



Spraberry and Permian Basin Topics  
PSA Wells, Allocation Wells and Stacked Laterals

Lorenzo Garza & Joe Stasulli

# Presentation Overview

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- How to qualify for Stacked Lateral status
- Requirements for PSA and Allocation wells
- How to use the P-16 data sheet
- Filing completions for these types of applications



# PSA Wells, Allocation Wells and Stacked Laterals

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[Edit Operator Address](#)

\*Purpose of Filing  New Drill  Recompletion  Reclass  Field Transfer  Reenter

Expedite

\*Wellbore Profiles  Vertical  Horizontal  Directional  Sidetrack

Horizontal Wellbore Type  
(for Horizontal Wellbore Profiles only)  PSA  Allocation  Stacked Lateral Status Number (for Stacked Lateral only)

\*W-1 Defaults Lease name:  Well number:

\*Total Vertical Depth:

\*Do you **have** the right to develop minerals under any right-of-way?  Yes  No

\*Is this well subject to **SWR 36** (hydrogen sulfide area)? **SWR 36** will automatically be determined by the system according to Field List entries provided



## PSA Wells, Allocation Wells and Stacked Laterals

### **Stacked Laterals- how to qualify**

- 2 or more horizontal drainhole wells within lease/pooled unit in the correlative interval.
- Horizontal drainholes are drilled from different surface locations.
- The spacing parameters to qualify for stacked lateral status will be determined by your field rules

**Make sure your field rules allow for Stacked Laterals**



## PSA Wells, Allocation Wells and Stacked Laterals

### **Stacked Laterals- how to qualify cont.**

- Each surface location must be permitted separately and assigned its own API number.
- Plat must clearly show all wellbores attempting to qualify for Stacked Lateral status.
- To be considered a “regular location” each well must comply to any minimum lease or between well spacing rules



## PSA Wells, Allocation Wells and Stacked Laterals

### Stacked Laterals why all the fuss?

- For each well that qualifies as a Stacked Lateral well your overall well count will not increase when the RRC tests your lease for density exceptions.
- Remember that the wells must be completed in the **same regulatory field** and be of the **same well type** to qualify as a stacked lateral.



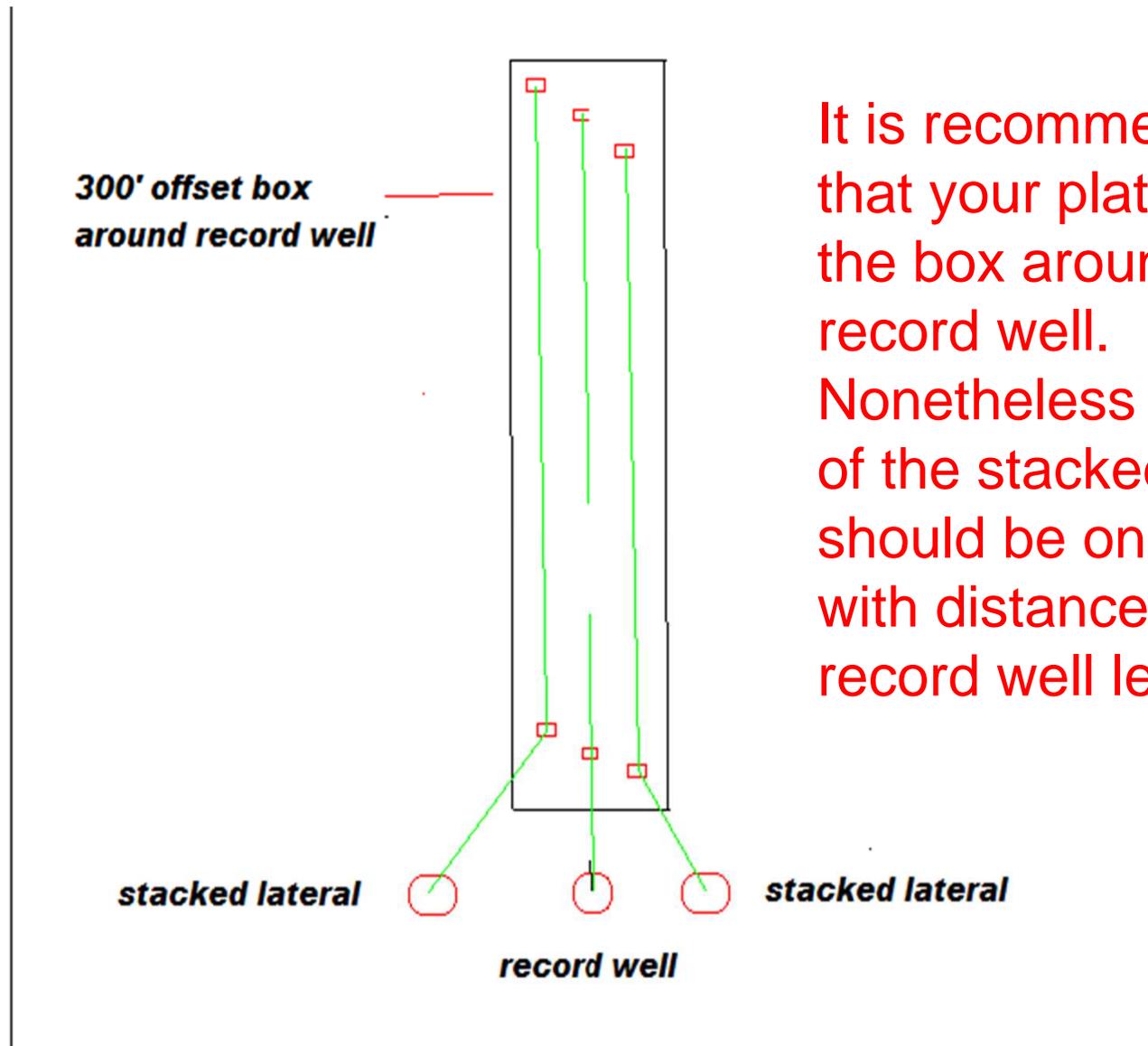
## PSA Wells, Allocation Wells and Stacked Laterals

