

API No. <u>42-383-40906</u> Drilling Permit # <u>864665</u> SWR Exception Case/Docket No. <u>0327290</u> (R37)		<b>RAILROAD COMMISSION OF TEXAS</b> <b>OIL &amp; GAS DIVISION</b> <b>APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER</b> <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>				<b>FORM W-1</b> 07/2004 Permit Status: <b>Approved</b>	
1. RRC Operator No. <b>665748</b>		2. Operator's Name (as shown on form P-5, Organization Report) <b>PIONEER NATURAL RES. USA, INC.</b>		3. Operator Address (include street, city, state, zip): <b>AMBER MCFADDEN</b> <b>PO BOX 3178</b> <b>MIDLAND, TX 79702-0000</b>			
4. Lease Name <b>UNIVERSITY W2-34D</b>		5. Well No. <b>4H</b>					
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 <b>10165</b>		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. <b>7C</b>		12. County <b>REAGAN</b>		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>11.9</u> miles in a <u>SW</u> direction from <u>STILES</u> which is the nearest town in the county of the well site.							
15. Section <b>34</b>		16. Block <b>2</b>		17. Survey <b>UL</b>		18. Abstract No. <b>A-U70</b>	
				19. Distance to nearest lease line: ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>951.8</b>	
21. Lease Perpendiculars: <u>1702</u> ft from the <u>S</u> line and <u>918</u> ft from the <u>W</u> line. 22. Survey Perpendiculars: <u>1702</u> ft from the <u>S</u> line and <u>918</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 <b>List all fields of anticipated completion including Wildcat. List one zone per line.</b>							
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	10165	1.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
<b>Remarks</b> See W1 Comments attached				<b>Certificate:</b> I certify that information stated in this application is true and complete, to the best of my knowledge.			
				_____ Name of filer			
RRC Use Only				_____ Date submitted			
				_____ Phone			
Data Validation Time Stamp: Sep 17, 2020 8:26 AM( Current Version )				_____ E-mail Address (OPTIONAL)			
				_____ E-mail Address (OPTIONAL)			

Permit Status: <b>Approved</b>  <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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RAILROAD COMMISSION OF TEXAS  
 OIL & GAS DIVISION

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

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Permit #	864665
Approved Date:	Sep 17, 2020

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Lateral Drainhole Location Information			
5. Field as shown on Form W-1     SPRABERRY (TREND AREA) (Field # 85279200, RRC District 7C)			
6. Section 3	7. Block	8. Survey HERRIN, M	9. Abstract 201
10. County of BHL REAGAN			
11. Terminus Lease Line Perpendiculars 100 ft. from the        N        line. and    1841 ft. from the        W        line			
12. Terminus Survey Line Perpendiculars 100 ft. from the        N        line. and    1841 ft. from the        W        line			
13. Penetration Point Lease Line Perpendiculars 2366 ft. from the        S        line. and    780 ft. from the        W        line			

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**W-1 Comments**

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[ Aug 5, 2020 11:52 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 Sep 11, 2020 8:26 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Sep 17, 2020 6:54 AM]: Problems identified with this permit are resolved.

