

CALL FOR ENTRIES

The Interstate Oil and Gas Compact Commission is seeking nominations for the 2017 Chairman's Stewardship Awards. The winners will be honored at the IOGCC Annual Conference in Pittsburgh, Pennsylvania, October 1 - 3. All nominations received will be mentioned in the Winners Booklet along with project title. All past winners and their projects will also be mentioned in the Winners Booklet.

You may apply on your behalf or nominate another project. Past winners are encouraged to apply with new projects. If you have applied in the past and received honorable mention and you feel your project has been added to we encourage you to resubmit your project. In the nomination form you will find the four different categories. Please choose one that best fits your nomination and provide a brief project summary. To see previous winning nominations, visit the IOGCC website at iogcc.ok.gov/chairmansstewardship. For any questions or additional information please contact Carol Booth, communications manager for the IOGCC at 405-525-3556 ext. 114.

Nominations must be received on or before August 3, 2017.

HISTORY

The Chairman's Stewardship Awards represent the Interstate Oil and Gas Compact Commission's highest honor for exemplary efforts by the oil and natural gas industry in environmental stewardship.

Since 1935 the IOGCC has voiced the need for sound oil and natural gas environmental policy. Many organizations have gone far beyond the basic mandates of law and regulation to protect and enhance natural resources. The Chairman's Stewardship Awards are an effort to single out these achievements as examples for others in industry, government and the public.

AWARD CATEGORIES

Energy Education

This award is presented to a group or organization that has created a program to educate the public about oil and natural gas and the hundreds of ways it affects the lives of Americans.

Environmental Partnership

The Environmental Partnership award recognizes an innovative project led by a non-industry organization(s) in cooperation with an industry partner(s).

Small Company

This award recognizes an innovative project by a small oil and natural gas company that demonstrates positive environmental stewardship. Small companies are those that operate in a limited area or region.

Large Company

This award recognizes an innovative project by a large oil and natural gas company that demonstrates positive environmental stewardship. Large companies are those that operate nationwide and in many instances internationally.



CHAIRMAN'S STEWARDSHIP AWARDS

Briefly describe the nominated program on a separate attachment. Please limit your summary to 3 pages or less. Key points to include in your project summary:

- Provide a brief explanation of the project. Describe the purpose of the project.
- Explain the process taken to complete the project. Describe any contributions made to the environment. Describe what has been accomplished.

Nominee Information:

Company Pioneer Natural Resources Co.

Contact Aurethien C. Kern, J.D.

Address 5205 N. O'Connor Blvd., Ste. 200

City/State/Zip Irving, TX 75039-3746

Phone (972) 444-9001 Fax (972) 969-3587

E-Mail Aurethien.Kern@pnd.com

Visual Aids, if available:
(Electronic submissions are accepted)

___ Video/DVD (10 minutes or less)

___ Photos

___ Brochures/Publications
(10 copies)

___ Other

Category:

___ Energy Education

Environmental Partnership

___ Small Company

___ Large Company

Submitted by:

Company Railroad Commission of Texas

Contact Leslie Savage

Address 1701 N. Congress Ave.

City/State/Zip Austin, TX 78701

Phone (512) 463-7308 Fax

E-Mail leslie.savage@rrc.texas.gov

SEND NOMINATIONS TO:

Stewardship Awards
IOGCC

P.O. Box 53127

Oklahoma City, OK 73152-3127

Email: carolbooth@iogcc.state.ok.us

Fax: 405-525-3592

For more information call

405-525-3556 or log on to

iogcc.ok.gov/chairmansstewardship

IOGCC CHAIRMAN'S STEWARDSHIP AWARD

NOMINATION

Nominee Information:

Category: Environmental Partnership

Company: Pioneer Natural Resources Company

Contact: Gretchen C. Kern, J.D.

