

INSTRUCTIONS

Form H-12: New or Expanded Enhanced Oil Recovery Project and Area Designation Approval Application

Reference: Statewide Rule 50

1. This application must be filed with and approved by the Railroad Commission prior to active operation before consideration can be given for enhanced oil recovery severance tax rate eligibility.
2. File the H-12 and attachments with **The Railroad Commission of Texas**
P.O. Box 12967
Austin, Texas 78711-2967
3. A project may be considered only as a new (No. 6A on front) or an expanded (No. 6B on front) enhanced recovery project, not both.
4. Application attachments.
 - a. A certified plat with the project outlined. For the project, show and clearly identify:
 - lease name, number and boundaries
 - northerly direction and scaleInclude well numbers and API numbers for the following:
 - all active producing wells
 - all proposed injection wells
 - all permitted injection wells
 - all other unplugged wells (include status such as shut-in, 14(b)2 extension, etc.)
 - b. Data sheets for additional leases. See No. 15 on front.
 - c. Lease production and injection history graphs and supporting data sheets. See No. 22 on front.
 - d. If you anticipate slugs will be injected, attach a sheet giving appropriate injection data (sequence of injections of specified fluids and volumes), and leave No. 9 blank.
5. Additional application attachments for expanded enhanced recovery projects.
 - a. Description of existing enhanced recovery project.
 - b. Description of the changes to the existing enhanced recovery project which may include a change of process or pattern, infill drilling of injectors and producers, vertical expansions, or other operating changes which will result in the recovery of oil which would not otherwise be recovered.
 - c. The monthly oil production data must include the specific production decline rate established over the entire data set and the method used to determine the decline rate.
6. Additional data may be required for some applications. You will be notified if this is required.
7. If unitization agreement approval is necessary for the project, it must be granted in order for the H-12 application to be approved. You may submit the H-12 application at the hearing required for unitization agreement approval.
8. If the H-12 application is approved, you will be issued a Project and Area Designation Approval.
9. If additional injection wells are permitted in the approved project area after H-12 approval, you will be required to list them on the Form H-13, Positive Production Response Certification Application.
10. If the project demonstrates a sustained positive production response, file a Form H-13, Positive Production Response Certification Application according to the instructions on that form. A positive production response is a rate of response that is greater than the rate that would have occurred without the project. To be considered for the enhanced oil recovery tax rate, Form H-13 must be filed within 3 years of H-12 approval for secondary projects or 5 years for tertiary projects.
11. If this application cannot be approved administratively, a hearing may be requested.