

API No. <u>42-383-40858</u> Drilling Permit # <u>861362</u> SWR Exception Case/Docket No. <u>0325384</u> (R37)		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>665748</u>		2. Operator's Name (as shown on form P-5, Organization Report) PIONEER NATURAL RES. USA, INC.		3. Operator Address (include street, city, state, zip): AMBER MCFADDEN PO BOX 3178 MIDLAND, TX 79702-0000			
4. Lease Name UNIVERSITY 10-11C		5. Well No. <u>3H</u>					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): <input type="checkbox"/> Vertical <input checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack							
8. Total Depth <u>9864</u>		9. Do you have the right to develop the minerals under any right-of-way ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. <u>7C</u>		12. County REAGAN		13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore			
14. This well is to be located <u>8.1</u> miles in a <u>NW</u> direction from <u>BIG LAKE</u> which is the nearest town in the county of the well site.							
15. Section <u>11</u>		16. Block <u>10</u>		17. Survey <u>UL</u>		18. Abstract No. <u>A-U217</u>	
				19. Distance to nearest lease line: <u>1</u> ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>1608</u>	
21. Lease Perpendiculars: <u>555</u> ft from the <u>S</u> line and <u>1330</u> ft from the <u>W</u> line. 22. Survey Perpendiculars: <u>2110</u> ft from the <u>N</u> line and <u>1330</u> ft from the <u>W</u> line.							
23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
<u>7C</u>	<u>85279200</u>	<u>SPRABERRY (TREND AREA)</u>		<u>Oil or Gas Well</u>	<u>9864</u>	<u>803.00</u>	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks See W1 Comments attached				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge.			
				<div style="display: flex; justify-content: space-between;"> <div> <u>Sherri Gore</u> Name of filer </div> <div> <u>Jan 28, 2020</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(972)969-4000</u> Phone </div> <div> <u>sherri.gore@pxd.com</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only Data Validation Time Stamp: <u>Jan 30, 2020 2:42 PM(Current Version)</u>							

Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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Permit #	861362
Approved Date:	Jan 30, 2020

1. RRC Operator No. 665748	2. Operator's Name (exactly as shown on form P-5, Organization Report) PIONEER NATURAL RES. USA, INC.	3. Lease Name UNIVERSITY 10-11C	4. Well No. 3H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 SPRABERRY (TREND AREA) (Field # 85279200, RRC District 7C)			
6. Section 28	7. Block 58	8. Survey UL	9. Abstract U367
10. County of BHL REAGAN			
11. Terminus Lease Line Perpendiculars 100 ft. from the N line. and 1920 ft. from the W line			
12. Terminus Survey Line Perpendiculars 100 ft. from the N line. and 1920 ft. from the W line			
13. Penetration Point Lease Line Perpendiculars 100 ft. from the S line. and 1920 ft. from the W line			

Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

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W-1 Comments

Permit #	861362
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[Jan 21, 2020 1:55 PM]: Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether a pooling agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases and a production sharing agreement constitute a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements.

Issuance of the permit is not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease or pooled unit on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that tract and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction.

The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER <div align="center">861362</div>	DATE PERMIT ISSUED OR AMENDED <div align="center">Jan 30, 2020</div>	DISTRICT <div align="center">* 7C</div>																																								
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<div align="center"> ' ** ' PRECEDING FIELD NAME INDICATES RULE (R37) THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. </div>																																										

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER <div style="text-align: right;">861362</div>	DATE PERMIT ISSUED OR AMENDED <div style="text-align: center;">Jan 30, 2020</div>	DISTRICT <div style="text-align: center;">* 7C</div>
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TYPE OF OPERATION <div style="text-align: center;">NEW DRILL</div>	WELLBORE PROFILE(S) <div style="text-align: center;">Horizontal</div>	ACRES <div style="text-align: center;">1608</div>
OPERATOR <div style="text-align: right;">665748</div> <div style="text-align: center;">PIONEER NATURAL RES. USA, INC.</div> <div style="text-align: center;">AMBER MCFADDEN PO BOX 3178 MIDLAND, TX 79702-0000</div>		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: <div style="text-align: center;">(325) 657-7450</div>
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LOCATION <div style="text-align: center;">8.1 miles NW direction from BIG LAKE</div>		TOTAL DEPTH <div style="text-align: center;">9864</div>
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**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REAGAN (383) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
GRAYBURG	1,500	2,500		1	12/17/2013
QUEEN	1,900	2,500		2	12/17/2013
SAN ANDRES	2,000	5,000	saltwater flow, possibly heavy	3	12/17/2013
CLEARFORK	3,300	4,000		4	12/17/2013
SPRABERRY	3,300	10,000		5	12/17/2013
STRAWN	9,300	10,200		6	12/17/2013
FUSSELMAN	8,800	11,000		7	12/17/2013
ELLENBURGER	8,700	10,500		8	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 28 January 2020**GAU Number:** 269429**Attention:** PIONEER NATURAL RES. USA,
777 HIDDEN RIDGE
IRVING, TX 75038**Operator No.:** 665748**API Number:**
County: REAGAN
Lease Name: University 10-11A
Lease Number:
Well Number: 1H
Total Vertical Depth: 9864
Latitude: 31.281908
Longitude: -101.546530
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-UL; Abstract-U217; Block-10; Section-11

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The base of usable-quality water-bearing strata is estimated to occur at a depth of 525 feet at the site of the referenced well.

