

INSTRUCTIONS for FORM P-17A and FORM P-17 Commingle Permit Applications

REVIEW 16 TAC §3.26 and §3.67 (SWR 26 AND SWR 27) BEFORE FILING FORM P-17. FOR ADDITIONAL INSTRUCTIONS PLEASE CONTACT THE PRODUCTION DEPARTMENT

GENERAL

WHEN TO FILE. File either the P-17A or P-17 when applying to surface commingle oil, gas, or oil and gas production from two or more tracts of land producing from the same Commission-designated reservoir or from one or more tracts of land producing from different Commission-designated reservoirs. Once the applicable form is approved, a commingle permit number will be assigned. This number will be reported on Form PR.

P-17A. File the P-17A if commingling pursuant to SWR 26(b) or SWR 27(e), such that a rule exception is not required. In other words, the commingling is authorized because (1) the operator measures the production stream from each tract and each Commission-designated reservoir separately before combining it with a stream from another tract or Commission-designated reservoir; or (2) the tracts and Commission-designated reservoirs from which production is commingled have identical working interest and royalty interest ownership in identical percentages.

P-17. File the P-17 if you cannot meet the requirements of SWR 26(b) and must obtain a rule exception. See SWR 26(d).

WHO FILES. An operator with a valid P-5 who is responsible for compliance with Statewide Rules 26, 27, and/or 55 files Form P-17A or Form P-17 in accordance with these instructions.

COMPLIANCE. In order to file a Form P-17A or Form P-17, the applicant must have on file with the RRC a current P-5 Organization Report and financial assurance (if required) and must be in compliance with all RRC rules and orders. The applicant must be the operator of the commingled facility as shown in SECTION 1 on Form P-17A or Form or Form P-17.

WHERE AND WHAT TO FILE. File the forms and any required attachments and fees with the Railroad Commission by hand delivery or mail to the following address: Railroad Commission of Texas, P. O. Box 12967, Austin, Texas 78711-2967. You may also file the forms electronically by emailing to productionreporting-info@rrc.texas.gov. **DO NOT ATTACH PAYMENT TO FORMS FILED ELECTRONICALLY.** Call the Production Department at 512-463-6726 for information on how to pay the required fee.

FEES. No fee is required if filing a Form P-17A pursuant to SWR 26 or SWR 27. A filing fee of \$150 and a surcharge of \$225, for a total of \$375 are required with each Form P-17, unless the only purpose for filing Form P-17 is to delete a lease(s) or well(s) from an existing commingling permit. Fees are non-refundable. Make checks or money orders payable to "Railroad Commission of Texas." The Commission also accepts payment by credit card. For information about payment by credit card, see

<http://www.rrc.texas.gov/about-us/resource-center/research/data-sets-available-for-purchase/credit-cards/>

PURPOSE OF FILING. File Form P-17 as provided for in Statewide Rules 26, 27 and 55 for the following:

- (1) surface commingling of liquid hydrocarbon (oil, condensate or a combination of oil and condensate) production into a common facility OR surface commingling of liquid hydrocarbons and gas production into a common facility with liquids reported on Form PR;
- (2) production of gas wells full well stream to a plant/common facility with liquids reported on Form R-3;
- (3) gas metering exceptions;
- (4) off-lease separation/storage/metering.
- (5) amending an existing surface commingling permit.

File Form P-17 to amend an existing surface commingling approval if a lease consolidation, unitization, field transfer, or work-over/re-completion of a surface commingled lease/gas well occurs. In addition, stock on hand must be transferred on Form PR.

In the event the data entered on the Form P-17A or Form P-17 changes, you must file a corrected Form P-17A or Form P-17, as applicable. For example, if information entered on a Form P-17A changes such that the operator is no longer eligible for a permit using Form P-17A, the operator must apply for an exception by filing Form P-17. See SWR 26(f).

IMPORTANT TERMS

Common separation and storage: Production from two or more leases or wells is combined into one

separating device/facility with the liquids placed in common storage.

Common storage only: When each commingled lease or well has a separating device and the liquids are stored in a common tank after individual separation.

Deduct Metering: A method of allocating production to a non-metered gas well by subtracting other individually measured well volumes from the total measured gas volume.

District and County: The Railroad Commission District and County where the commingling facility is physically located.

Effective Month/Year of Requested Exception: The initial month of surface commingling (or amendment/change effective month) and the reporting of commingled production on a combined report. The "Effective Month/Year" is the month that commingling actually begins.