### **Stacked Laterals potential problem?**

- The only instance in which a PSA/Allocation can have the same unique name is if it is filed as a stacked lateral and completed as an oil well.
- If your well, when completed, does not remain within the established spacing requirements then you will be required to amend the permit to reflect its new status and count this well against your total well count. If you exceed density then an exception to SWR 38 will be needed.



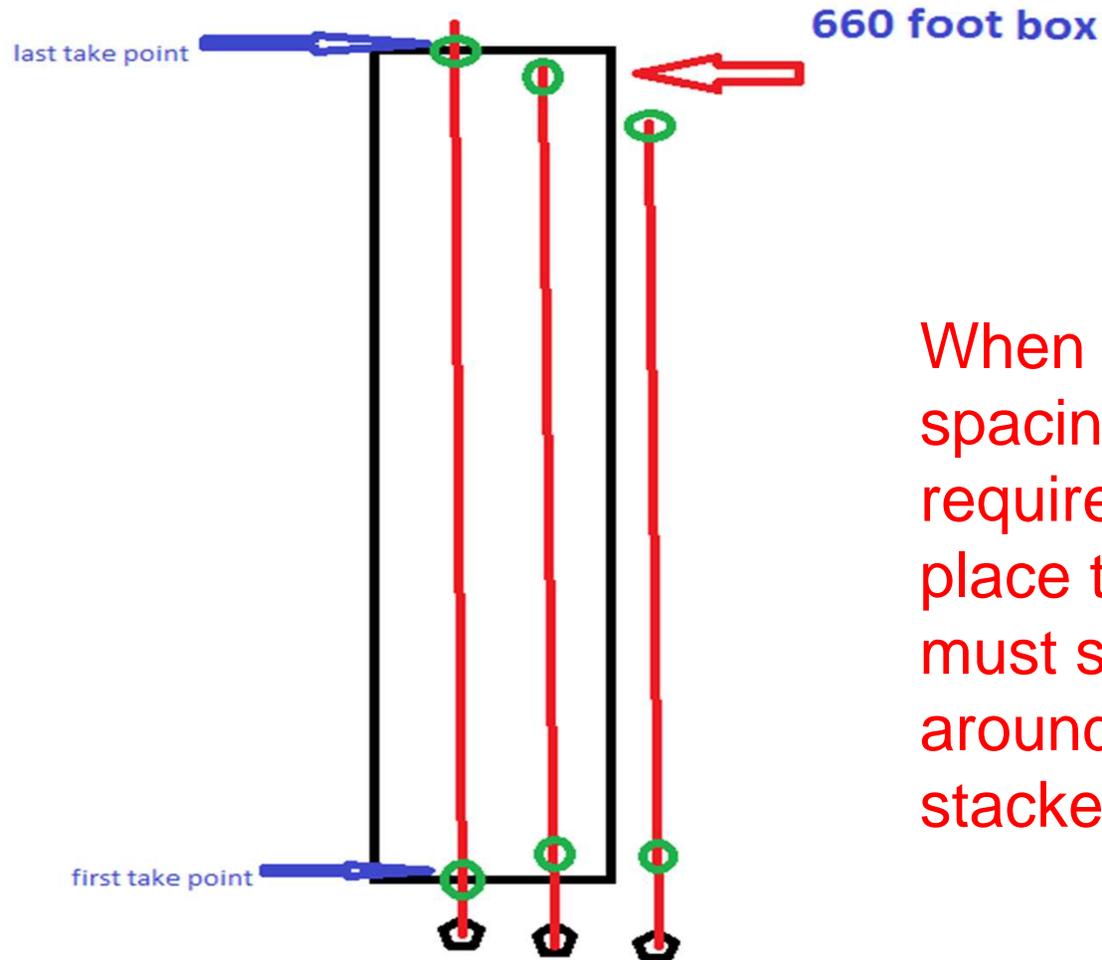
## PSA Wells, Allocation Wells and Stacked Laterals



