing | Acres per Unit | Tolerance Acres | Diagonal Code | Diagonal Max Length |
|---------------|------------|---------------|--------------|----------------|-----------------|------------------|---------------------|
| Special Rules | All Depths | 330 | 0 | 80.0 | 80.0 | Corner to Corner | 0 |

Gas Field Rules:

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

Schedule Remarks: PER DOCKET 01-0299858, THIS FIELD HAS BEEN DESIGNATED AS A UFT

Comments: R38 OK W/O DATA,P-15'S,ACLIST & LEASE PLAT OR PRO PLAT

| Rule Type | Depth | Lease Spacing | Well Spacing | Acres per Unit | Tolerance Acres | Diagonal Code | Diagonal Max Length |
|---------------|------------|---------------|--------------|----------------|-----------------|---------------|---------------------|
| Special Rules | All Depths | 330 | 0 | 80.0 | 80.0 | | 0 |

FIELD RULES- SPECIAL HORIZONTAL RULES



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

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

Unconventional Fracture Treated (UFT): Yes

UFT Effective Date: 05/10/2016

Correlative Interval: From 6865 to 10605 feet

Established by API Number: 32931029

Dual Lease Line Take Point Spacing

First/Last Take Points (Heel and Toe) to Lease Line: 100 feet

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

Between-Well Spacing

Horizontal to Vertical: 0 feet

Horizontal to Horizontal: 0 feet

Overlap Distance: N/A

Subsurface Tolerance Box: 50 feet

Stacked Lateral Rules: Yes (If yes, see Final Order for details)

Special Rule 38 (Well Density) Provision

Upper: 79 acres

Notification Radius: 660 feet

Lower: 20 acres

Comments for the Special Field Rules

Comments: DOCKET 7C-0291171 CONTAINS THE SAME INFORMATION AS 7C-0291169.

History: Final Orders that contain special horizontal field rules language

| Docket Number | Final Order Effective Date | Final Order Document |
|----------------------|-----------------------------------|-----------------------------|
| 7c-0291169 | 12/02/2014 | Click Here |
| 7C-0297471 | 03/08/2016 | Click Here |

WHAT AREN'T TRIGGERS



- Location of my Penetration Point, unless it is also a take point, to a lease line
- An Off-Lease Penetration Point
- An Off-Lease Surface Location
- Correct usage of a Non-Perforation Zone

What Can Trigger a SWR 37 Violation?

- Productive portion of my well is too close to an exterior lease line.
- Productive portion of my well is too close to an interior tract line within my pooled unit that is not completely leased or pooled.
- Productive portion of my well is too close to another well in the same field on my lease.

Non-Perforation Zone OR (NPZ)

NPZ's are sections of wellbore that will not be perforated until the permit is amended to remove the NPZ.

The NPZ is clearly labeled along the wellbore on the plat with a begin and end point.

The length of the NPZ must be clearly shown on the plat.

PROPER USAGE OF NON-PERFORATION ZONES (1 of 3)



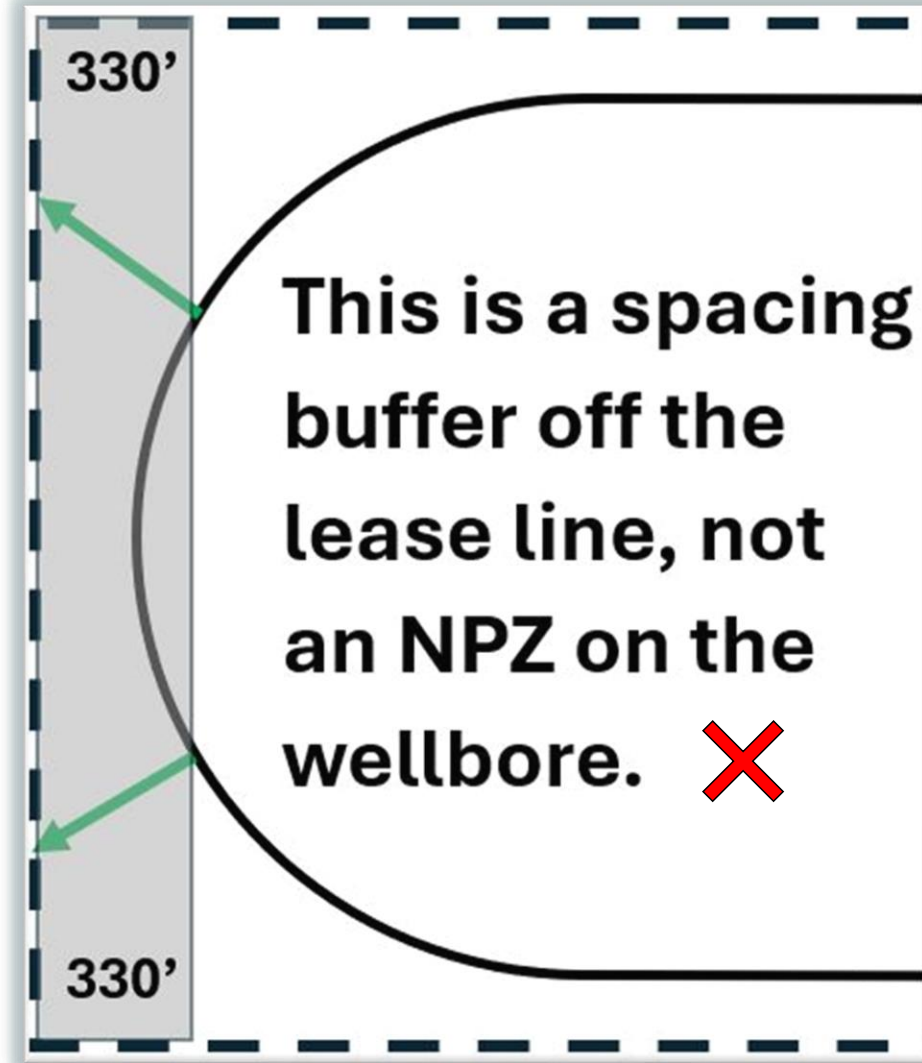
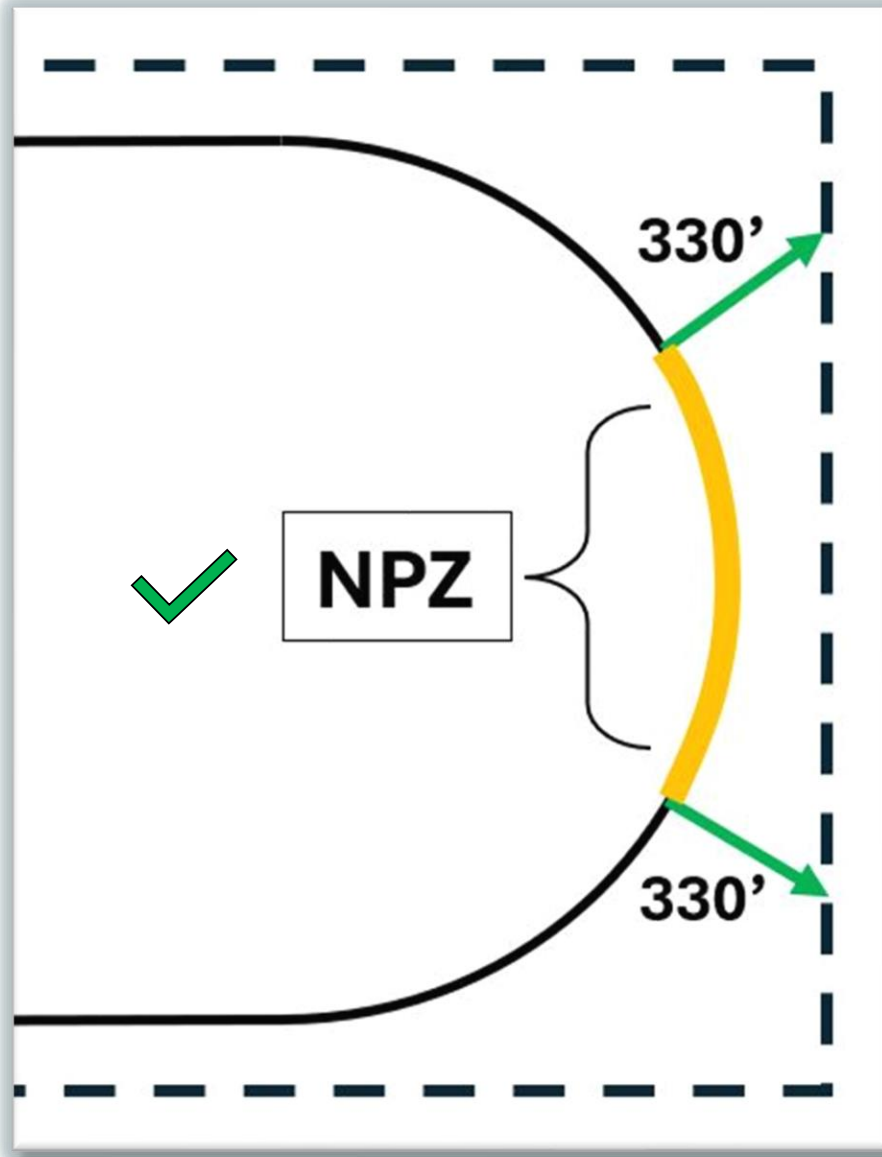
- **NPZ's can be used for Lease Line SWR 37 exceptions only. NPZ's can't be used for SWR 37 between well and SWR 38.**
- **NPZ's need to be accompanied by the distance of the NPZ. Rules are different for every field, and we need to make sure you are using the appropriate distance.**
- **Make sure that if an Allocation or PSA well that the tracts isolating with an NPZ are also marked with ULM to reflect why you are using the NPZ.**

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



- **The NPZ should be represented ON the wellbore.**
- **A shaded spacing buffer off the lease line should not be used.**
- **NPZs are specific to, and placed on, the well path.**