Effective month of deletion: When a lease/well becomes inactive and must be deleted from a permit, all stock on hand must be disposed of before filing an amended Form P-17A or Form P-17 to delete the lease/well. The effective month of deletion should be the month following the month of the last disposition of production. When discontinuing the operating and reporting of facilities, the Commission and the gatherer must be notified of the effective month of permit cancellation.

Location plat: A plat that shows the location of all leases involved in the application. A location plat is required with a Form P-17A or Form P-17 for (1) off lease storage of oil or condensate or (2) off lease metering of gas or liquids. The location plat should show the approximate location of L.A.C.T. units, meters, tank batteries, and any other separation, metering, or storage facilities involved in the surface commingling application.

Off-Lease: A location or lease not listed in this application.

RRC Identifier: All existing or new oil lease numbers, gas identification numbers, or drilling permit numbers as applicable on Form P-17A or Form P-17.

INSTRUCTIONS FOR FORM P-17A: COMMINGLE PERMIT APPLICATION

INSTRUCTIONS FOR SECTION 3.

BOX 3.a. When **producing a gas well full well stream into a common facility with condensate reported on Form PR**, the Form P-4 should show both a gas gatherer and a condensate gatherer. A commingling permit number will be assigned and must be reported on Form PR for the individual wells.

BOX 3.b. When **producing a gas well full well stream to a gasoline plant or common facility where condensate is reported on Form R-3**, the Form PR for the well should show only the full well stream gas production volume and no condensate. The Form P-4 should designate a "full well stream" gatherer but no condensate gatherers. The commingling occurs at the facility reported on Form R-3, Monthly Report for Gas Processing Plants. A permit number is not issued for this type of commingling and is not reported on the Form PR.

BOX 3.d. When requesting **off lease separation and/or storage of liquids or off lease metering**, show only the lease requesting off lease authority on the Form P-17A and attach a location plat showing the location of the facilities. Do not list the lease on which the facilities are to be located.

INSTRUCTIONS FOR SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e)

Check a), b), or both a) and b). If neither box is accurate, you must complete Form P-17 and obtain an exception.

In addition, you must indicate the method of allocation of production in accordance with SWR 26. Attach to this Form P-17A a diagram/schematic that shows all meters, separators, and other production equipment where production from each well is separated, metered, and/or commingled. An operator may only check "Other" as the method of allocation if in compliance with §3.26(e)(4). If filing for "Off-lease" only, Section 4 and 5 do not apply.

INSTRUCTIONS FOR SECTION 5.

If any of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted, then you must comply with the special field rule provisions. If the special field rules require notice, attach to this form an affidavit stating that the required notice of application was sent or waivers of objection received pursuant to special field rule requirements. If filing for "Off-lease" only, Section 4 and 5 do not apply.

INSTRUCTIONS FOR SECTION 6. NAME OF WELL OPERATOR

Check the BOX in SECTION 6 if the operator of any well proposed for commingling is different from the operator listed in SECTION 1 of the Form P-17A. If you check this box, attach a listing of the name of each "other" operator and Form P-5 operator number and, for each operator, all the information required under SECTION 8 of the Form P-17A.

INSTRUCTIONS FOR SECTION 7. PRODUCTION OF ALL OIL WELLS TO BE COMMINGLED.

CHECK the box in SECTION 7 if **all producing wells listed** under all specific oil lease numbers on the proration schedule

for the effective month **are being commingled** under this application. If this box is checked, individual well numbers for each oil lease number listed under SECTION 8 do not need to be listed. DO NOT CHECK the box in SECTION 7 if production from only some of the wells under any oil lease number is commingled under this application.

INSTRUCTIONS FOR SECTION 8. LEASES SHOWN ON PRORATION SCHEDULE.

DISTRICT: Indicate the Commission district associated with the RRC identifier.

RRC IDENTIFIER: For new applications, list each RRC oil lease or gas ID number to be surface commingled. If the lease or ID number has not yet been assigned, list the drilling permit number of the wells proposed for commingling. If more space is needed, complete the list of leases on an additional page and attach it to Form P-17A.

ACTION: List all existing leases or wells and all wells that are being added to or deleted from the permit and check the appropriate box to indicate the action.

LEASE NAME: Indicate the name of the lease. If the lease identifier is pending, also provide the field name.

WELL NO.: When only part of the wells on a given oil lease are commingled, list the individual well numbers to be commingled in the "Well No." column. If the wells exceed the space provided, ATTACH a list to the Form P-17A. It is not necessary to list the gas well numbers because gas leases only have one well. If all of the wells of an oil lease are being included, the word "all" can be inserted in the "Well No." column as opposed to listing each well.

