

API No. 42-461-40159		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. A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004		
Drilling Permit # 808261 SWR Exception Case/Docket No. 0297453 (R37)						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): ATTN CINDY WHIDDON P O BOX 3178 MIDLAND, TX 79702-0000			
4. Lease Name BROOK N-20C		5. Well No. 3H						
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 10900		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 20.9 miles in a NE direction from rankin which is the nearest town in the county of the well site.								
15. Section 9		16. Block N	17. Survey HE&WT RR CO		18. Abstract No. A-241	19. Distance to nearest lease line: 1 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 478.5	
21. Lease Perpendiculars: 236 ft from the NORTH line and 354 ft from the WEST line.								
22. Survey Perpendiculars: 2287 ft from the EAST line and 2400 ft from the SOUTH 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	32. Number of Wells on this lease in this Reservoir
7C	85279201	SPRABERRY (TREND AREA) R 40 EXC			Oil or Gas Well	10900	880.00	2
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. DAVID VINCENTI, Lead Regulatory Specialist Name of filer			Jul 08, 2015 Date submitted
					(972)9693935 Phone			david.vincenti@pxd.com E-mail Address (OPTIONAL)
RRC Use Only					Data Validation Time Stamp: Aug 28, 2015 9:53 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>

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Permit #	808261
Approved Date:	Aug 28, 2015

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 N-20C	4. Well No. 3H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 SPRABERRY (TREND AREA) R 40 EXC (Field # 85279201, RRC District 7C)			
6. Section 20	7. Block N	8. Survey HE&WT RR CO/MILLER, H G	9. Abstract 1347
10. County of BHL UPTON			
11. Terminus Lease Line Perpendiculars 100 ft. from the south line. and 1299 ft. from the west line			
12. Terminus Survey Line Perpendiculars 100 ft. from the south line. and 1325 ft. from the east line			
13. Penetration Point Lease Line Perpendiculars 236 ft. from the north line. and 354 ft. from the west line			

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W-1 Comments

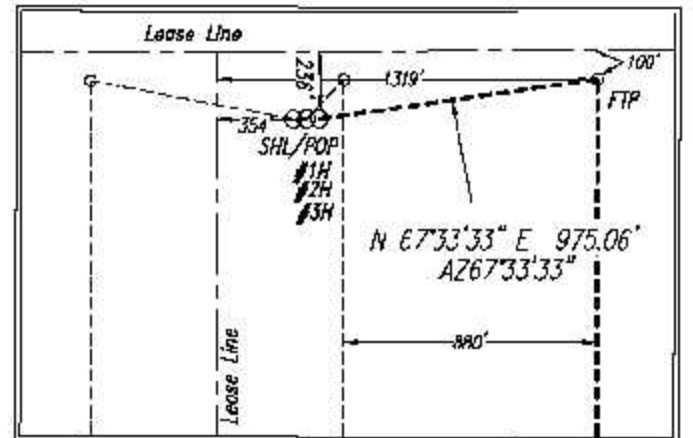
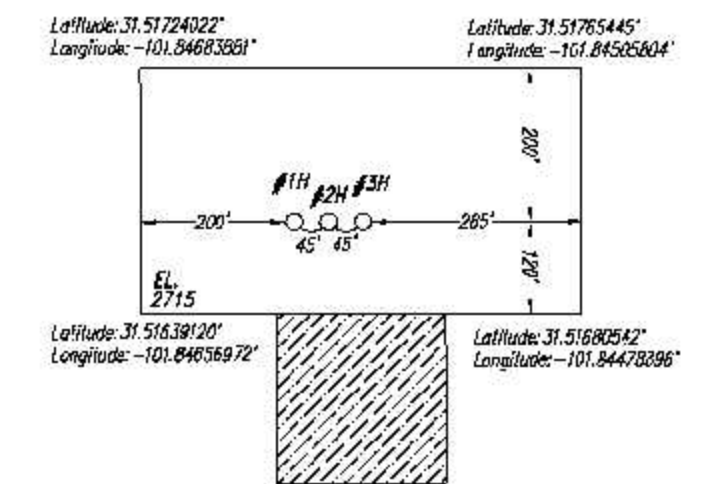
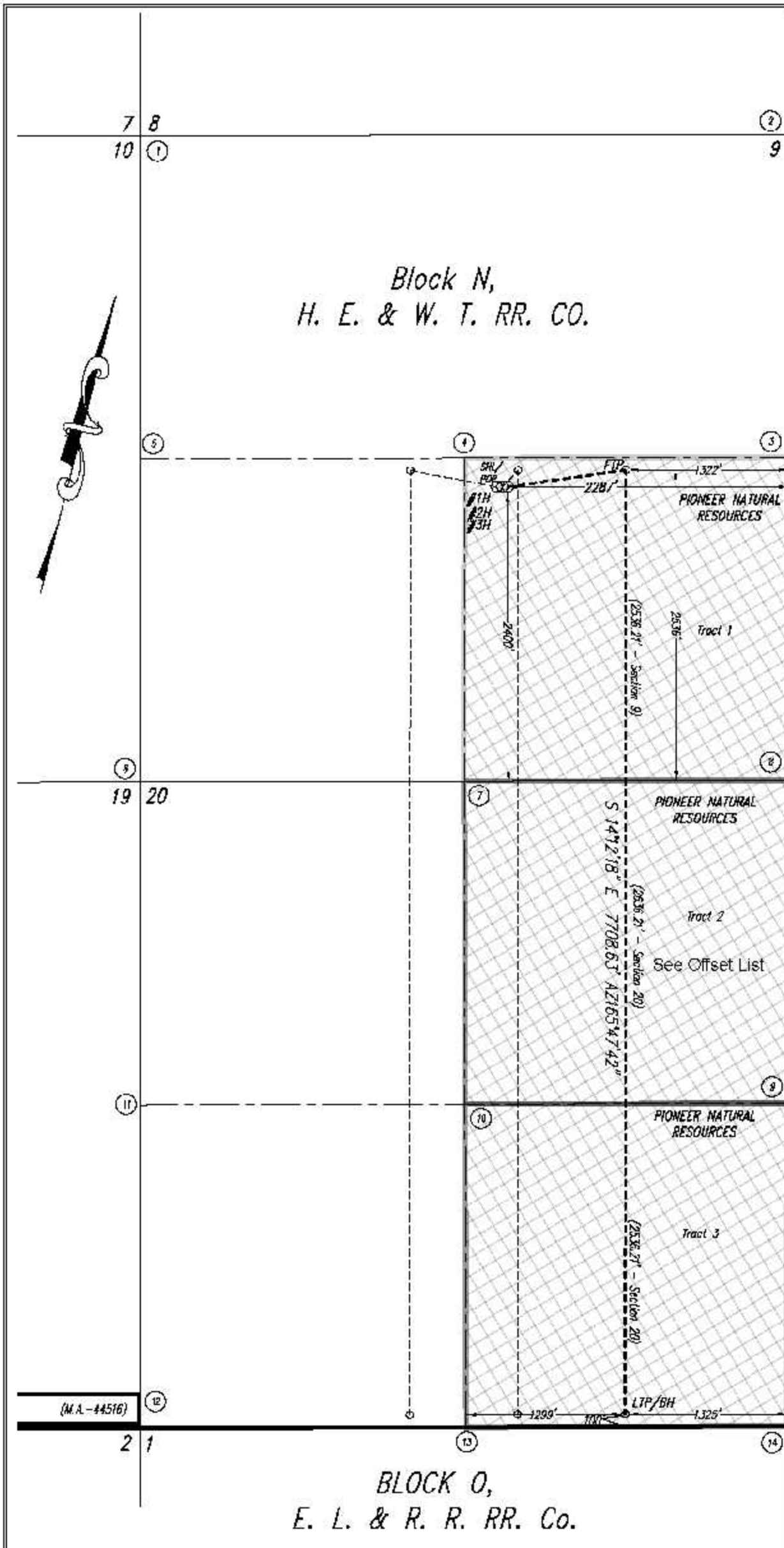
Permit # **808261**