It is recommended that your plat reflect the box around the record well. Nonetheless all wells of the stacked lateral should be on the plat with distances to record well legible.



# PSA Wells, Allocation Wells and Stacked Laterals



When this type of spacing requirement is in place then plat must show box around all wells in stacked lateral





# PSA Wells, Allocation Wells and Stacked Laterals

## Example P-16 on a Allocation stacked lateral

assigned to the well.

SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DRILLSITE 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. or Lease No.	Lease Name	Beginning Lease Acreage	Allocated Lease Acreage	Ending Lease Acreage	Operator Name and Operator No. (if different from filing operator)
009091	Powell 35	640	0	640	
018334	Neal 40-38B	240	0	240	
009469	Neal 40-38	80	0	80	
Total Allocated Acreage >			0	960	< Total Lease Acreage

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR FIELD ON THE SAME ACREAGE AS THE LEASE OR POOLED UNIT DESIGNATED FOR THE TRACTS LISTED IN SECTION V BY FILER									
RRC ID No. or Lease No.	Well No.	Acres Assigned	SWR 38 Except. (Y/N)	H-Horizontal D-Directional V-Vertical	RRC ID No. or Lease No.	Well No.	Acres Assigned	SWR 38 Except. (Y/N)	H-Horizontal D-Directional V-Vertical
(009091) Powell 35	#3	80	N	V	(018334) Neal 40-38B	#3	40	N	V
(009091) Powell 35	#4	80	N	V	(018334) Neal 40-38B	#4	40	N	V
(009091) Powell 35	#5	80	N	V	(018334) Neal 40-38B	#5	80	N	V
(009091) Powell 35	#6	80	N	V	(018334) Neal 40-38B	#6	80	Y	V
(009091) Powell 35	#7	80	N	V	Powell 35 (Alloc)	#8H	80	N	H
(009091) Powell 35	#9	80	N	V	Powell 35 SL (Alloc)	#11H	0	N	H
(009091) Powell 35	#10	80	N	V	Powell 35 SL (Alloc)	#12H	0	N	H
Powell 35 (Alloc)	#8H	80	N	H					
Powell 35 SL (Alloc)	#11H	0	N	H					
Powell 35 SL (Alloc)	#12H	0	N	H					



# PSA Wells, Allocation Wells and Stacked Laterals

(please hit save to see errors on this page)  [Edit Operator Address](#)

**\*Purpose of Filing**  New Drill  Recompletion  Reclass  Field Transfer  Reenter

**Expedite**

**\*Wellbore Profiles**  Vertical  Horizontal  Directional  Sidetrack

**Horizontal Wellbore Type**  
(for Horizontal Wellbore Profiles only)  PSA  Allocation  Stacked Lateral **Status Number (for Stacked Lateral only)**



**\*W-1 Defaults** Lease name:  Well number:

**\*Total Vertical Depth:**

\*Do you **have** the right to develop minerals under any right-of-way?  Yes  No

\*Is this well subject to **SWR 36** (hydrogen sulfide area)? **SWR 36** will automatically be determined by the system according to Field List entries provided.