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



NPZ- ISOLATING ONE TRACT

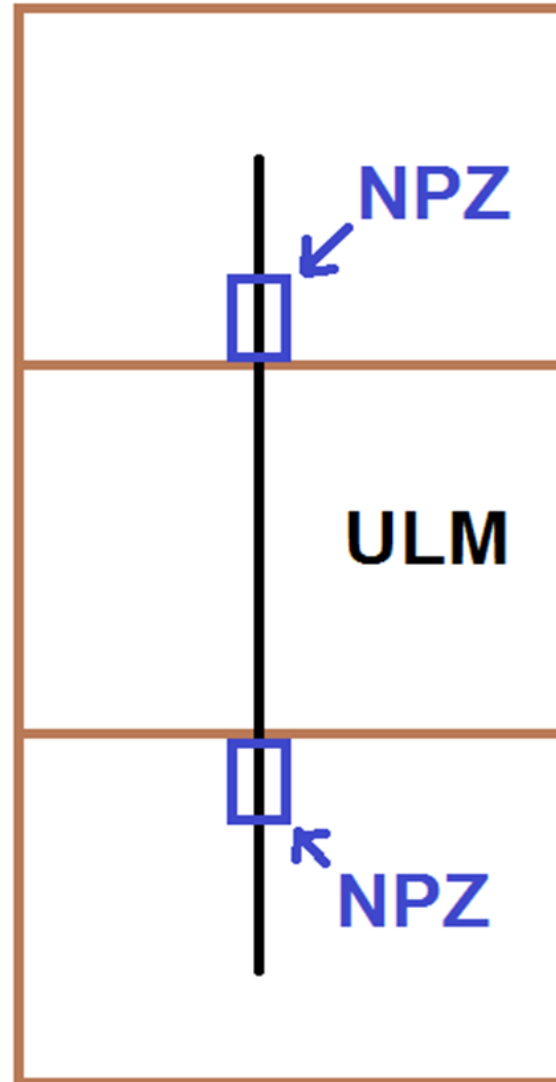


Field With or
Without Special
Horizontal Rules

— Wellbore

— Lease Line

□ NPZ's



Question:

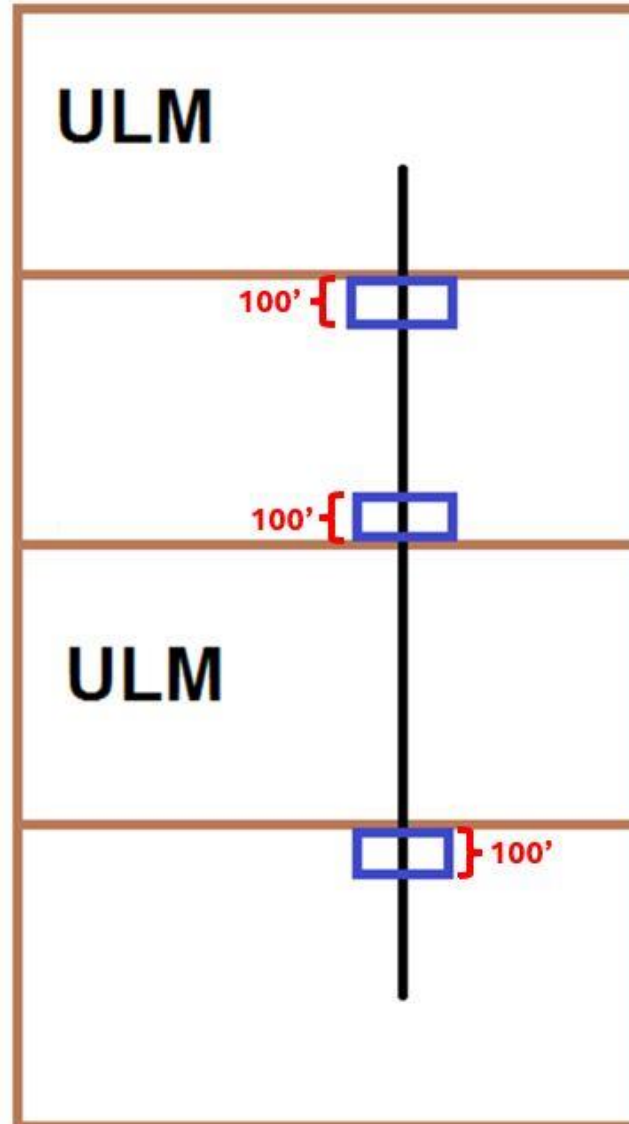
Can you identify
anything that is
missing from this
example?

NPZ -ISOLATING TWO TRACTS



Field with and without special horizontal rules

- Wellbore
- Lease Line
- NPZ's



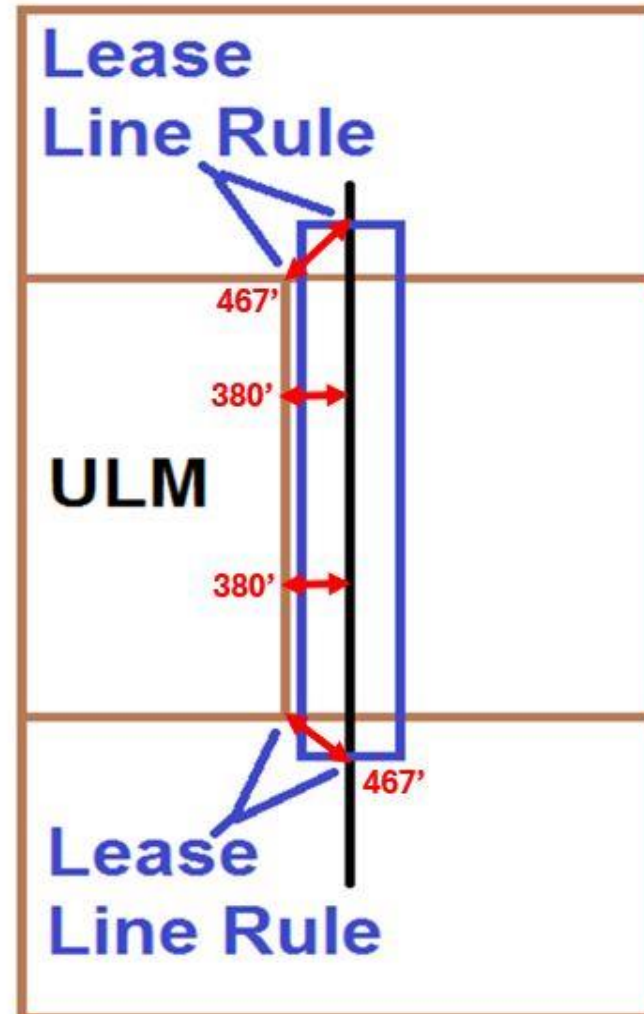
- Notice the 100-foot labels for each NPZ.
- These labels were missing from the example in the previous slide.

NPZ - ISOLATING WHEN PARALLEL W/O SPECIAL RULES



Field Without
Special
Horizontal Rules

- Wellbore
- Lease Line
- NPZ's



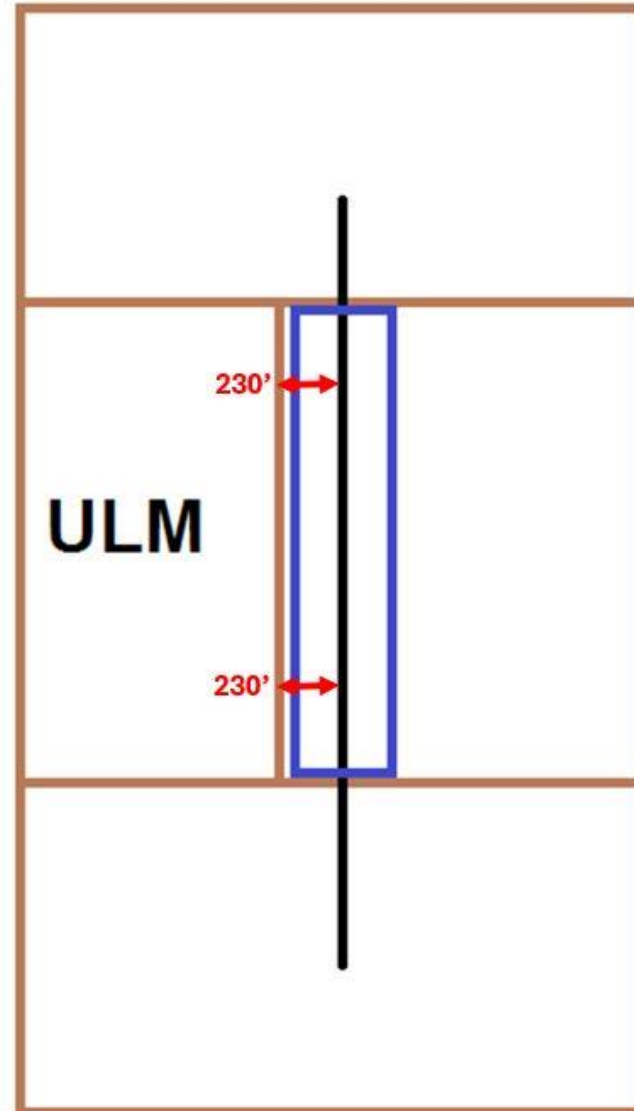
- When your field rules do not provide for dual lease line spacing.
- The example assumes a standard of 467-foot lease line spacing under standard statewide rules.

