

DRILLING PERMITS:



Form P-16 : Acreage Designation An Advanced Discussion and Interactive Workshop

July 2025













FORM P-16 ACREAGE DESIGNATION OVERVIEW AND DISCUSSION



- All Horizontal wellbores.
 - Regardless of the regulatory field.
 - Includes Allocation and PSA wells.
- All wellbore profiles in a UFT field.
 - Vertical
 - Directional
 - Horizontal



Important:

- Please use the current version of the Form P-16.
 - Updates were adopted on June 28th, 2022
 - It is required to use the updated Form

- The most up to date version is always available in the Oil and Gas Forms Library.
 - <u>https://www.rrc.texas.gov/oil-and-gas/oil-and-gas-forms/</u>

REQUIRED SECTION BY PROFILE TYPE

Wellbore Profile	Section I	Section II	Section III	Section IV Section V		Section VI	Attachment 1A	Attachment 2A	
Vertical Well	Yes	Yes	Yes	Optional	No	No	Optional	No	
Directional Well	Yes	Yes	Yes	Optional	No	No	Optional	No	
Horizontal Well	Yes	Yes	Yes	Optional	No	No	Optional	No	
Allocation Well	Yes	Yes	No	Optional	Yes	Yes	No	Optional	
PSA Well	Yes	Yes	No	Yes	Yes	Yes	No	Optional	
Stacked Lateral Well	Yes	Yes	Yes	Optional	No	No	Optional	No	
Stacked Lateral Allocation Well	Yes	Yes	No	Optional	Yes	Yes	No	Optional	
Stacked Lateral PSA Well	Yes	Yes	No	Optional	Yes	Yes	No	Optional	

STATEWIDE RULE 40



- The June 28th, 2022, updates to the P-16 allow for ownership intervals to be reported in Section II and Section V.
 - Values are required only if a division of ownership exists in the lease or pooled unit and an exception to SWR 40(e)(2) is requested.
- Ownership Interval updates for Section II and Section V will be discussed in Part Three.

P-16 - SECTION I



SCOMMISSION	RAILROAD COMMISSION OF TEXAS	Form P-16
	1701 N. Congress P.O. Box 12967 Austin, Texas 78701-2967 Acreage Designation r is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for res operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized gned acreage of that operator as shown below.	Page 1 Rev. 06/2022
leases operated by other	ee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is r entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the curre	
	SECTION I. OPERATOR INFORMATION	
Operator Name:	Operator P-5 No.:	
Operator Address:		

- P-5 (Operator) No.
- Operator Name
- P-5 Address

P-16 - SECTION II (1 OF 7)



		SECTION II. WELL INFO	RMATION			
District No.:	Select One	API No.:		Purpose of Filing:		
Well No.:		Drilling Permit No.:	Drilling Permit No.:			
Lease Name:		RRC ID or Lease No.:		Form G-1/W-2		
Total Lease Acres:		Field Name:				
Proration Acres:		Field No.:		Ownership Interval:		
Wellbore Profile:	Select One	Is this a UFT field?:	Select One	Upper:		
SL Record (Parent) W	SL Record (Parent) Well Drilling Permit No.:		Select One	Lower:		

All fields are required, if applicable:

- District No.
 - Based on the District assignment for the Lease Number.
- Lease Name and Well No.
 - These values are for the subject well and should match what is shown on the W-1 or the G-1/W-2.

P-16 - SECTION II (2 OF 7)



- Total Lease Acres
 - The total size of the lease, pooled unit, or developmental acreage being proposed or completed.
- Proration Acres
 - Proration acreage proposed for the well.
- Wellbore Profile and UFT Designation
 - Options are selected from a drop-down menu.
 - Selections affect auto-calculation of form.

P-16 - SECTION II (3 OF 7)



- SL Record (Parent) Well Drilling Permit No.
 - Status # or Permit # for the Parent Well, if Stacked
 Lateral is selected from profile menu.
- API No. and Drilling Permit No.
 - OK to be left blank, if not an amendment
- RRC ID or Lease No.
 - OK to be blank, if not yet assigned

P-16 - SECTION II (4 OF 7)



ATTNO		i dipose oi i	ming.
Drilling Permit No.:		Form	W-1
RRC ID or Lease No.:		Form	G-1/W-2
Field Name:			
Field No.:		Ownership	Interval:
Is this a UFT field?:	Select One	Upper:	
County:	Select One	Lower:	

Ownership Interval:

SECTION II. WELL INFORMATION

ADI No.