**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;">864665</div>	DATE PERMIT ISSUED OR AMENDED <div style="text-align: center;">Sep 17, 2020</div>	DISTRICT <div style="text-align: center;">* 7C</div>		
API NUMBER <div style="text-align: right;">42-383-40906</div>	FORM W-1 RECEIVED <div style="text-align: center;">Aug 12, 2020</div>	COUNTY <div style="text-align: center;">REAGAN</div>		
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;">951.8</div>		
OPERATOR <div style="text-align: right;">665748</div> PIONEER NATURAL RES. USA, INC.  AMBER MCFADDEN PO BOX 3178 MIDLAND, TX 79702-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. <b>District Office Telephone No:</b> (325) 657-7450		
LEASE NAME <div style="text-align: center;">UNIVERSITY W2-34D</div>		WELL NUMBER <div style="text-align: center;">4H</div>		
LOCATION <div style="text-align: center;">11.9 miles SW direction from STILES</div>		TOTAL DEPTH <div style="text-align: center;">10165</div>		
Section, Block and/or Survey SECTION ⤵ 34                      BLOCK ⤵ 2                      ABSTRACT ⤵ U70 SURVEY ⤵ UL				
DISTANCE TO SURVEY LINES <div style="text-align: center;">1702 ft. S    918 ft. W</div>		DISTANCE TO NEAREST LEASE LINE <div style="text-align: center;">ft.</div>		
DISTANCE TO LEASE LINES <div style="text-align: center;">1702 ft. S    918 ft. W</div>		DISTANCE TO NEAREST WELL ON LEASE <div style="text-align: center;">See FIELD(s) Below</div>		
FIELD(s) and LIMITATIONS: <div style="text-align: center;">                     * SEE FIELD DISTRICT FOR REPORTING PURPOSES *                      ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) **                      CASE NO. 0327290                 </div>				
FIELD NAME LEASE NAME <hr style="border-top: 1px dashed black;"/> ** SPRABERRY (TREND AREA) UNIVERSITY W2-34D <hr style="border-top: 1px dashed black;"/>	ACRES NEAREST LEASE <hr style="border-top: 1px dashed black;"/> 951.80	DEPTH NEAREST LEASE <hr style="border-top: 1px dashed black;"/> 10,165	WELL # NEAREST WE <hr style="border-top: 1px dashed black;"/> 4H  1	DIST <hr style="border-top: 1px dashed black;"/> 7C
WELLBORE PROFILE(s) FOR FIELD: Horizontal <hr style="border-top: 1px dashed black;"/>				
RESTRICTIONS:    Lateral: TH1 Penetration Point Location Lease Lines:                      2366.0 F S L 780.0 F W L  Terminus Location BH County: REAGAN Section: 3                      Block:                      Abstract: 201 Survey: HERRIN, M Lease Lines:                      100.0 F N L 1841.0 F W L Survey Lines:                      100.0 F N L 1841.0 F W L				
' ** ' 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.				

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LEASE NAME <div style="text-align: center;">UNIVERSITY W2-34D</div>		WELL NUMBER <div style="text-align: center;">4H</div>
LOCATION <div style="text-align: center;">11.9 miles SW direction from STILES</div>		TOTAL DEPTH <div style="text-align: center;">10165</div>
Section, Block and/or Survey <div style="display: flex; justify-content: space-between;"> <div>SECTION ◀ 34</div> <div>BLOCK ◀ 2</div> <div>ABSTRACT ◀ U70</div> </div> <div style="display: flex; justify-content: space-between;"> <div>SURVEY ◀ UL</div> <div></div> <div></div> </div>		
DISTANCE TO SURVEY LINES <div style="text-align: center;">1702 ft. S    918 ft. W</div>		DISTANCE TO NEAREST LEASE LINE <div style="text-align: center;">ft.</div>
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<div style="display: flex; justify-content: space-between;"> <div>                         FIELD NAME                          LEASE NAME                     </div> <div>                         ACRES                          NEAREST LEASE                     </div> <div>                         DEPTH                          NEAREST WE                     </div> <div>                         WELL #                          NEAREST WE                     </div> <div>                         DIST                     </div> </div> <p>This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.</p>		

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION  
SWR #13 Formation Data**

**REAGAN (383) County**

Formation	Remarks	Geological Order	Effective Date
GRAYBURG		1	12/17/2013
QUEEN		2	12/17/2013
SAN ANDRES	saltwater flow, possibly heavy	3	12/17/2013
CLEARFORK		4	12/17/2013
SPRABERRY		5	12/17/2013
STRAWN		6	12/17/2013
FUSSELMAN		7	12/17/2013
ELLENBURGER		8	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. 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:** 05 September 2019**GAU Number:** 252416**Attention:** PIONEER NATURAL RES. USA,  
ATTN WELDON PIERSON  
IRVING, TX 75039**Operator No.:** 665748**API Number:**  
**County:** REAGAN  
**Lease Name:** UNIVERSITY E2-34A  
**Lease Number:**  
**Well Number:** 101H  
**Total Vertical Depth:** 10141  
**Latitude:** 31.296100  
**Longitude:** -101.707349  
**Datum:** NAD27**Purpose:** New Production Well**Location:** Survey-University Lands; Abstract-201; Block-2; Section-34

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 475 feet at the site of the referenced well.

This recommendation is applicable for all wells drilled in this Survey-University Lands; Abstract-201; Block-2; Section-34.

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 09/03/2019. 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](mailto: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](http://www.rrc.texas.gov)  
Rev. 02/2014