NPZ -ISOLATING WHEN PARALLEL W/SPECIAL RULES #2



Field With Special Horizontal Rules Only

- Wellbore
- Lease Line
- NPZ's



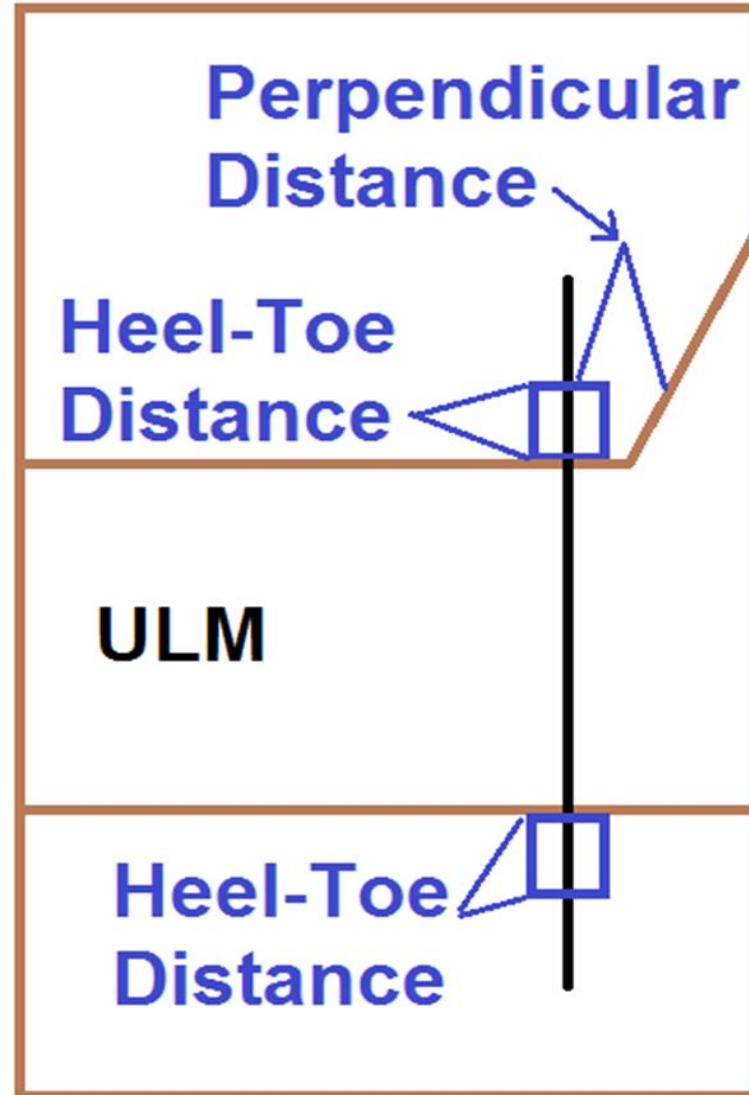
- When your wellbore is *less* than the minimum perpendicular distance from the tract with unleased minerals.

NPZ - DUAL SPACING COMPLIANCE



Field With Special Horizontal Rules Only

- Wellbore
- Lease Line
- NPZ's



- You must account for both the heel/toe spacing AND the perpendicular spacing to the lease lines.

NPZ -SPECIAL CASES

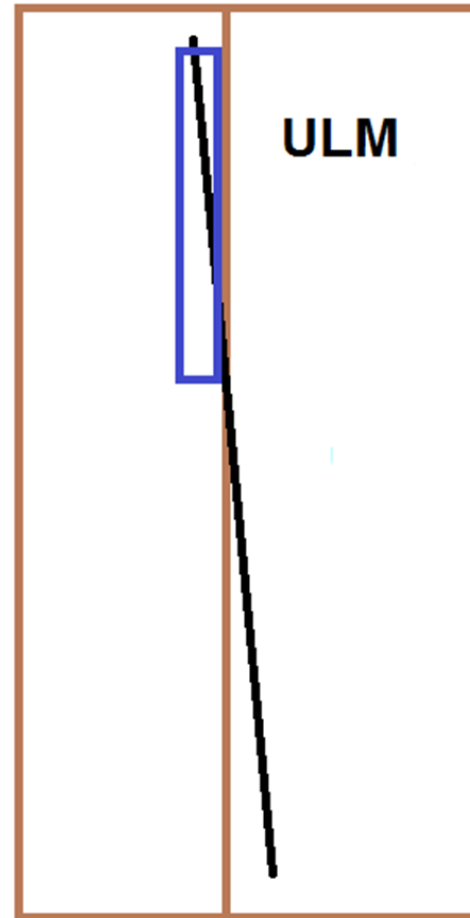


Field With or
Without Special
Horizontal Rules

— Wellbore

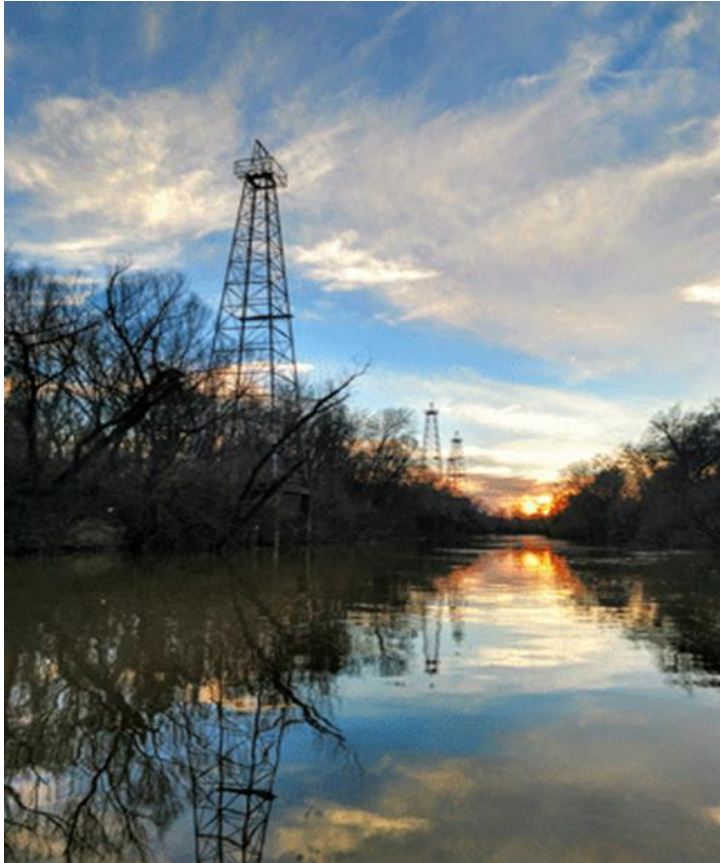
— Lease Line

□ NPZ's



- This special case would be problematic for an Allocation well.
- It is not allowed to remove all production from an allocation tract.
- This would be ok if it was a PSA and the agreement percentages were met.

DRILLING PERMIT EXCEPTION CHECKS



SWR 37 Lease Line Trigger Checks

- Vertical
- Directional
- Horizontal
- Horizontal with Special Rules

Notification Parameters

- Offsets within the greater of the lease line spacing or $1/2$ of the between well spacing.
- Fields with special horizontal rules and between well spacing have the same notice area as above.
- If no between well spacing, the notice area is the same as the lease line spacing.



VERTICAL WELL CHECK



*Basic Details

Lease name: MCKNIGHT, M.B.

Well number: 506H

Distance to Nearest Lease Line from Surface Location: 5301.0

Total Acres in the Lease: 5760.0

| Surface Lease Line Perpendiculars: | Distance | Direction | Distance | Direction |
|---------------------------------------|----------|--------------------------|------------|-------------------------|
| | 5301.0 | feet from the SOUTH line | and 8337.0 | feet from the WEST line |

Pooled/Unitized: ☐ (Check if yes)

Unitized Docket Number: (Required only if Unitized)

Well Type: Oil Well

Completion Depth: 5043

Distance to
Nearest Well: 2525.0







No. of Wells: 9

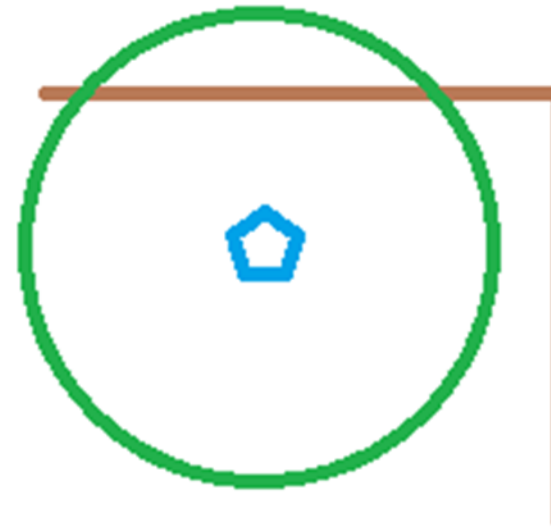
Total Depth: 5043

STATEWIDE RULE 37 LEASE LINE- VERTICAL



Vertical

-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



DIRECTIONAL WELL CHECK



Wellbore Profile

Distance to Nearest Lease Line from Bottomhole Location: 1117.0

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

Section: 7

Block:

Survey: PERRY, J F / AUSTIN, E M

Abstract #: A- 110

County: BRAZORIA

Auto-Populate









Additional information about the location:

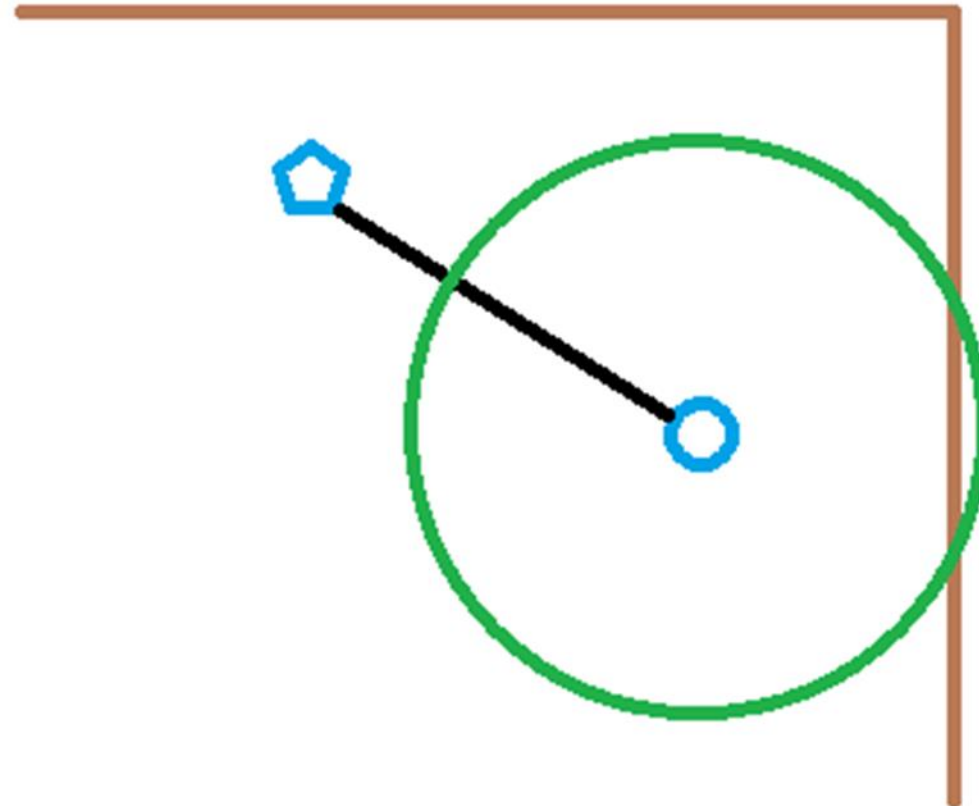
| Delete | Name | Profile | | Distance (ft) | Direction | Distance (ft) | Direction |
|--------------------------|------|------------|--------|---------------|------------------|-----------------|------------------|
| <input type="checkbox"/> | BH1 | Bottomhole | Lease | 1117.0 feet | from the NW line | and 1354.0 feet | from the NE line |
| | | | Survey | 1354.0 feet | from the NE line | and 5696.0 feet | from the SE line |