Approved Date: **Aug 28, 2015**

[Jul 7, 2015 1:30 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.; [FILER Jul 7, 2015 1:46 PM]: Minimum H2S monitoring equipment provided during drilling operations. Unleased mineral owners attached for Tract 2 Sec. 20.; [RRC STAFF Jul 16, 2015 11:34 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jul 20, 2015 4:42 PM]: Problems identified with this permit are resolved.



Block D,
E. L. & R. R. RR. CO. &
D. & W. RR. CO.

#3H Surface Hole Location/
Point of Penetration

X: 1528718.93 Latitude: 31.51691850°
Y: 676123.04 Longitude: -101.84577250°
2287' FEL & 2400' FSL Section 9

First Take Point

X: 1529620.15 Latitude: 31.51797536°
Y: 676495.25 Longitude: -101.84289687°
1322' FEL & 2536' FSL - Section 9

Last Take Point/Bottom Hole

X: 1531511.80 Latitude: 31.49750251°
Y: 669022.32 Longitude: 101.83650278°
1325' FEL & 100' FSL - Section 20

Sproberry (Trend Area) R 40 EXC Field

Block N-20C #3H

PIONEER NATURAL RESOURCES USA, Inc.

Tract 1 - SE/4 of Section 9, 159.9 Acres

Tract 2 - NE/4 of Section 20, 159.0 Acres

Tract 3 - SE/4 of Section 20, 159.0 Acres

Block N, H. E. & W. T. RR. Co.,

Upton County, Texas

Total: 478.5 Acres

Scale: 1" = 1000'

Note: Survey Reconstruction filed in the Office of Luchini and Mertz Land Surveying Company.
Note: All bearings and coordinates shown are based on the Texas Coordinate System of 1927, Central Zone.
Note: The above sketch represents the location as staked on the ground and is for permit purposes only.
Note: NAD '27 Coordinates & Latitude/Longitude on well location in Section 9 & 20.
Note: Well location is approximately 20.5 miles northeast of Rankin.
Note: This does not constitute a boundary survey.
Note: Lease description provided by client.
① Denotes XY coordinate in Excel Spreadsheet that accompanies this drawing.



Jeffrey J. Sulter

June 9, 2015

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