This recommendation is applicable for all wells drilled in this Survey-UL; Block-10; Section-11.

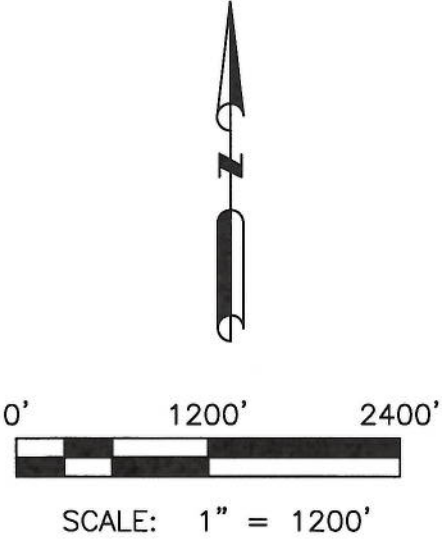
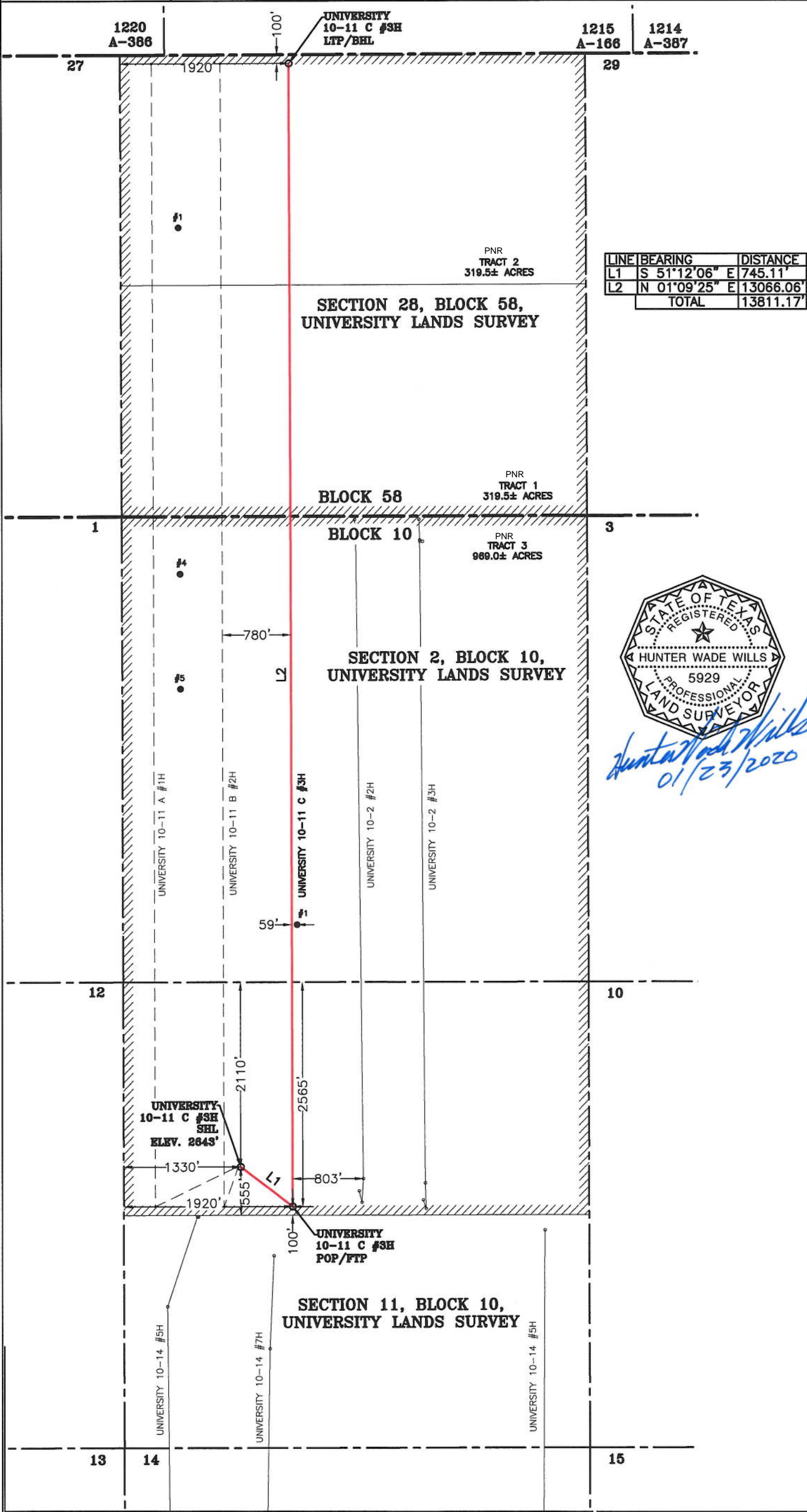
Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 01/28/2020. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