STATEWIDE RULE 37 LEASE LINE : DIRECTIONAL



Directional

-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



HORIZONTAL : NO SPECIAL RULES



Wellbore Profile

Add Additional Terminus Location

Nearest Distance from Any Take Point to a Lease Line: 467.0

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

Section: 101

Block: 16

Survey: H&TC RR CO

Abstract #: A- 123

County: HARDEMAN

Auto-Populate









Additional information about the location:

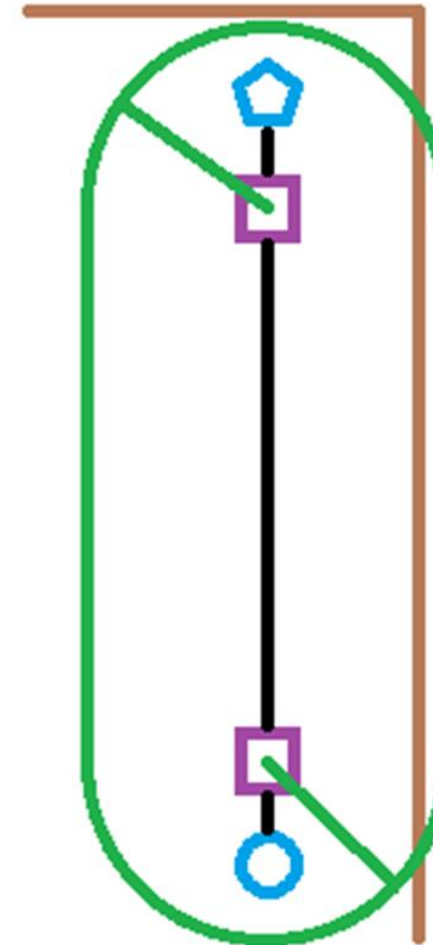
| Delete | Name | Profile | | Distance (ft) | Direction | Distance (ft) | Direction |
|--------------------------|------|-------------------|--------|---------------|---------------------|-----------------|--------------------|
| <input type="checkbox"/> | TH1 | Terminus Point | Lease | 467.0 feet | from the north line | and 1512.0 feet | from the west line |
| | | | Survey | 467.0 feet | from the north line | and 1512.0 feet | from the west line |
| | | Last Take Point | Lease | 467.0 feet | from the north line | and 1512.0 feet | from the west line |
| | | First Take Point | Lease | 1492.0 feet | from the south line | and 801.0 feet | from the east line |
| | | Penetration Point | Lease | 1492.0 feet | from the south line | and 801.0 feet | from the east line |

STATEWIDE RULE 37 LEASE LINE : HORIZONTAL



Horizontal

-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



HORIZONTAL : SPECIAL DUAL LEASE LINE



Wellbore Profile

Add Additional Terminus Location

Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line: 100.0

Nearest Perpendicular Distance from Any Take Point to a Lease Line: 330.0

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

Section: 14

Block: C20

Survey: PSL / ANDERSON, L W

Abstract #: A- 4345

County: REEVES

Auto-Populate



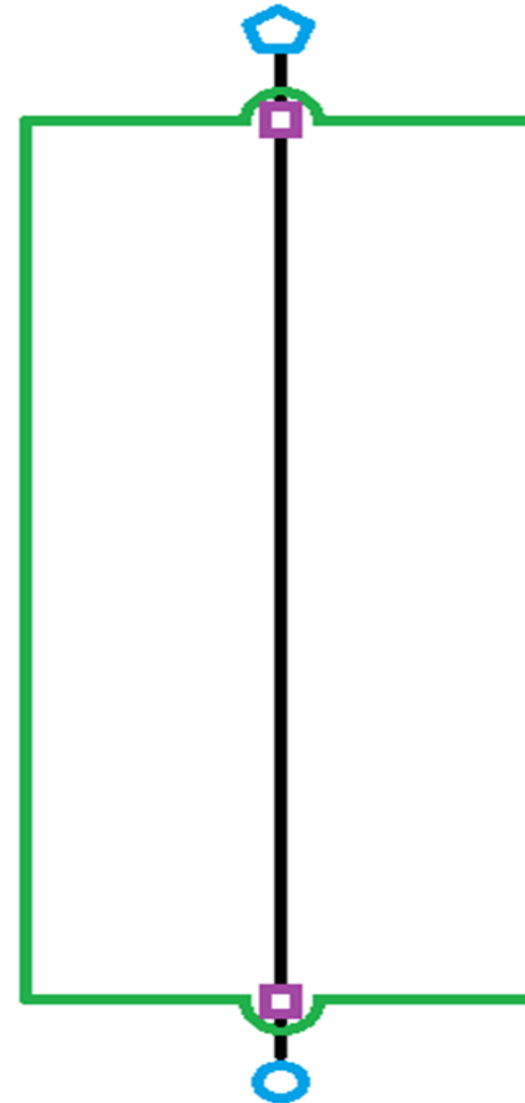
Additional information about the location:

| Delete | Name | Profile | | Distance (ft) | Direction | Distance (ft) | Direction |
|--------------------------|------|-------------------|--------|---------------|-------------------------|-----------------|-------------------------|
| <input type="checkbox"/> | TH1 | Terminus Point | Lease | 100.0 feet | from the SOUTH line | and 1830.0 feet | from the WEST line |
| | | | Survey | 100.0 feet | from the SOUTH line | and 1830.0 feet | from the WEST line |
| | | Last Take Point | Lease | 100.0 feet | from the SOUTH line | and 1830.0 feet | from the WEST line |
| | | First Take Point | Lease | 330.0 feet | from the NORTHEAST line | and 1830.0 feet | from the WEST line |
| | | Penetration Point | Lease | 747.0 feet | from the NORTH line | and 560.0 feet | from the NORTHEAST line |

SPECIAL HORIZONTAL FIELD RULES



-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



FIELD RULES : DUAL LEASE LINE RULES



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

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

Unconventional Fracture Treated (UFT): Yes

UFT Effective Date: 05/10/2016

Correlative Interval: From 6865 to 10605 feet

Established by API Number: 32931029

Dual Lease Line Take Point Spacing

First/Last Take Points (Heel and Toe) to Lease Line: 100 feet

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

Between-Well Spacing

Horizontal to Vertical: 0 feet

Horizontal to Horizontal: 0 feet

Overlap Distance: N/A

Subsurface Tolerance Box: 50 feet

Stacked Lateral Rules: Yes (If yes, see Final Order for details)

Special Rule 38 (Well Density) Provision

Upper: 79 acres

Notification Radius: 660 feet

Lower: 20 acres

Comments for the Special Field Rules

Comments: DOCKET 7C-0291171 CONTAINS THE SAME INFORMATION AS 7C-0291169.

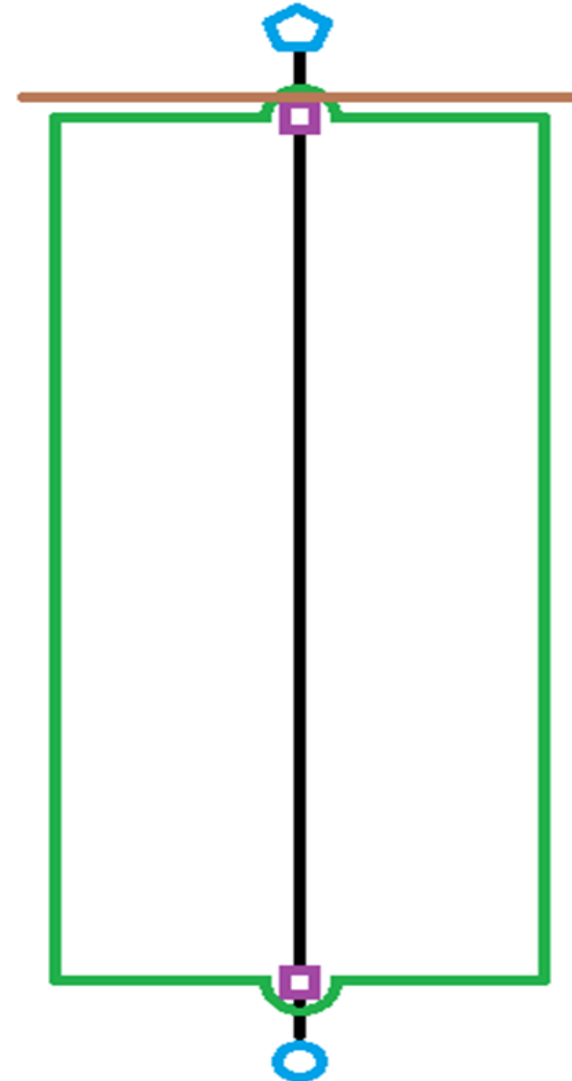
History: Final Orders that contain special horizontal field rules language

| Docket Number | Final Order Effective Date | Final Order Document |
|---------------|----------------------------|----------------------------|
| 7c-0291169 | 12/02/2014 | Click Here |
| 7C-0297471 | 03/08/2016 | Click Here |

