

API No. <u>42-461-43192</u> Drilling Permit # <u>908368</u> SWR Exception <u>(R37)</u>		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. 665748		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 BROOK UNIT O-1H			5. Well No. 8H				
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 10922		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. 7C		12. County UPTON		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>9.4</u> miles in a <u>S</u> direction from <u>MIDKIFF</u> which is the nearest town in the county of the well site.							
15. Section 1	16. Block O	17. Survey EL&RR RR CO		18. Abstract No. A-138	19. Distance to nearest lease line: ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 66591.8	
21. Lease Perpendiculars: <u>10211</u> ft from the <u>SOUTH</u> line and <u>3037</u> ft from the <u>WEST</u> line. 22. Survey Perpendiculars: <u>330</u> ft from the <u>NORTH</u> line and <u>2248</u> ft from the <u>EAST</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	
7C	85279200	SPRABERRY (TREND AREA)		Oil or Gas Well	8600	880.00	
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. Matthew Gower, Regulatory Specialist <div style="display: flex; justify-content: space-between;"> <div> <u>II</u> Name of filer </div> <div> <u>May 30, 2025</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(972)9694507</u> Phone </div> <div> <u>matthew.gower@exxonmobil.com</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only Data Validation Time Stamp: Jun 23, 2025 9:49 AM('As Approved' Version)							

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

Form W-1H
Supplemental Horizontal Well Information

07/2004

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Permit #	908368
Approved Date:	Jun 23, 2025

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 BROOK UNIT O-1H	4. Well No. 8H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 SPRABERRY (TREND AREA) (Field # 85279200, RRC District 7C)			
6. Section 1	7. Block M	8. Survey EL&RR RR CO	9. Abstract 143
10. County of BHL UPTON			
11. Terminus Lease Line Perpendiculars 8106 ft. from the NORTH line. and 20564 ft. from the WEST line			
12. Terminus Survey Line Perpendiculars 2536 ft. from the SOUTH line. and 550 ft. from the EAST line			
13. Penetration Point Lease Line Perpendiculars 10084 ft. from the SOUTH line. and 4726 ft. from the WEST line			

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W-1 Comments

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[May 30, 2025 6:58 AM]: 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.; [RRC STAFF Jun 3, 2025 2:59 PM]: Changed well count from 40 to 42.; [RRC STAFF Jun 3, 2025 3:01 PM]: Changed Distance to Nearest Well from 902 to 880.; [RRC STAFF Jun 3, 2025 3:12 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 9, 2025 8:35 AM]: Uploaded revised plat.; [RRC STAFF Jun 9, 2025 8:36 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 9, 2025 8:36 AM]: Changed Distance to Nearest Lease Line from Surface Location from 3037 to 514.; [RRC STAFF Jun 9, 2025 3:39 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 11, 2025 11:46 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 11, 2025 11:49 AM]: The filer (Matt Gower, Pioneer Natural Res. USA, Inc.) has advised that the lower ownership intervals provided for the Pembroke Unit and the North Pembroke Spraberry Unit are based on a formation boundary benchmark (base of the Dean). Due to the areal extent of the 43,109.9 and 23,481.9 acre leases, the Lower Limit value of the ownership intervals will be different depending on the area of the lease that the well is in. The difference in the lower limit values of other W-1s in this lease will not cause an issue. This is due to the ownership being based on a formation boundary, and the stratigraphic sloping of that boundary over the areal acre extent of each lease.; [RRC STAFF Jun 12, 2025 8:20 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 13, 2025 9:04 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 23, 2025 9:49 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 23, 2025 9:49 AM]: Exception Admin Approved. 37(h)(2)(B). Own Offset.