• Fields have been added to Section II to support SWR-40(e)(2) exception requests.

P-16 - SECTION II (5 OF 7)



- These fields will be left empty if:
 - Full interval ownership exists for the regulatory field in this lease or pooled unit.
 - The P-16 is for an Allocation or PSA.

 Ownership Interval information for Allocation and PSA developments is provided in Section V.

P-16 - SECTION II (6 OF 7)



- If an exception to SWR-40(e)(2) is being requested on the W-1:
 - Interval values in Section II must match the W-1.

- Intervals on the G-1/W-2 P-16 submission, should match what was approved on the W-1.
 - W-1 amendments could be requested if significant discrepancies exist, or conditions have changed.



• Values should be NUMERIC.

- Example: If your rights are surface to "base of the wolfcamp"
 - Use Zero (0) for the surface.
 - Consult with your geologists or engineers to get a value for "base of the wolfcamp."

- It is understood that this might be an estimate.
- This should be where your lease exists.

SECTION II – COMMON ISSUES (1 OF 2)



- Lease Name not matching W-1.
- Proration Acres box not being used with a W-1.
- Incorrect Wellbore Profile selection.
 - Choosing Horizontal instead of Stacked Lateral.
- Not adding Parent Well Status/Permit No.

SECTION II – COMMON ISSUES (2 OF 2)

SECTION II. WELL INFORI	MATION	1
API No.:		1
Drilling Permit No.:		
RRC ID or Lease No.:		
Field Name:		
Field No.:		¢
Is this a UFT field?:	Select One	
County:	Select One	

- Incorrect or misspelled Field Name.
- Field No. not referencing the named field.
 - Using S(TA) R40 Field No., with S(TA) Field Name.
- Not identifying UFT Field Designation.

P-16 - SECTION III (1 OF 5)



Section III is Used when the subject well is NOT an Allocation or a PSA Well.



What Wells are listed in Section III?

- Proposed wells (applied for), Approved wells not yet completed, Completed wells, Shut-In Wells, Temporarily Abandoned wells.
- All types listed above are also included in the W-1 well count.



P-16 - SECTION III (3 OF 5)

- RRC ID No. or Lease No.:
 - Enter if assigned
- Well number:
 - Will always have a value
 - This column triggers auto-calculation for this Section
- Profile:
 - Needs to be accurate. This affects auto-calculation
- Lease Name
 - Matches W-1, and all other attachments

P-16 - SECTION III (4 OF 5)



- API No.:
 - Required if assigned
 - If not yet assigned, use "Pending" or the W-1 Status #
- Acres Assigned:
 - Completed well assignments can match the schedule or can be shown as they will be at the time of completion.
 - Proposed wells not yet completed, should only show the minimum required by the field rules.

P-16 - SECTION III (5 OF 5)



- SWR-38 Except. (Y/N):
 - A well listed here should accurately reflect whether a SWR-38 was approved.
 - Selecting Yes, justifies a substandard assignment.
 - An Allocation or PSA well listed in this Section will also show a substandard assignment, because we are only concerned with the assignment from this tract, to that well. (It may or may not have a SWR-38)
- Operator Name:
 - If another operator controls a well listed, it is required to list that operator name.

- Incorrect Information:
 - Well Numbers and/or API Numbers
 - Profile selection
 - Incorrect Lease Names and Lease ID's
- Subject Well Missing:
 - The subject well being proposed or completed should be listed in this Section, along with other required well listings for your W-1.
- Missing Required Well Listings

SECTION III – COMMON ISSUES (2 OF 2)

RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acres Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator
A. Total Assigned H	oriz. Acreage =		C. Total	Assigned Acreage =			
Total Remaining H	oriz. Acreage =		Total R	emaining Acreage =			

The UFT Designation in Section II affects the totals in Section III.

- If UFT is YES, the split profile totals will be used.
- If UFT is NO, the single total will be used.

It is important to make sure the UFT designation is correct.





- Page 1A is an addendum for Section III.
- Auto calculation features will not cross pages, with respect to the totals.
- The totals at the bottom of any Supplemental pages (Page 1A or Page 2A, no matter how many) will only be a total for that page only.