SPECIAL HORIZONTAL FIELD RULES : FTP & LTP



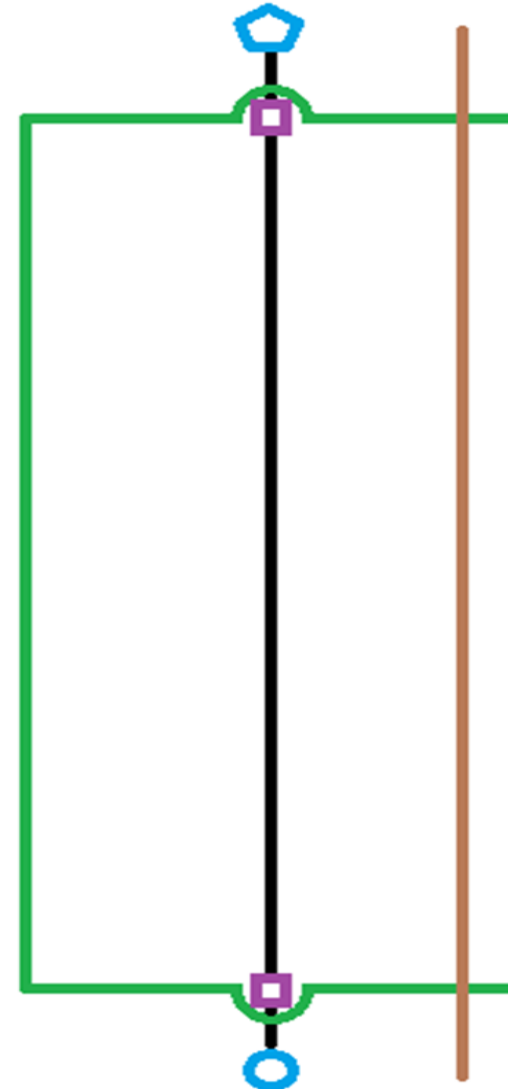
-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



SPECIAL HORIZ. FIELD RULES : PERPENDICULAR



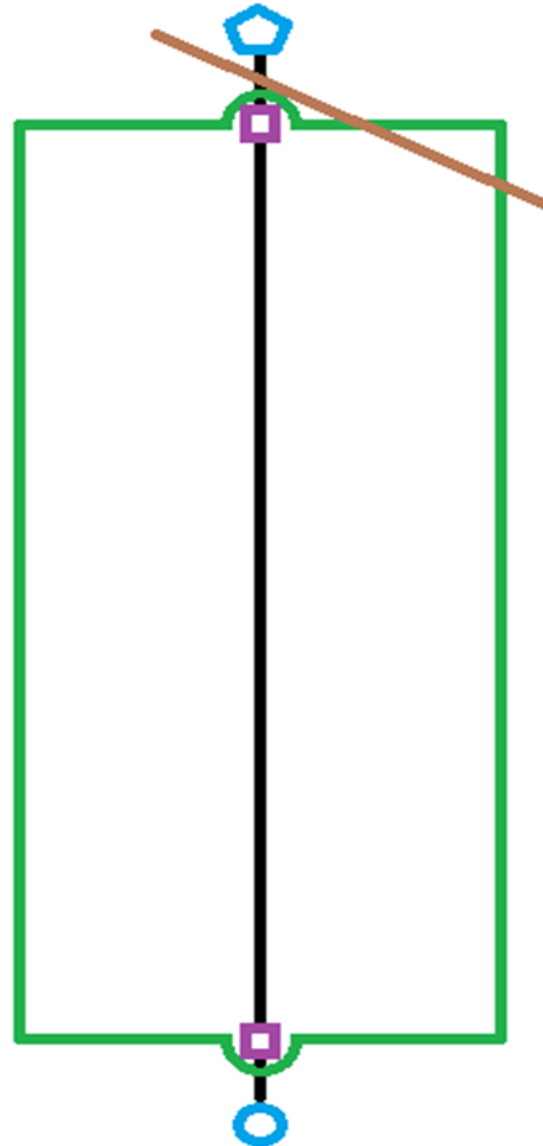
-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