## PSA Wells, Allocation Wells and Stacked Laterals

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### **PRODUCTION SHARING AGREEMENTS**

#### Supporting Documentation:

- Authorization letter to include % of participation
- PSA-12 form showing acreage to be assigned to proposed well
- Plat showing the external boundary of all tracts contributing acreage to the proposed well
- Well allocation worksheet





# PSA Wells, Allocation Wells and Stacked Laterals

## P-16 Data Sheet



### RAILROAD COMMISSION OF TEXAS

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

P-16 Data Sheet

(Optional)

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### Acreage Designation

SECTION I. OPERATOR INFORMATION		
Operator Name: PACESETTER ENERGY	Operator P-5 No.: 633120	
Operator Address: 2001 TIMBER CREEK RD FLOWER MOUND, TX 75026		
SECTION II. WELL INFORMATION		
District No.: 8	County: ANDREWS	Purpose of Filing: <input checked="" type="checkbox"/> Drilling Permit Application (Form W-1) <input type="checkbox"/> Completion Report (Form G-1/W-2)
Well No.: 1H	API No.:	
Total Lease Acres: 320	Drilling Permit No.:	
Lease Name: HARPOON	Lease No.:	
Field Name: SHAFTER LAKE (SAN ANDRES)	Field No.: 62570800	

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

### SECTION III. LISTING OF ALL WELLS IN THE APPLIED FOR FIELD ON THE SAME ACREAGE AS THE LEASE POOLED UNIT

Question for you: What is the primary function of the Drilling Permit section when processing a W-1 drilling permit application?









# PSA Wells, Allocation Wells and Stacked Laterals

## P-16 Data Sheet

authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR FIELD ON THE SAME ACREAGE AS THE LEASE OR POOLED UNIT DESIGNATED FOR THE TRACTS LISTED IN SECTION V BY FILER									
RRC ID No. or Lease No.	Well No.	Acres Assigned	SWR 38 Except. (Y/N)	H-Horizontal D-Directional V-Vertical	RRC ID No. or Lease No.	Well No.	Acres Assigned	SWR 38 Except. (Y/N)	H-Horizontal D-Directional V-Vertical
805238	2H	160	N						
A. Total Wells & Acreage >		1	160		A. Total Wells & Acreage >		0	0	
B. Total Assigned Horiz. Acreage >					B. Total Assigned Horiz. Acreage >				
C. Total Assigned Vert./Dir. Acreage >					C. Total Assigned Vert./Dir. Acreage >				

Section VI. replaces the acreage allocation worksheet that would be required with a PSA or Allocation permit



# PSA Wells, Allocation Wells and Stacked Laterals

## Form W-1: Image Attachments

Status # 801275 - API # 283-35263 Tracking # 488934394	OP # 253385 - EP ENERGY E&P COMPANY, L.P. Amendment Work In Progress ,Created: 12/08/2014 ,Filed: Hardcopy	RITCHIE FARMS U UNIT - Well # 119H 01 - LA SALLE County	New Drill Horizontal
garzal			
Commission Staff expresses no opinion as ( 04/27/2015 11:07:14 AM ) ( <a href="#">add comment</a> )			

- A Plat needs to be attached
- All fields need to be associated with at least one Plat
- A P-16 or the 3 file attachments (PSA-12, PSA Authority Statement, PSA Acreage Allocation) need to be attached

[Queues](#) | [General Information](#) | [Field List](#) | [Field Details](#) | **[Attachments](#)** | [Restrictions](#) | [Payments](#) | [Events](#) | [Comments](#) | [Review](#)

Select the type of attachment to upload :

Attachment Type	Name/Size	Associations	For Record Purposes On	Delete
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# PSA Wells, Allocation Wells and Stacked Laterals

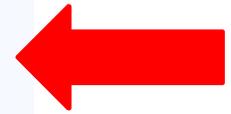
(please hit save to see errors on this page)  [Edit Operator Address](#)

**\*Purpose of Filing**  New Drill  Recompletion  Reclass  Field Transfer  Reenter

**Expedite**

**\*Wellbore Profiles**  Vertical  Horizontal  Directional  Sidetrack

**Horizontal Wellbore Type (for Horizontal Wellbore Profiles only)**  PSA  Allocation  Stacked Lateral **Status Number (for Stacked Lateral only)**



**\*W-1 Defaults** Lease name:  Well number:

**\*Total Vertical Depth:**

\*Do you **have** the right to develop minerals under any right-of-way?  Yes  No

\*Is this well subject to **SWR 36** (hydrogen sulfide area)? **SWR 36** will automatically be determined by the system according to Field List entries provided



## PSA Wells, Allocation Wells and Stacked Laterals

### **What is the difference between a “PSA” well and an “Allocation” well?**

1. On tracts that you have a valid lease in place an “Allocation” well permit will allow you to get a drilling permit application without the qualifier that you have to provide for a “PSA” well. A statement that states that 65% of both mineral and working interest owners have signed an agreement as to how production proceeds will be divided is not needed.
2. What it doesn't allow you to do is incorporate tracts into your “Allocation” unit that the wellbore does not traverse.