P-16 – SECTION IV



- This is a comments box.
- Any useful information you need to provide.
- PSA acreage statement (required for PSA)
 - MINERAL AND WORKING Interests
 - At least 65% agreement to production sharing
 - Need to meet 65% IN EACH TRACT
 - $\circ~$ Specific numbers per tract, or
 - Statement should reference "from all tracts"





SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY												
RRC ID No., Lease No. or Tract ID	Lease Name	Beginning Lease Acres	Ownership Interval (Upper)	Ownership Interval (Lower)	Operator Name and Operator No. (if different from filing operator)							
A												
В												
С												
D		·										
E		ą										
F												
G		2 · · · · ·										
Н		2 										
	Total Acreage =											

- Section V is Only Used for Allocation or PSA submissions
- This Section defines the composition of the developmental acreage.

P-16 – SECTION V (2 OF 4)



- RRC ID No., Lease No. or Tract ID:
 - An existing Oil Lease or Gas Lease Id Number should be entered, if assigned.
 - The number entered should be visible in Section VI.
 - Lease Numbers should match RRC records.
- Lease Name:
 - The name of an existing lease or pooled unit being used.
 - The Lease Name or Tract Identifier (A, B, C, etc.) should be labeled on the plat and match.
 - If using an undeveloped tract, see notes on this slide for labeling options.

P-16 - SECTION V (3 OF 4)

- Beginning Lease Acres:
 - The total size of each individual tract being used in the developmental acreage.
- Ownership Interval Fields:
 - Upper:
 - Numerical value for the top of your ownership interval in the developmental tract.
 - Lower:
 - Numerical value for the bottom of your ownership interval in the developmental tract.

P-16 – SECTION V (4 OF 4)



- Operator Name and Operator No:
 - If different from the filing operator, this field should be used.
 - Enter the name of the operator that controls the specific tract.
 - A statement from the listed operator in which they acknowledge and agree that no double assignment will occur is required.



- Lease ID No's. (Oil or Gas) not being listed.
- Lease or Tract Names not matching the plat.
- Incorrect Beginning Acreage.
- Other Operator Names not being listed.
 - Not providing the No Double Assignment of Acreage
 Statement if another Operator is listed.



	SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY											
RRC ID No., Lease No. or Tract ID		Lease Name	Beginning Lease Acres	Ownership Interval (Upper)	Ownership Interval (Lower)	Operator Name and Operator No. (if different from filing operator)						
А												
В												
С												
D			· · · · · · · · · · · · · · · · · · ·									
E												
F												
G			12									
Н												
		Total Acreage =										

The tract identifiers (orange) and the RRC ID No., Lease No. or Tract ID (yellow) will automatically populate the headers in Section VI.

	RRC ID No., Lease No. or Tract ID	Acres From							
А									
В									
С									
D									
E									

P-16 - SECTION VI (1 OF 9)

	SECTION VI. LISTING OF ALL WELLS IN THE REGULATORY FIELD AS LISTED IN														
		SECTION II, A	ND ALLOCAT	TING ACRE	AGE	FROM	ANY OR ALL TRA								
RRC ID No. or	Lease Name	API No.	Well No.	Profile	E	WR 38 xcept.	*Total Acres Assigned	Acres From							
Lease No.						(Y/N)	- Assigned								
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					Ŧ										
					^										
		_	Vert.			L									
		_	Direc.			<u> </u>						<u> </u>			
			Horiz.			⊢									
			Alloc.			⊢									
			PSA SL			⊢						<u> </u>			
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		-			+										
			L	A. Total	Assie	ned A	creage =								
			B. To	otal Assign											
				Assigned											
				-		-	-								

P-16 - SECTION VI (2 OF 9)



- Only Used for Allocation or PSA submissions.
 - This Section lists all wells that have acreage proposed or assigned from each tract in the developmental acreage.
- Wells listed in Section VI will follow the same rules as Section III.
 - For a W-1 application the proposed Allocation or PSA well is now required to be listed, per the June 2022 P-16 updates.



- RRC ID No., Lease No. or Tract ID:
 - Oil wells are assigned the same lease id number, specific to the acreage, and should be entered accordingly.
 - Gas wells are assigned unique Lease ID Numbers, regardless of the acreage.
 - $\circ~$ Gas IDs should be entered accurately.
 - At least one of the ID's should be listed in Section V to identify this developmental tract.
 - If an ID is not yet assigned, then a placeholder should be used: New, Pending, or the W-1 Status/Permit #.