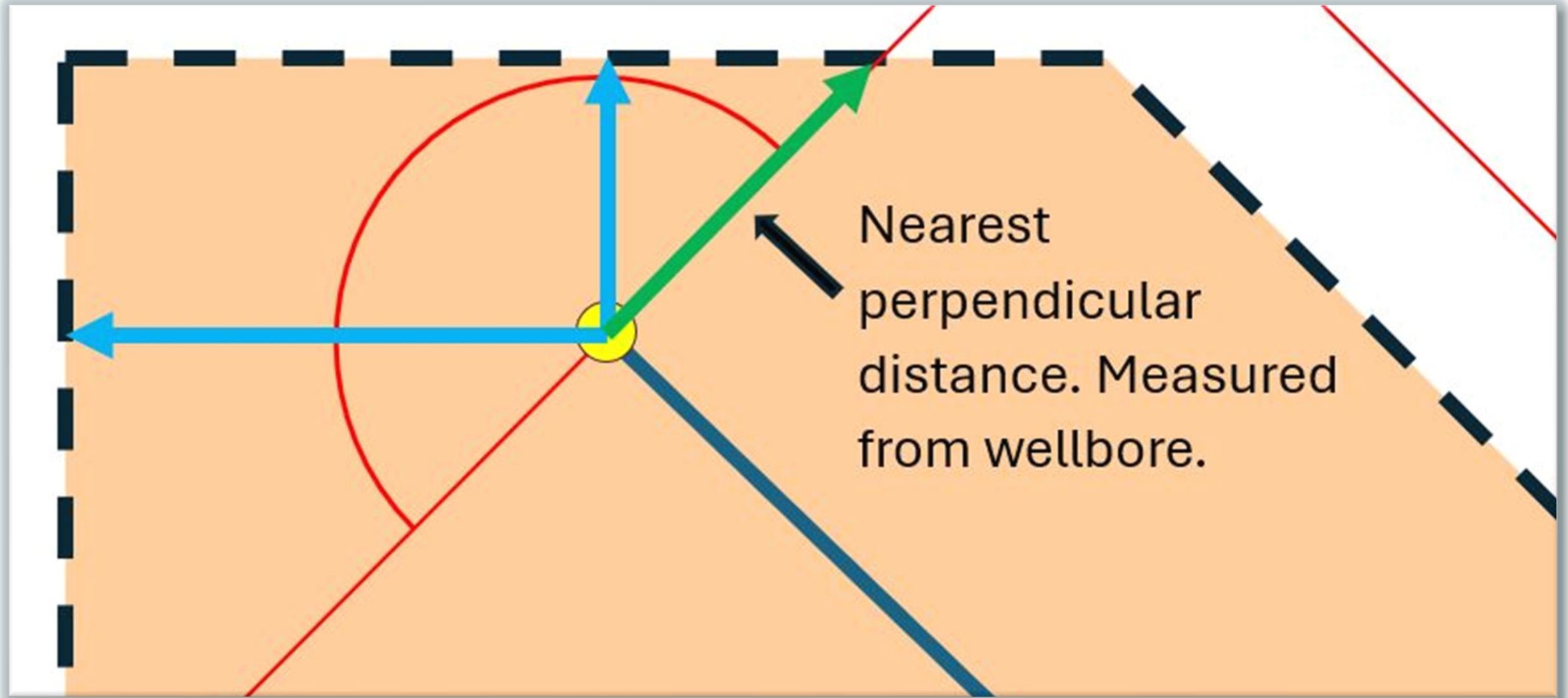
SPECIAL HORIZ. FIELD RULES : DUAL COMPLIANCE



-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



NEAREST PERPENDICULAR DISTANCE

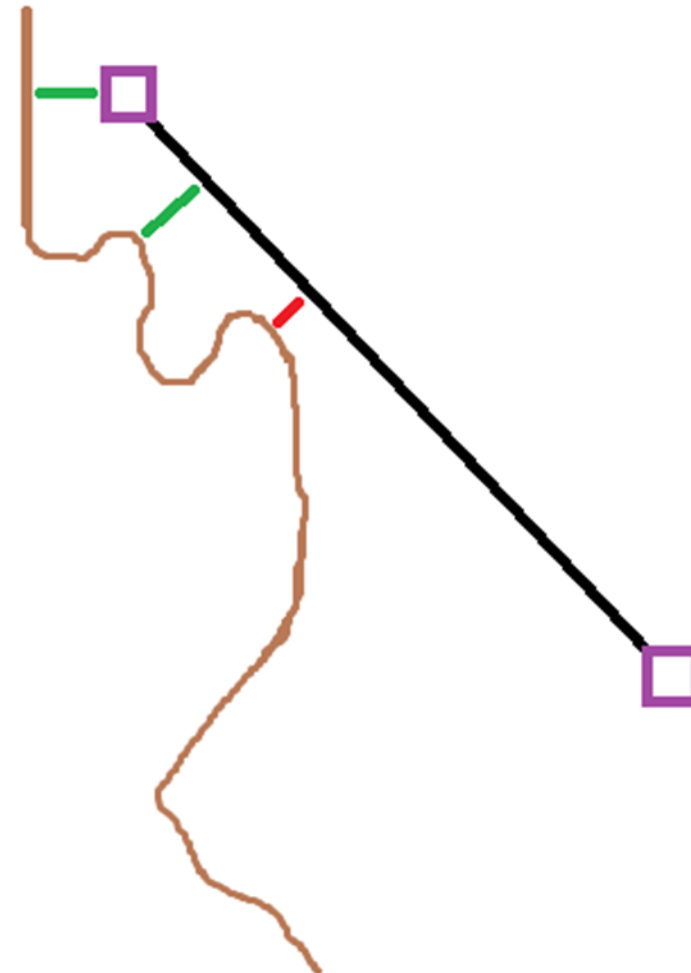


SPECIAL HORIZONTAL FIELD RULES : SPECIAL



River Lease Lines

- Wellbore
- Lease Line
- Take Points
- Legal Distance
- SWR 37

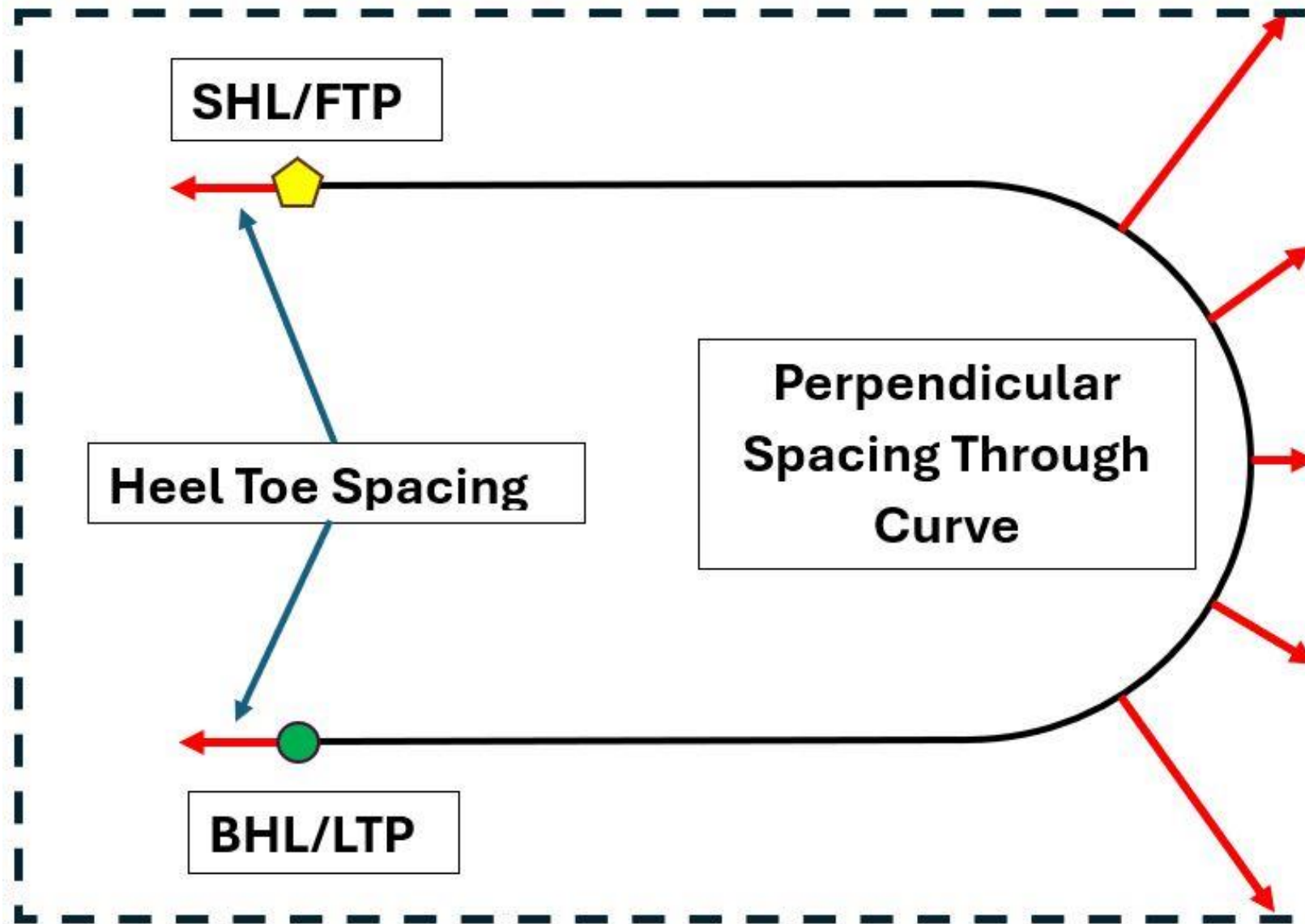




“U-Turn” wells or “Horseshoe” wells

- **Heel/Toe spacing applies to the end points of the well.**
- **Perpendicular spacing will apply throughout the curve of the well.**
- **If the curve is less than 330 feet from the lease line**
 - **An NPZ would be required to cover the full section that is less than 330 feet.**

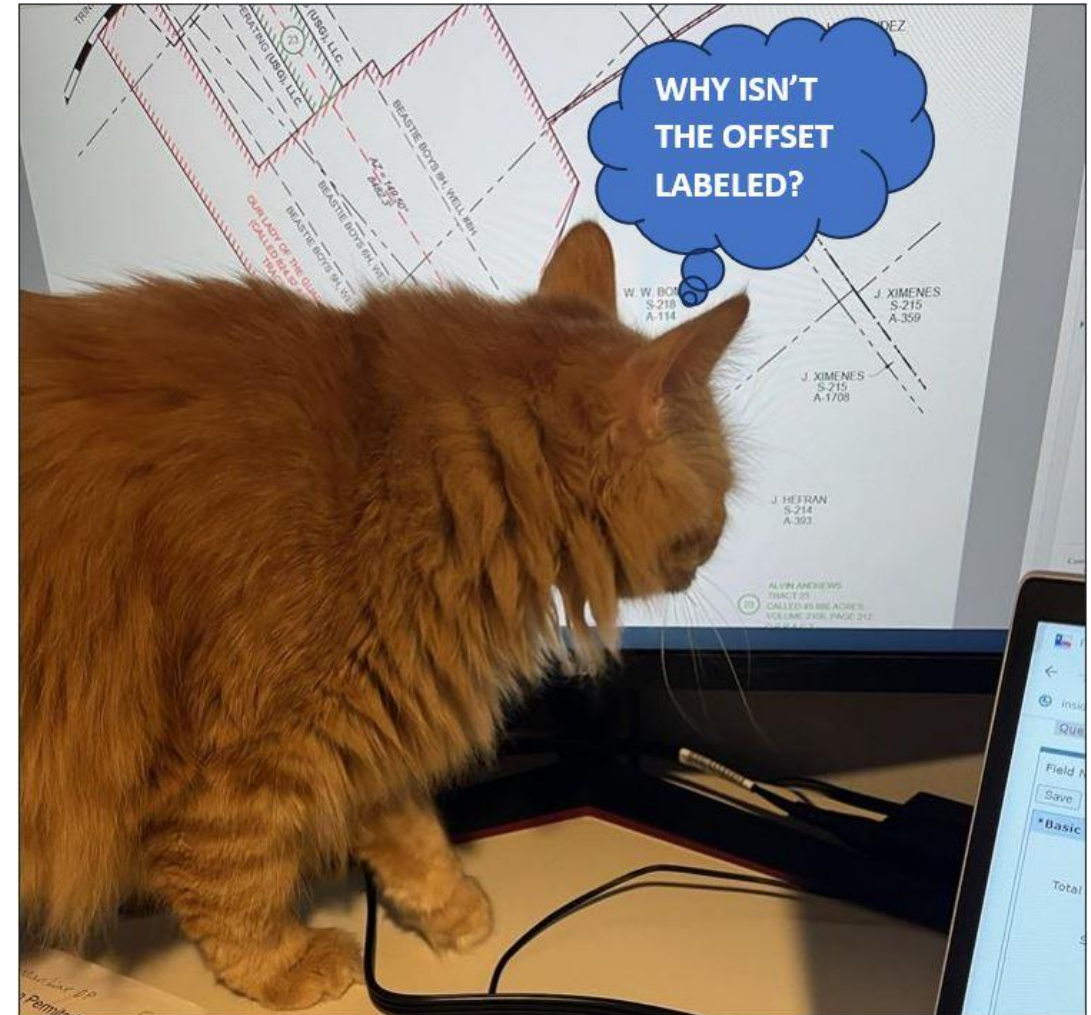
SPECIAL HORIZONTAL FIELD RULES: U-TURN WELL (2 of 2)



ADDITIONAL OFFSET REMINDER



- “Please label the affected offsets on the plat.”
- This is THE most common problem sent from a W-1.
 - It is also one of the easiest to avoid.
- Check that your offsets are properly labeled.

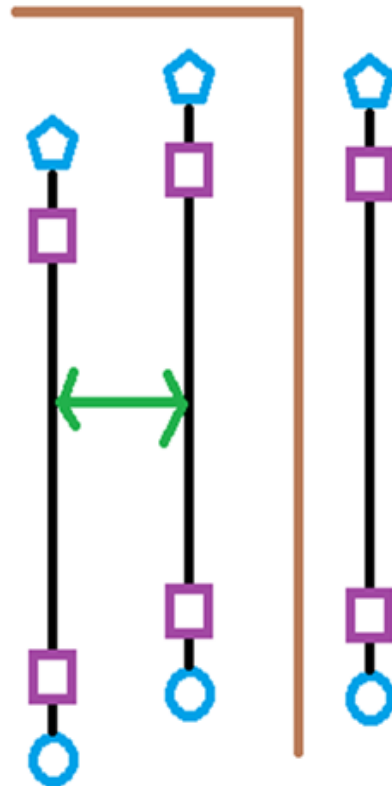


STATEWIDE RULE 37- BETWEEN WELL



Between Well

-  SHL
-  BHL
-  Wellbore
-  Take Points
-  Field Rules
-  Lease Lines



- Producing part of the well is too close to producing portion of another well in the same LEASE and FIELD
- Wells owned by other operators can be the nearest well if in the same LEASE and FIELD

Notification Parameters

- Offsets within the greater of the lease line spacing or 1/2 of the between well spacing AND each adjacent tract.
- It is possible to have an affected offset that is not adjacent but is still within the notification area.