# PSA Wells, Allocation Wells and Stacked Laterals

## PSA or ALLOCATION WELLS

### SWR Exceptions:

#### Lease line

- PSA and Allocation well applications will always require an exception

#### Between Well

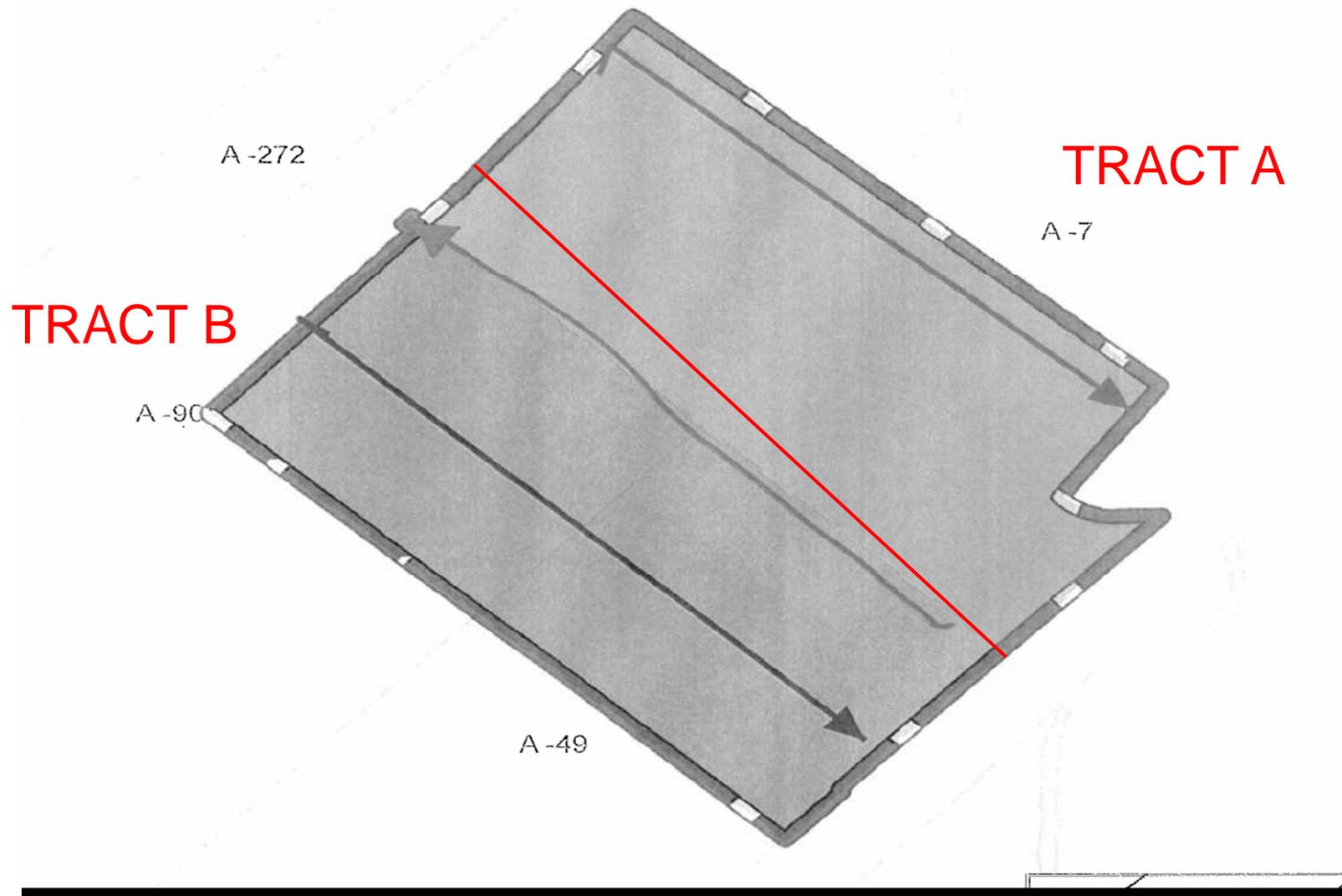
- Normal notification procedures will be followed

#### Density Exception

- Unless specified in the field rules normal notification and data requirements will be followed



# PSA Wells, Allocation Wells and Stacked Laterals



Can this well be filed as an Allocation well?