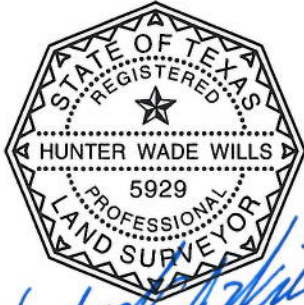
Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014

UNIVERSITY 10-11 C #3H	NORTHING (NAD 27)	EASTING (NAD 27)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	SECTION LINE		SECTION LINE		LEASE LINE		LEASE LINE		SECTION
					FOOTAGE	N/S	FOOTAGE	E/W	FOOTAGE	N/S	FOOTAGE	E/W	
SURFACE HOLE LOCATION (SHL)	589513.0	1621087.3	31.281924	101.546339	2110'	N	1330'	W	555'	S	1330'	W	11
POINT OF PENETRATION FIRST TAKE POINT (POP/FTP)	589046.1	1621668.0	31.280658	101.544464	2565'	N	1920'	W	100'	S	1920'	W	11
LAST TAKE POINT BOTTOM HOLE LOCATION (LTP/BHL)	602109.5	1621931.8	31.316581	101.544074	100'	N	1920'	W	100'	N	1920'	W	28



DATE: 1/14/2020
BY: KENDRA NYRKKANEN
TSPS FIRM NO. 10193998
HALFF ASSOCIATES INC. ENGINEERS - SURVEYORS
3300 N. A STREET, BLDG. 2, STE. 120,
MIDLAND, TX 79705
(432) 253-3255
SCALE: 1" = 1200' AVO 39678-W0141



Hunter Wade Wills
01/23/2020

LEGEND	
	EXISTING WELL
	SECTION LINE
	BLOCK LINE
	LEASE LINE
	WELL LATERAL
	PROPOSED WELL BORE

NOTES:

- THE BASIS OF BEARING OF THE SURVEY IS THE TEXAS COORDINATE SYSTEM, NORTH AMERICAN DATUM 1927 (NAD 27), CENTRAL ZONE (4203).
- ALL TEXAS STATE PLANE COORDINATES AND GEOGRAPHIC COORDINATES SHOWN HEREON ARE NAD 27 GRID COORDINATES AS COMPUTED BY CORPSCON VERSION 6.0.1. ALL GEOGRAPHIC COORDINATES SHOWN HEREON WERE CONVERTED USING CORPSCON VERSION 6.0.1. UNLESS OTHERWISE NOTED, ALL DISTANCES SHOWN HEREON ARE GRID DISTANCES AND THEY CAN BE CONVERTED TO SURFACE WHEN MULTIPLIED WITH A "SURFACE ADJUSTMENT FACTOR" OF 1.000217337, AS CALCULATED BY CORPSCON.
- ELEVATIONS SHOWN HEREON ARE NAVD88 AS DERIVED BY GPS.
- THIS EXHIBIT IS FOR TEXAS RAILROAD COMMISSION WELL PERMITTING PURPOSES ONLY. BOUNDARY LINES AND ACREAGE SHOWN HEREON REFLECT THE SURVEYORS PROFESSIONAL OPINION OF MINERAL RIGHTS AS DETERMINED FROM CLIENT-PROVIDED OIL AND GAS MINERAL LEASE DOCUMENTATION. THE INFORMATION DEPICTED HEREON SHALL NOT BE USED IN THE CONVEYANCE OF FEE TITLE TO REAL PROPERTY.
- ALL MEASUREMENTS TO LEASE, UNIT, AND SURVEY LINES ARE PERPENDICULAR TO SAID LINES.
- THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT.

NOTE: WELL IS LOCATED APPROXIMATELY 8.1 MILES NORTHWEST OF BIG LAKE, REAGAN COUNTY, TEXAS

**PIONEER NATURAL RESOURCES
USA, INC.**

UNIVERSITY 10-11 C #3H

**TRACT 1-319.5± ACRES
TRACT 2-319.5± ACRES
TRACT 3-969.0± ACRES**

1,608.0± TOTAL ACRES

PERMIT PLAT

**LOCATED IN
SECTION 28, BLOCK 58,
SECTIONS 2 & 11, BLOCK 10,
UNIVERSITY LANDS SURVEY,
REAGAN COUNTY, TEXAS**