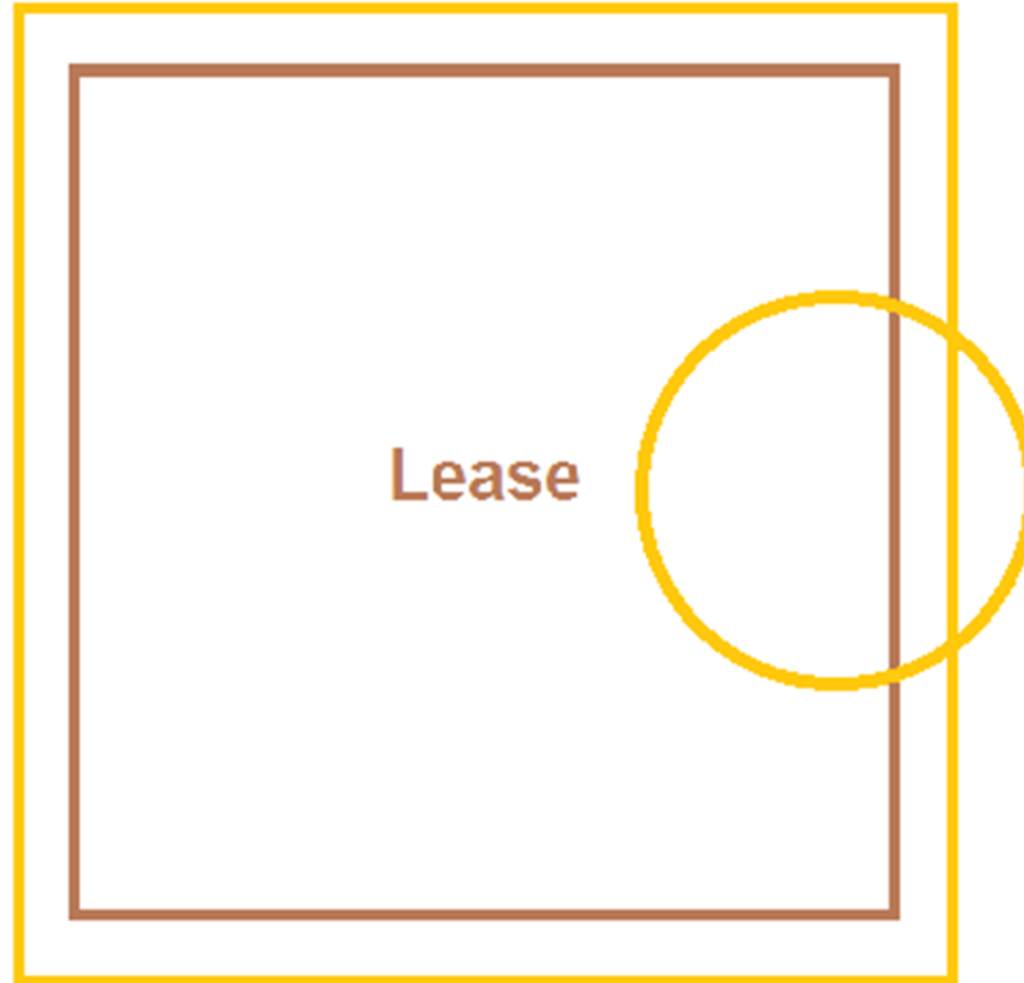


STATEWIDE RULE 37 NOTICE AREA- BETWEEN WELL



Between Well & SWR 38 notice area

- Lease Line
- Notice Area



STATEWIDE RULE 38



TOO MUCH OIL NOT ENOUGH SPACE

- A SWR 38 is triggered when there are more wells on the lease than allowed for by the field rules.
- Is your field classified as “UFT”? If so, an exception may not be required.

Note: In some cases, the use of Stacked Lateral provisions approved for your field or under SWR 86 can negate the need for a SWR 38 exception for a lease being developed with horizontal wells.



STATEWIDE RULE 38- DETERMINING NOTIFICATION AREA



Notification Parameters



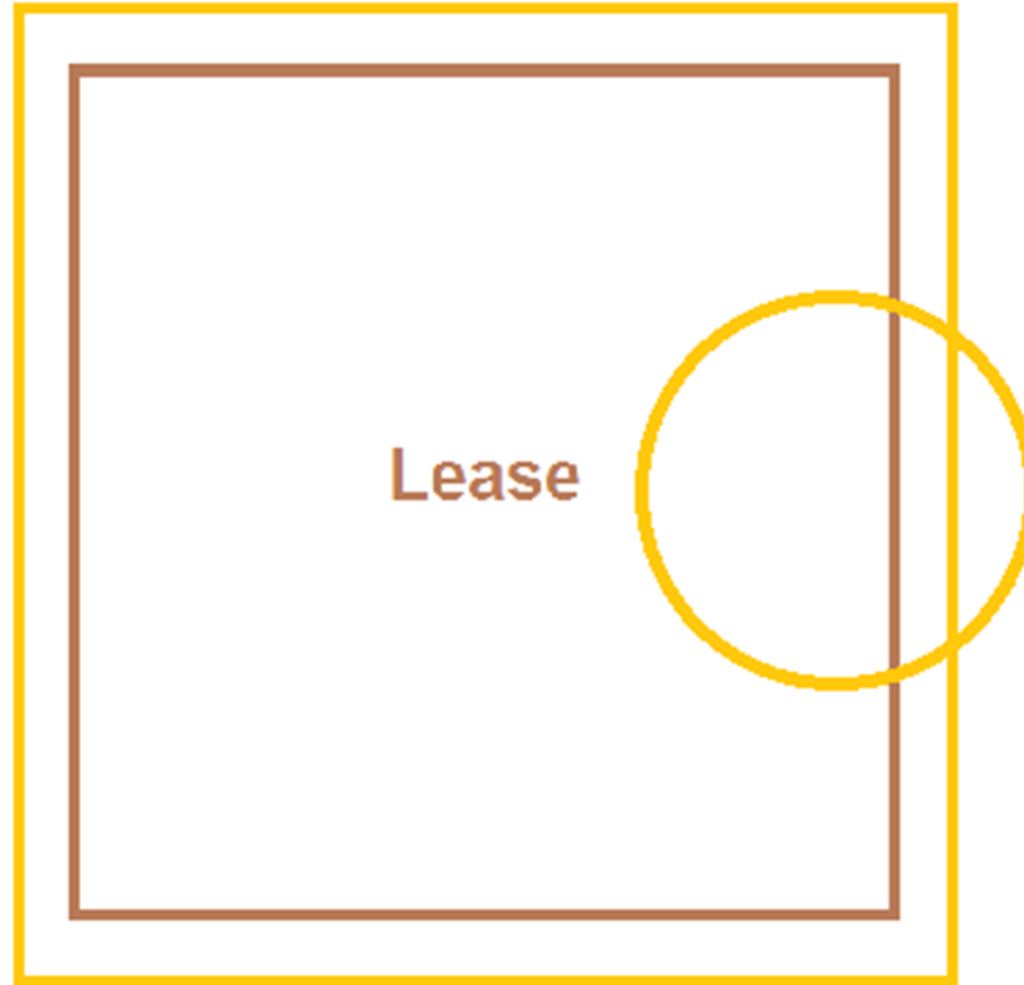
- Offsets within the lease line spacing AND each adjacent tract
- It is possible to have an affected offset that is not adjacent, but are still within the notification area
- Refer to your field rules or “UFT” rules for special notification areas

STATEWIDE RULE 38- NOTICE AREA



Between Well & SWR 38 notice area

- Lease Line
- Notice Area

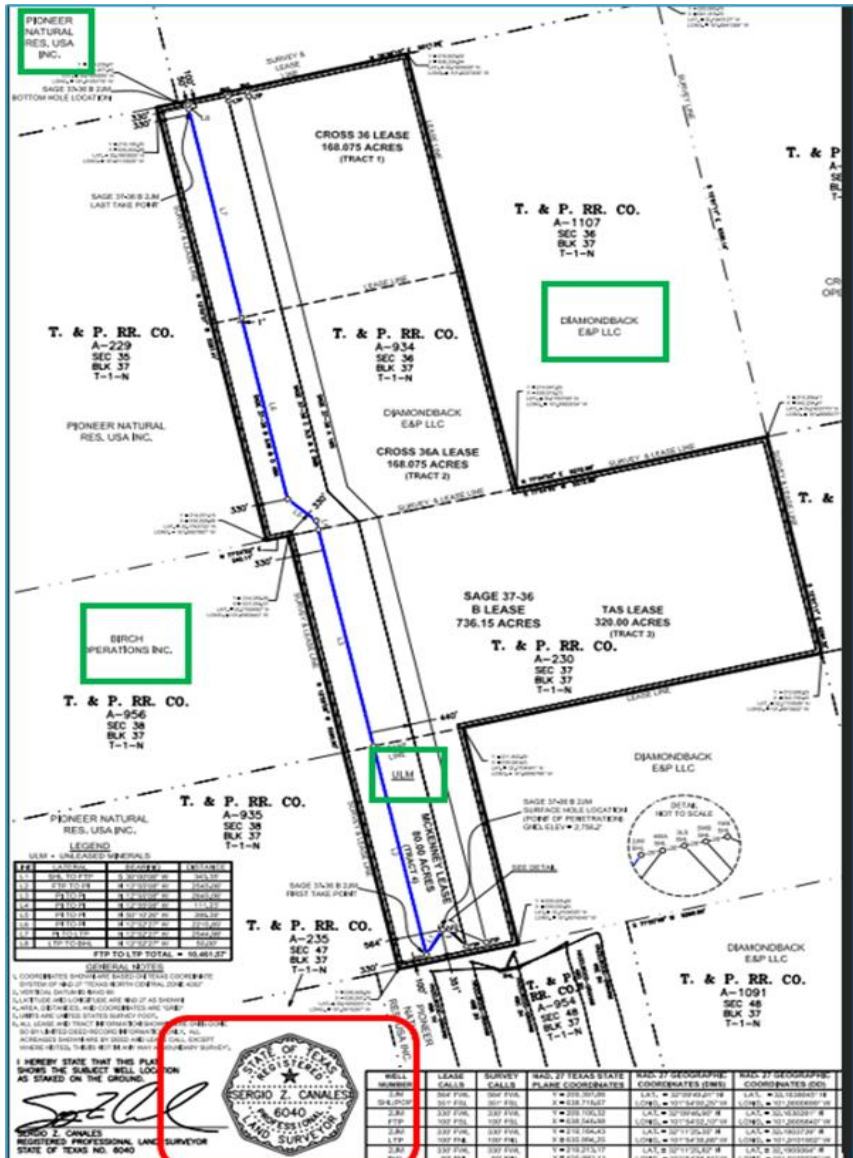


Non-Concurrent Production:

For SWR 37 Between Well and SWR 38 a Non-Concurrent Production Restriction can be used.

- Restriction stating that the applied for well and any wells on the restriction will not produce from the same field at the same time
- All wells that trigger an exception must be included in the restriction

STATEWIDE RULE 37 & 38- PLATS



- Plat must be certified with a signature or surveyor's stamp
- Plat must have offsets clearly labeled in the notification area
- If filing for a PSA or Allocation well the plat must show all tracts being developed

Note: Even if you are your choosing “Own Offset” as a resolution to the exception you must still clearly label your companies name in the appropriate area on the plat.



