

INSTRUCTIONS

P-4: Certificate of Compliance and Transportation Authority

Reference. Statewide Rule 58, *Oil, Gas or Geothermal Resource Operator's Report*; Statewide Rule 14, *Plugging*; Statewide Rule 78, *Fees, Performance Bonds and Alternate Forms of Financial Security Required To Be Filed*; and Statewide Rule 1, *Organization Reports, Retention of Records, Notice Requirements*.

A. Who Files: operator of the **oil** lease or **gas** well (producing or non-producing), or **other** well (injection/disposal, water source, hydrocarbon storage, observation, brine mining, geothermal, etc.).

B. Purpose of filing: 1) establish the operator of an oil lease, gas well, or other well, 2) certify responsibility for regulatory compliance, including plugging the well(s) in accordance with Statewide Rule 14, *Plugging*, and 3) identify gatherers, purchasers, and purchasers' RRC-assigned system codes authorized for each producing well or lease.

C. When to File: for a 1) new oil lease, gas well, or other well, 2) recompletion, 3) reclassification from oil to gas or gas to oil, 4) consolidation, unitization or subdivision, or 5) change of gatherer, gas purchaser, gas purchaser system, operator, field name or lease name.

D. Where and What to File: original P-4 only with the Commission's Oil and Gas Division in Austin. Additional documents may be required with some P-4 filings.

E. Requirements for Operator Change: signature of previous operator in Item 15 and of new/receiving operator in Item 16. NOTE: regulatory responsibility for wells does not transfer until the P-4 has been approved by the RRC. All entities listed on the P-4 will receive written notification upon approval.

The Commission shall not approve a transfer of operatorship submitted for any well or lease unless the operator acquiring the well or lease has on file with the Commission one of the following approved forms of financial security in an amount sufficient to cover its current operations and the wells being transferred: 1) an individual performance bond, letter of credit or cash deposit; or 2) a blanket performance bond, letter of credit or cash deposit.

H₂S (Hydrogen Sulfide) Certification. The new operator must immediately comply with Statewide 36 if applicable. The Form H-9, *Certificate of Compliance, Statewide Rule 36*, is not transferable.

Oil Lease Change-of-Operator. The new oil lease operator may take responsibility for either:

1) All Wells on Lease. Leave **Item 9** blank or write "all". If you leave this item blank or write "all", you are specifically identifying all wells listed for the lease on the RRC Oil Proration Schedule as of the time the P-4 is approved by the Commission as wells for which you are assuming plugging responsibility. Upon approval of the P-4, the new operator will be responsible for regulatory compliance of each of the wells.

OR

Some Wells on Lease. Indicate the well numbers being transferred to the new operator in **Item 9** or attach a separate list of well numbers and write "see attached" in **Item 9**. **Note:**

When only some of the wells on an existing lease are being transferred, a Form P-6 *Request for Permission to Subdivide or Consolidate Oil Lease(s)* must be filed with the P-4 along with plats showing the lease and wells before and after the subdivision.

Wells listed for a lease on the Oil Proration Schedule can be viewed through an inquiry at any RRC district office, in the Austin office, or on the web at www.rrc.state.tx.us. Printouts of an inquiry may be obtained through the Commission's Oil and Gas Division Proration Unit at (512) 463-6838. NOTE: information listed on a printout is not protected and could change at any time; therefore, it cannot be used as part of a P-4 change-of-operator, subdivision, or consolidation filing.

F. Revocation. This certification of compliance may be revoked by the Commission at any time for failure to comply with the oil and gas laws of the State of Texas and the rules, regulations, and orders of the Railroad Commission of Texas. Revocation of the certificate will not relieve the designated operator of its responsibility to maintain the leases and wells in compliance with Statewide Rules.

G. Detailed Instructions. NOTE: When filing a P-4 for changes, the form must be completed in its entirety, not just the areas being changed. Failure to include information in items 13 and 14 may result in deletion of gatherer and purchaser information and in loss of allowable.

Items 1 and 2. Field and Lease Name. If the P-4 is being filed to change the field name or lease name, show the proposed new name in Item 1 or 2.

Item 5. A separate P-4 is required for each RRC Oil Lease/ Gas ID Number in a multiple completion.

Item 11. Effective Date. The effective date is the date the change or acquisition actually takes place.

Item 13. Gas Well Gas or Casinghead Gas. List all active gatherers and purchasers. An RRC-assigned system code must be given for each purchaser. If there is a change of system codes under the same purchaser, attach a letter of explanation from the purchaser to the P-4. If selling gas on the spot market, you may list your company as purchaser if the spot market contract is for 60 days or less. An operator that lists itself as purchaser must request, by separate letter, a purchaser's system code number in accordance with Statewide Rule 34. For split connections, percentages of take must be given to no more than two decimal points. Combined percentages for gas gatherers must equal 100 percent. Combined percentages for gas purchasers must equal 100 percent. If gas is going full-well stream to a processing plant, place an "X" in the last column on the line identifying a gatherer. Full-well stream is the combined production of gas and condensate before the condensate has been separated from the gas.

Items 15 and 16. Certifications. A P-4 must be signed by a duly authorized individual in accordance with Statewide Rule 1.

