

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

IMPORTANT NOTICE TO OIL AND GAS PRODUCERS

Revisions to Drilling Report Forms and Production Forms
(Do Not Use The Enclosed Forms Until They Become Effective)

Statewide Rule 80, *Commission Oil and Gas Forms, Applications, and Filing Requirements*, has been revised to clarify electronic filing requirements, provide for rulemaking for adoption or revision of forms, and incorporate a list of current forms with their latest revision dates. Rule 80 was reviewed in conjunction with the Oil and Gas Migration project, (OGM) to facilitate the process necessary to revise Railroad Commission forms. The OGM project is a major business process reengineering and information technology initiative to move the Commission's outdated computer mainframe technologies to an open system environment.

Effective July 1, 2004, the enclosed revised Form W-1, along with the optional Form W-1D and Form W-1H, for directional and horizontal drills, respectively, will be the approved versions of the drilling permit applications. The primary change in the drilling permit application is the addition of Forms W-1D and W-1H to allow for more efficient reporting of directional and horizontal drilling data.

You will be sent a more detailed notice concerning drilling application forms closer to the July 1 effective date. If you have questions after reviewing the enclosed forms and instructions, contact the Engineering Unit of the Permitting/Production Section of the Railroad Commission at (512) 463-7679. You may also contact us by e-mail at ecap-info@rrc.state.tx.us for more information.

Effective with January 2005 production reporting and for any production report, including late or corrected reports, filed after close of business (5 PM central time) on February 11, 2005, the enclosed Form PR will be the approved version of the production reporting form. Please note the following major changes concerning the Form PR:

- Information from the Form P-1, oil production, and Form P-2, gas production, has been combined on one form, the Form PR.
- The Form PR is formatted to allow for scanning of required data.
- For gas well gas, you no longer need to convert the condensate production to a gas equivalent volume. The RRC will automatically convert the volume.
- You no longer need to report volumes for gas lift gas injected or recovered; however initial gas lift disposition must be reported with a Code 5.
- Reports without an assigned oil lease or gas ID number must be reported as pending with a drilling permit number or API number used as the RRC identifier.
- Code 7, Other Disposition, has been expanded to clarify reporting.
- Commingling reporting requirements have changed.

You will be sent more detailed information concerning the Form PR as the February 2005 effective date approaches. If you have questions after reviewing the enclosed Form PR and instructions, contact the Production Unit of the Permitting/Production Section of the Railroad Commission at (512) 463-6726. You may also contact us by e-mail at productionreporting-info@rrc.state.tx.us for more information.

Austin, Texas

Please Forward To The Appropriate Section of Your Company

April 5, 2004