## PSA Wells, Allocation Wells and Stacked Laterals

### Things to Remember

- Verify what kind of spacing requirements are in place for stacked laterals to determine if the “box” must be on the plat.
- All PSA or Allocation permits require a SWR 37 lease line exception.
- Know primary difference between PSA and Allocation Well permit.



## PSA Wells, Allocation Wells and Stacked Laterals

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### Things to Remember

- If using the P-16 data sheet remember that Section VI must reflect **current proration** schedule acreage assignments. For permitted locations the minimum acreage required per field rules should be listed.
- If multiple operators involved then waiver must be attached for proration and exception resolution.



# Contact Information



**For further questions concerning Drilling  
Permits please contact:**

**Lorenzo Garza**

Phone: 512-463-2184

Email: [Lorenzo.Garza@rrc.state.gov](mailto:Lorenzo.Garza@rrc.state.gov)

**Valerie Atkins**

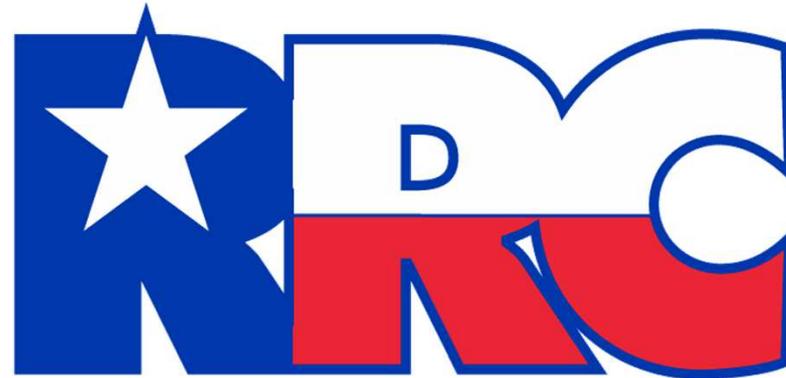
Phone: 512-463-6979

Email: [Valerie.Atkins@rrc.state.gov](mailto:Valerie.Atkins@rrc.state.gov)



## PSA Wells, Allocation Wells and Stacked Laterals

Now Presenting Mr. Joe Stasulli



# **Railroad Commission of Texas**

## **Operator Procedures for PSA and Allocation Wells**



## Well Compliance Procedures for PSA/Allocation Wells

### **What is the difference between a “PSA” well and an “Allocation” well?**

1. On tracts that you have a valid lease in place an “Allocation” well permit will allow you to get a drilling permit application without the qualifier that you have to provide for a “PSA” well. A statement that states that 65% of both mineral and working interest owners have signed an agreement as to how production proceeds will be divided is not needed.
2. What it doesn't allow you to do is incorporate tracts into your “Allocation” unit that the wellbore does not traverse.

# Well Compliance Procedures for PSA/Allocation Wells



## Supporting Documentation:

- Authorization letter to include % of participation
- Form PSA 12 must be associated with G-1/W-2 packet.
- Complete Proration Acreage List is required for all wells on any leases that may be affected by the sharing agreement. Each Proration Acreage List must include remarks for the Shared Acreage Agreement.
- Each Proration Acreage List must contain total accurate acreage figures for shared leases. Acreage totals must match information listed on the PSA 12.

# Well Compliance Procedures for PSA/Allocation Wells

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## Supporting Documentation:

- Plat showing the external boundary of all tracts contributing acreage to the proposed well.
- P-15 for the completed well with shared acreage remarks.
- P-15 for any other well(s) where acreage has been amended or revised de to shared acreage.