Entity for Density:

- For SWR 37 Between Well an Entity for Density docket number can be used.
- Some approved dockets for EFD'S may have special lease line requirements that require the operator to send out notice.

RESOLVING WITHOUT NOTICE



Own Offset

- To qualify, all affected tracts identified must be 100% leased* to the applicant.
- The plat must clearly be labeled with applicant's name in all affected tracts.

*If less than 100% of the mineral tract is under lease then another resolution path will need to be taken for the rest of the mineral tract.

Waiver

- All affected operators, lessees, or unleased mineral owners must sign the waiver.
- The plat must clearly be labeled with affected parties name in all affected tracts.
- Waivers from JOA partners may need more language concerning acreage assignments.

WAIVER



DATE

EXAMPLE

**RULE 37 AND/OR RULE 38
WAIVER**

**OFFSET INC
P O BOX XXXXX
XXXXX, TEXAS XXXXX**

**RE: RULE 37 AND/OR RULE 38
LEASE NAME _____
COUNTY _____**

**THE APPLICANT IS REQUESTING AN EXCEPTION TO
STATEWIDE RULE 37 AND/OR RULE 38 THE BELOW SIGNED
HAS NO OBJECTIONS.**

SIGNATURE _____

TITLE (OPTIONAL) _____

DATE: _____

RESOLVING WITH UNAFFECTED STATUS



- For SWR 37 and SWR 38 exceptions affected tracts located in another state or country can be classified as unaffected.
- For SWR 37 Between Well and SWR 38 any affected offsets that are greater than 1 mile from the producing portion of the well may be deemed unaffected.

RULE 38 OPTIONAL NOTIFICATION PARAMETERS



Queues General Information Field List Field Details Exceptions Attachments Restrictions Payments Events Comments Review

Save (please hit save to see errors on this page)

| Field | Exception |
|--|-----------|
| SUGARKANE (EAGLE FORD) | SWR 38 |

SWR 38 Exception Notification Parameters
☐ Yes Are you using different notification parameters than the ones in SWR 38 to determine the affected persons? (applies to fields designated as UFT, or with a notification radius specified in special field rules)
☒ No
Be sure to attach [geological data](#) to support your exception request if **No** was selected above.

- Some field rules allow for reduced notification parameters in identifying affected parties.
- Make sure that you check the box, if allowed, that you are using reduced notification.
- Unconventional Fracture Treated (UFT) fields for certain exceptions have reduced notification parameters in identifying affected parties

RESOLVING WITH NOTICE



Notice of Application

- Unleased affected parties are listed on the service list provided with the application.
- The plat must clearly be labeled with name of affected party in all affected tracts.
- Commission will generate a 21-day notice that will be sent to the parties identified on the service list.

Publication

- Unleased affected parties are listed on the service list provided with the application
- The plat must clearly be labeled with name of affected party in all affected tracts
- A “Due Diligence” Letter provided with the application for publication concerning affected parties. Letter also explain steps taken to find those affected parties

SERVICE LIST (1 of 2)



| | A | B | C | D | E | F | G | H | I | J |
|----|--------|--------|--------|--------|----------------|----------------|------|-------|-----|---------|
| 1 | Name 1 | Name 2 | Name 3 | Name 4 | Address Line 1 | Address Line 2 | City | State | Zip | Country |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | | | | | | | | | | |
| 7 | | | | | | | | | | |
| 8 | | | | | | | | | | |
| 9 | | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 | | | | | | | | | | |
| 12 | | | | | | | | | | |
| 13 | | | | | | | | | | |
| 14 | | | | | | | | | | |
| 15 | | | | | | | | | | |
| 16 | | | | | | | | | | |

Name 1
DO NOT USE COMMAS IN THIS FIELD.
45 Character maximum.
USE THIS NAME FIELD FIRST.
If you need additional space beyond 45 characters you will move to Name 2, then Name 3, and then Name 4 if needed.

- New Service List format is required
 - Downloaded from [RRC Forms Library](#) as an Excel file
- Export or Save As a CSV file
- Instructions are available in the [RRC Forms Library](#)
 - Instructions cover entering information and saving out to a CSV file

SERVICE LIST (2 of 2)



- Drilling Permits staff no longer prints the notifications or stuffs the envelopes.
 - The Xerox Central Print Team handles this now.
- New Service List format was created to match exactly how their print system works for addresses.
- You may use either the Service from the [RRC Forms Library](#), or the Built-In Utility on the Attachments tab of the W-1.
 - Do NOT use any other source to create the service list.

WORKING INTERESTS



- Working Interests or NPRI's aren't required to be noticed for SWR 37 or SWR 38.
- If you do notice them however, and they do protest, then you will have to go through the process and if necessary, a hearing.
- If we get returned envelopes and you aren't publishing the notice, then you will have to provide a new address.

PUBLISHER'S AFFIDAVIT



- After the notice has been run send in the affidavit to SWR37@rrc.texas.gov only.
- Make sure the subject line has the status number only.
- Attach one affidavit only to the email.

RESOLUTIONS- SWR 38 DATA REVIEW (1 OF 2)



SWR 38 Data

- Not required for SWR 38 exceptions in UFT fields unless applicant chooses to provide.
- Not required for SWR 38 exceptions in fields with approved special rules unless applicant chooses to provide.

Information that may be requested

Railroad Commission of Texas
Oil and Gas Division - Permitting Services

**GEOLOGICAL AND ENGINEERING DATA
REQUIRED FOR
STATEWIDE RULE 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 affecting 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.

April 1997

See notice on reverse side

RESOLUTIONS- SWR 38 DATA REVIEW (2 OF 2)



Original Recoverable Oil & EUR Comparison

Three Rivers Operating Company II, LLC

Louis 3112 - Upton County, TX

Spraberry (Trend Area) Field

EUR for Entire 640 Acres:

| | |
|----------------------------|-----------------|
| Average Porosity = | 12% |
| Average Water Saturation = | 25% |
| Bo = | 1.4 bbl/STB |
| Acres = | 640 |
| Estimated Net Pay = | 240 |
| Oil in Place = | 76,604,709 STBs |
| Recovery Factor = | 3% |
| Original Recoverable Oil = | 2,298,141 STBs |

Three Rivers has rights to produce from depths below the base of the Spraberry.
These volumetrics and EURs apply only to the interval for which Three Rivers has
rights to produce. There are 4 wells currently producing in the same interval:

| | Cum. Oil (STBs) | EUR (STBs) |
|------------|-----------------|------------|
| Louis 3142 | 7,760 | 145,542 |
| Louis 3131 | 24,009 | 72,826 |
| Louis 3114 | 7,539 | 30,098 |
| Louis 3133 | 7,294 | 50,758 |
| Total | 46,602 | 299,224 |

Remaining Reserves Left to Recover 1,998,917.26 STBs

FORM W-1A



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

SUBSTANDARD ACREAGE CERTIFICATION

Revised 05/2001

W-1A

| | | | |
|--|----------------------------------|--|-----------------|
| 1. Operator Name | 2. Operator P-5 Number | 3. RRC District Number | |
| 4. Lease, Pooled Unit or Unitized Tract Name | 5. Lease/ID Number (if assigned) | 6. Purpose of Filing <input type="checkbox"/> Only Well <input type="checkbox"/> Surplus Acreage <input type="checkbox"/> Other Docket # _____ | |
| 7. Total Acres in Lease, Pooled Unit or Unitized Tract | 8. Well Number | | |
| 9. County | 10. API Number | | |
| 11. Field 1 | RRR use only Disc. Date | Rules Eff. Date | Rules Amd. Date |
| 12. Field 2 | Disc. Date | Rules Eff. Date | Rules Amd. Date |
| 13. Field 3 | Disc. Date | Rules Eff. Date | Rules Amd. Date |

CERTIFICATION FOR AN OPERATOR SEEKING A PERMIT ON A LEASE, POOLED UNIT OR UNITIZED TRACT WHICH CONTAINS SUBSTANDARD ACREAGE AS DEFINED BY EITHER STATEWIDE RULE 38 OR BY SPECIAL FIELD RULES.

A. This lease, pooled unit or unitized tract was established as a separate tract in its present size and shape on

_____ and has remained as such since that date.
(mmddyy)

B. The ownership in this lease, unitized tract or the drill site tract of a pooled unit has not:

- I) been the same as or common to the ownership of any adjoining tract at any time after the date set forth in paragraph A.; and,
- II) been unitized or pooled with any adjoining tract and accepted as a single tract for any Commission approved development or allowable purpose.

- If the system is requiring you to use a W-1A date and you aren't trying to use the W-1A date, then place the date you are entering the application into the system. Attach all necessary documentation to resolve a SWR 38 exception.



FORM P-16 ACREAGE DESIGNATION

A Basic Overview and Interactive Exercise

We will switch to the P-16 excel file for this portion of the discussion.

W-1 SERVICE LIST EXERCISE (2 OF 3)



Please visit the following link

[2025 Regulatory Conference Presentations](#)

(CTRL+click to open the link)

Find the SWR 37 & 38: How to Identify and Resolve session

Download two files:

EXAMPLE SERVICE WITH NAMES.xlsx

W-1 SERVICE LIST.xlsx



A pre-filled service list and an empty service list have been provided.

You will learn how to quickly check character limits and how to avoid copy/paste issues.

CONTACT INFORMATION



| | |
|---|---|
| Drilling Permit Main Phone Line | 512-463-6751 |
| General Questions (and corrections not related to a problem email) | drillingpermits-info@rrc.texas.gov |
| Publisher's Affidavits and Tear Sheets | SWR37@rrc.texas.gov |
| General Hearing Requests and Complaints (NOT resulting from a protest problem email) | OGHearingRequest@rrc.texas.gov |
| Protest Hearing Request (resulting from a protest problem email) | SWR37@rrc.texas.gov (or reply to the problem email) |
| Problem Responses | Reply to the problem email that was received |
| Manager: David King | David.King@rrc.texas.gov |
| SWR 37/38 Questions: Chris Houston | 512-475-0193 |

THANK YOU