P-16 – SECTION VI (4 OF 9)



- Lease Name:
 - The name of an existing lease or pooled unit
 - If using an undeveloped tract, see notes on slide #32 for labeling options.
- API No.:
 - The API Number should be accurate.
 - If an API is not yet assigned, use the W-1 Status # or "NEW".
- Well No.:
 - Will always have a value and triggers auto-calculation.

P-16 – SECTION VI (5 OF 9)



- Profile:
 - Choose from drop down menu.
 - Same options from Section III.
 - Profile will affect auto-calculation if UFT Designation in Section II is YES.
 - If a well is a Stacked Lateral, ensure the correct option is selected.
 - If any of the three Stacked Lateral options are selected, and an acreage assignment is given, the total assigned field for this well will turn red.
P-16 – SECTION VI (6 OF 9)



- SWR-38 Except. (Y/N):
 - This should accurately reflect if a SWR-38 exception was issued for a particular well.
 - Selecting Yes, justifies a substandard assignment.
 - It is possible for an Allocation or PSA well listed in this Section to also show a substandard assignment, It may or may not have a SWR-38 exception.
- Total Acres Assigned:
 - Auto-calculated cumulative total of all values listed to the right of this field.
 - SWR-38, Allocation, and/or PSA wells can potentially show less than the minimum of the field rules.

P-16 – SECTION VI (7 OF 9)



- Acres From (part 1):
 - The 8 columns reflect the acreage assigned to wells from each developmental tract or lease listed in Section V.
 - Two headers for each column:
 - Upper header is the ID letter from Section V.
 - Lower header is the Lease Name.
 - Upper is NOT editable, lower is editable.
 - Left to right order corresponds to Section V from top to bottom.
 - Acreage assigned from each developmental tract, to each well listed, should be accurate.

P-16 – SECTION VI (8 OF 9)



- Acres From (part 2):
 - If a listed well is a base lease well, then it will only have a value in the respective lease column.
 - Stacked Lateral Wells will show Zero acres.
 - Shut-In wells holding zero acreage on schedule, will also have a Zero assignment.
 - If a well is not using a particular tract, then each respective column will be BLANK.
 - \circ $\,$ Do NOT put Zeroes in this case.
 - A Zero indicates that the well is using the tract, but has no acreage assigned.
 - $\circ~$ A blank cell indicates that the well is not using that tract.

P-16 – SECTION VI (9 OF 9)



- Acres From (Part 3):
 - For a W-1 application:
 - Proposed wells not yet completed to schedule should reflect the minimum per the field rules.
 - The cumulative assignment should equal the minimum, per the field rules, for Allocation or PSA wells.
 - Completed wells can match the schedule or be shown as they will be at the time of completion.
 - This is a new change and will prevent extra work on the filer's end and allow for a more efficient Rule 38 review on RRC staff's end.



- Section not being used when Allocation or PSA is selected in Section II.
- Incorrect Lease Id's and API Numbers.
- Zero acreage being shown for tracts that a particular well does not use. (should be blank)
- Acreage being shown for Stacked Laterals. (should be zero)
- Incorrect Profile selection.

SECTION VI – COMMON ISSUES (2 OF 2)

SECTION VI. LISTING OF ALL WELLS IN THE REGULATORY FIELD AS LISTED IN SECTION II, AND ALLOCATING ACREAGE FROM ANY OR ALL TRACTS LISTED IN SECTION V BY FILER														
RRC ID No. or Lease No.	Lease Name	API No.	Well No.	Profile	SWR : Excep (Y/N	*Total Acres	Acres From							
			Vert.		^ _									
			Direc. Horiz.											
			Alloc. PSA SL											
			AllocS	L	~ 🗖									
				A. Total A										
				otal Assigned Assigned Ve										





- Page 2A is an addendum for Section VI.
- Auto calculation features will not cross pages, with respect to the totals.
- The totals at the bottom of any Supplemental pages (Page 1A or Page 2A, no matter how many) will only be for that page.

The remainder of this discussion will reference the addendum in the handout titled : "Complex Uses for the Form P-16"



We will discuss three complicated topics:

- 1) Cascading acreage : overflow to a second page
- 2) Cascading acreage : wells grouped on multiple pages
- 3) Non-Contiguous acreage reporting : related to SWR 39



Remember: *You* are your best defense in preventing problems. Please be diligent and REVIEW *before* attaching your P-16.

CONTACT INFORMATION



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