# Well Compliance Procedures for PSA/Allocation Wells

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## P-16 DATA SHEET

Use the P-16 Data Sheet to replace these forms and documents:

- 1) PSA 12
- 2) Proration Acreage List
- 3) Form P15
- 4) Authority Statement – disclosure of contractual rights to drill and produce

# Well Compliance Procedures for PSA/Allocation Wells



## P-16 for PSA/Allocation:



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P-16 Data Sheet  
 (Optional)

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### Acreage Designation

SECTION I. OPERATOR INFORMATION		
Operator Name: WOODBINE ACQUISITION LLC	Operator P-5 No.: 937857	
Operator Address: 301 COMMERCE STREET, STE 2150; FORT WORTH, TX 76102		
SECTION II. WELL INFORMATION		
District No.: 03	County: MADISON	Purpose of Filing: <input type="checkbox"/> Drilling Permit Application (Form W-1) <input checked="" type="checkbox"/> Completion Report (Form G-1/W-2)
Well No.: 3 H	API No.: 313-30980	
Total Lease Acres: 395.22 <b>TOTAL COMBINED ACRES FOR ALL LEASES</b>	Drilling Permit No.: 758115	
Lease Name: CHERYL LIND FLEMING UNIT (ALLOC)	Lease No.: PENDING	
Field Name: MADISONVILLE, W. (WOODBINE -A-)	Field No.: 56599500	







# Well Compliance Procedures for PSA/Allocation Wells



## P-16 for Proration Acreage List

(only page 1 required)



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P-16 Data Sheet

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### Acreage Designation

SECTION I. OPERATOR INFORMATION		
Operator Name: JACKSON OPERATING	Operator P-5 No.: 999999	
Operator Address: 1701 N CONGRESS, AUSTIN TX 78701		
SECTION II. WELL INFORMATION		
District No.: 10	County: ROBERTS	Purpose of Filing: <input type="checkbox"/> Drilling Permit Application (Form W-1) <input checked="" type="checkbox"/> Completion Report (Form G-1/W-2)
Well No.: 837H	API No.: 393-55555	
Total Lease Acres: 900	Drilling Permit No.: 777777	
Lease Name: CRUE "A"	Lease No.: PENDING	
Field Name: DIABLO (LOWER)	Field No.: 64067500	



# Well Compliance Procedures for PSA/Allocation Wells



P-16 for more than one operator on the same lease  
(only page 1 required)



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P-16 Data Sheet

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### Acreage Designation

SECTION I. OPERATOR INFORMATION		
Operator Name: SMITH OPERATING	Operator P-5 No.: 559999	
Operator Address:		
SECTION II. WELL INFORMATION		
District No.: 10	County: ROBERTS	<b>Purpose of Filing:</b> <input type="checkbox"/> Drilling Permit Application (Form W-1) <input checked="" type="checkbox"/> Completion Report (Form G-1/W-2)
Well No.: 874H	API No.: 393-32222	
Total Lease Acres: 646.7	Drilling Permit No.: 777777	
Lease Name: SMITH RANCH "A"	Lease No.: PENDING	
Field Name: MENDOTA, NW (GRANITE WASH)	Field No.: 60462500	

# Well Compliance Procedures for PSA/Allocation Wells



Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER							
RRC ID No. or Lease No.	Well No.	H-Horizontal D-Directional V-Vertical	Lease Name	API No.	Acres Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
77777 (PENDING)	826H	H	SMITH RANCH "A"	393-32500	30	Y	
250131	821	V	SMITH RANCH "A"	393-32223	10	Y	
253233	822	V	SMITH RANCH "A"	393-32254	10	Y	
254684	824	V	SMITH RANCH "A"	393-32256	10	Y	
082358	825	V	SMITH RANCH "A"	393-32364	10	Y	
092572	2L	V	SMITH RANCH "A"	393-32368	10	Y	
158590	3L	V	SMITH RANCH "A"	393-32472	63	Y	
159627	5	V	SMITH RANCH "A"	393-32555	63	Y	FRANKLIN OPERATING (895432)
166493	6082	V	SMITH RANCH "A"	393-32598	63	Y	FRANKLIN OPERATING (895432)
170708	7	V	SMITH RANCH "A"	393-32682	63	Y	FRANKLIN OPERATING (895432)
218937	9082	V	SMITH RANCH "A"	393-32888	63	Y	FRANKLIN OPERATING (895432)
07211	10	V	SMITH RANCH "A"	393-32925	63	Y	FRANKLIN OPERATING (895432)
252891	8	V	SMITH RANCH "A"	393-33334	63	Y	FRANKLIN OPERATING (895432)
253432	12H	H	SMITH RANCH "A"	393-33455	63	Y	JOHNSON OPERATING (756768)
254785	13	V	SMITH RANCH "A"	393-47853	62.7	Y	JOHNSON OPERATING (756768)
Total Well Count >	15		< A. Total Assigned Horiz. Acreage		646.7	< C. Total Assigned Acreage	
			< Total Remaining Horiz. Acreage		0	< Total Remaining Acreage	
			< B. Total Assigned Vert./Dir. Acreage				
			< Total Remaining Vert./Dir. Acreage				

**SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)**

SMITH OPERATING HOLDS THE BASE 646.70 ACRE LEASE. FRANKLIN OPERATING AND JOHNSON OPERATING ARE OTHER OPERATORS ON THIS LEASE.