COMMISSION APPROVAL OF FORM P-17A:

Upon approval of the Form P-17A, the Railroad Commission will issue a commingle permit number and mail or email an approved copy of the Form P-17A to both the applicant and the gatherer. If filing for "Off-lease" only, Section 4 and 5 do not apply. Additionally, a surface commingling permit will not be issued for "Off-lease" only.

INSTRUCTIONS FOR FORM P-17: EXCEPTION TO STATEWIDE RULES 26 AND/OR 27

INSTRUCTIONS FOR SECTION 3. REQUEST TO COMMINGLE

BOX 3.a. When **producing a gas well full well stream into a common facility with condensate reported on Form PR**, the Form P-4 should show both a gas gatherer and a condensate gatherer. A commingling permit number will be assigned and must be reported on Form PR for the individual wells.

BOX 3.b. When **producing a gas well full well stream to a gasoline plant or common facility where condensate is reported on Form R-3**, the Form PR for the well should show only the full well stream gas production volume and no condensate. The Form P-4 should designate a "full well stream" gatherer but no condensate gatherers. The commingling occurs at the facility reported on Form R-3, Monthly Report for Gas Processing Plants. A permit number is not issued for this type of commingling and is not reported on the Form PR.

BOX 3.d. When requesting **off lease separation and/or storage of liquids or off lease metering**, show only the lease requesting off lease authority on the Form P-17 and attach a location plat showing the location of the facilities. Do not list the lease on which the facilities are to be located.

INSTRUCTIONS FOR SECTION 4. NOTICE REQUIREMENTS AND ALLOCATION METHOD

Notice of Application (NOA) IS required when filing Form P-17. See SWR 26(d). If the royalty and working interest owners of all leases producing into the common separation and/or storage facility are not the same and you do not meter before commingling, you must provide notice of this application to, or waivers of objection from, the royalty and working interest owners in accordance with SWR 26(d). The royalty and working interest owners have 21 days to protest the application.

In addition, you must indicate the method of allocation of production in accordance with SWR 26. Attach to this Form P-17 a diagram/schematic that shows all meters, separators, and other production equipment where production from each well is separated, metered, and/or commingled. An operator may only check "Other" as the method of allocation if in compliance with §3.26(e)(4).

INSTRUCTIONS FOR SECTION 5.

If any of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted, then you must comply with the special field rule provisions. If the special field rules require notice, attach to this form an affidavit stating that the required notice of application was sent or waivers of objection received pursuant to special field rule requirements.

INSTRUCTIONS FOR SECTION 6. NAME OF WELL OPERATOR

Check the BOX in SECTION 6 if the operator of any well proposed for commingling is different from the operator listed in

SECTION 1 of the Form P-17. If you check this box, attach a listing of the name of each "other" operator and Form P-5 operator number and, for each operator, all the information required under SECTION 8 of the Form P-17.

INSTRUCTIONS FOR SECTION 7. PRODUCTION OF ALL OIL WELLS TO BE COMMINGLED.

CHECK the box in SECTION 7 if **all producing wells listed** under all specific oil lease numbers on the proration schedule for the effective month **are being commingled** under this application. If this box is checked, individual well numbers for each oil lease number listed under SECTION 8 do not need to be listed. **DO NOT CHECK** the box in SECTION 7 if production from only some of the wells under any oil lease number is commingled under this application.

INSTRUCTIONS FOR SECTION 8. LEASES SHOWN ON PRORATION SCHEDULE.

DISTRICT: Indicate the Commission district associated with the RRC identifier.

RRC IDENTIFIER: For new applications, list each RRC oil lease or gas ID number to be surface commingled. If the lease or ID number has not yet been assigned, list the drilling permit number of the wells proposed for commingling. If more space is needed, complete the list of leases on an additional page and attach it to Form P-17.

ACTION: List all existing leases or wells and all wells that are being added to or deleted from the permit and check the appropriate box to indicate the action.

LEASE NAME: Indicate the name of the lease. If the lease identifier is pending, also provide the field name.

WELL NO.: When only part of the wells on a given oil lease are commingled, list the individual well numbers to be commingled in the "Well No." column. If the wells exceed the space provided, attach a list to the Form P-17. It is not necessary to list the gas well numbers because gas leases only have one well. If all of the wells of an oil lease are being included, the word "all" can be inserted in the "Well No." column as opposed to listing each well.

COMMISSION APPROVAL OF FORM P-17:

Upon approval of the Form P-17, the Railroad Commission will issue a commingle permit number and mail or email an approved copy to both the applicant and the gatherer.

If a protest is registered with the Railroad Commission concerning the installation and/or operation of the facilities approved at any time following approval, the exception to SWR 26 and/or 27 shall be subject to cancellation by the Railroad Commission if, after due notice and hearing, cancellation is justified.