# Well Compliance Procedures for PSA/Allocation Wells

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## TIPS

- Read the instructions found in our forms library and the supplemental handouts.
- For PSA or Allocation all combined acres should be reported in Section II.
- If using the P-16 data sheet remember that Section VI must reflect **current proration** schedule acreage assignments and the acres being designated to the PSA/Allocation well.
- Proration acres will be updated based of information supplied on Section III and VI.

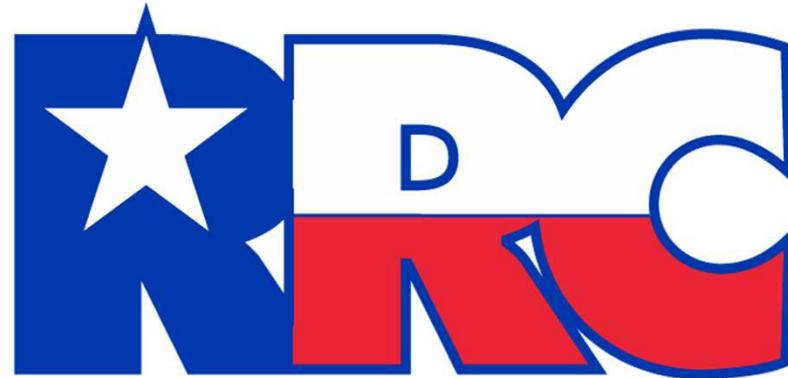
# Well Compliance Procedures for PSA/Allocation Wells

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## TIPS

- Properly answer Y/N to SWR 38 Exception.
- Show only completed wells, Well Compliance need not be informed of proposed locations.
- Allocation wells will receive unique RRC ID numbers unless they are part of an oil “Stacked Lateral Allocation” group.
- If wellbore profile changes, the Drilling permit will need to be amended. EX. Allocation at time of permitting, PSA at time of completion.



# **Railroad Commission of Texas**

## **Operator Procedures for Stacked Laterals**



## Well Compliance Procedures for Stacked Laterals

### THE FIRST LATERAL:

- The first well of a stacked lateral is set up and processed in the same manner as any regular producing well. SL is NOT required to be part of the lease name.
- All of the standard required documentation should be filed for this well - drilling permit, completion, and associated forms.

# Well Compliance Procedures for Stacked Laterals

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## THE SECOND LATERAL:

- All of the standard required documentation should be filed for this well - drilling permit, completion, and associated forms.
- The letters “SL” (Stacked Lateral) should be included in the well number if feasible.
- The completion remarks section should reference that this is a “Stacked Lateral”, report RRC ID numbers for all wells that are associated with the stacked lateral. Use drilling permit numbers if an RRC ID number has not been assigned.

# Well Compliance Procedures for Stacked Laterals

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## SUBSEQUENT LATERALS:

- Any additional lateral wells (3<sup>rd</sup>, 4<sup>th</sup>) must submit the standard required documentation - drilling permit, completion, and associated forms.
- The letters “SL” (Stacked Lateral) should be included in the well number if feasible.
- The completion remarks section should reference that this is a “Stacked Lateral”, report RRC ID numbers for all wells that are associated with the stacked lateral. Use drilling permit numbers if an RRC ID number has not been assigned.

# Well Compliance Procedures for Stacked Laterals

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## ALLOWABLES & PRODUCTION REPORTS:

- The Well Status report (G-10/W-10) should include a combined test for all current producing laterals. The test should be filed using the reporting RRC ID number. Do NOT file a test for non-reporting ID numbers.
- Production from all stacked laterals should be combined and filed under one Production Report using the reporting RRC ID number.

# Contact Us

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For immediate assistance please call the  
Well Compliance (Proration)  
main phone number.



**512-463-6975**



**512-463-6955**



**[prorationunit@rrc.texas.gov](mailto:prorationunit@rrc.texas.gov)**



**[www.rrc.texas.gov](http://www.rrc.texas.gov)**



**P.O. Box 12967, Austin, Texas 78711-2967**