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E-Mail: Gretchen.Kern@pxd.com

Submitted by:

Company: Railroad Commission of Texas

Contact: Leslie Savage

Address: 1701 North Congress Avenue

City/State/Zip: Austin, Texas 78701

Phone: (512)463-7308

E-Mail: leslie.savage@rrc.texas.gov

Explanation of Project:

Pioneer Natural Resources Company (Pioneer) is a large independent oil and gas exploration and production company, headquartered in Dallas, Texas, with operations in the United States. In 2014, Pioneer created Pioneer Water Management, LLC (PWM), a dedicated subsidiary company focused on water conservation and providing non-fresh water supplies for use in Pioneer's operations. PWM water conservation initiatives are aimed at Pioneer's goal to sustainably reduce fresh water usage. Pioneer is taking a comprehensive approach to water conservation and continues to pursue sustainable and diverse sources of non-potable or non-fresh water. Several import efforts include:

- Using treated industrial and municipal wastewater – Pioneer is currently purchasing non-potable effluent water from multiple sources in Texas. Most notably, Pioneer and the City of Odessa, Texas, have entered into a contract by which Pioneer will purchase effluent municipal water from the city. Such effluent water purchases are allowing Pioneer to make productive use of a non-potable water resource.
- Using brackish, non-drinkable groundwater – Pioneer is tapping brackish groundwater aquifers when possible and is adding several new projects that will further increase our brackish water usage.
- Reused Produced Water – As part of the production of oil, condensate, and natural gas, Pioneer generates what is referred to as “produced water.” Once water comes into contact with oil, condensate, or natural gas in the production cycle, regardless of the type of water, it is considered produced water. PWM is continually investigating economically viable solutions for produced water reuse that will provide another significant alternative to freshwater use.

The project includes a 20-mile, \$25 million infrastructure project to both save water and cut costs for the mutual benefit of Pioneer and the City of Odessa, Texas. The project is the key component of an 11-year, \$117 million agreement between Pioneer Natural Resources and the City of Odessa to provide Pioneer with millions of gallons of treated municipal wastewater for use in its operations. Pioneer reduced the need for potable water in a drought-prone area while compensating the City of Odessa for effluent water that would otherwise go to waste. In addition, the region will see a reduction in truck traffic and a regular revenue stream.

Purpose of the Project:

It is essential that we secure long-term supplies of non-potable, non-fresh water. PWM contracts various sourcing options, including effluent (waste) water, brackish water and recycled produced water. Pioneer’s long-term goals for the project are to:

- Secure supplies of non-potable water, such as brackish or effluent water, that significantly reduce fresh water sourcing
- Optimize water reuse efforts
- Find economically viable solutions for produced water reuse
- Reduce roadway transportation of water supplies

Process Taken to Complete the Project:

Water is mixed with sand and other components to create a slurry used during hydraulic fracturing. Using effluent water for makeup of hydraulic fracturing fluid reduces the need for freshwater and makes productive use of a non-potable resource.

In 2014, PWM commenced construction on a state-of-the-art water sourcing and distribution system in West Texas. By flowing sourced water through a pipeline system, PWM will reduce the amount of truck traffic on city and state roads while minimizing transportation costs. PWM constructed 20.3 miles of 24-inch polyethylene pipe with a two-inch wall thickness from Odessa’s Bob Derrington Water Reclamation Plant in Midland County to one of its water supply facilities. It is designed to flow 150,000 barrels of water per day (BWPD) at 120 PSI, though the system will have a maximum flow of 200,000 BWPD at 150 PSI at peak capacity.

Construction is expected to continue until 2019 in a phased approach. The system will consist of up to 20 water subsystems branched from the mainline, connecting 125 to 150 strategically placed, double-lined storage ponds that will support hydraulic fracturing operations and recycling efforts in the Midland Basin.

When completed, the pipeline network will run 100 miles north-to-south across Pioneer's acreage using 30- to 36-inch diameter pipe. It will include fiber-optic cable to support field communications and feeder lines that connect to non-potable water sources, such as contracted municipal wastewater plants.

Pioneer continues to strengthen collaboration with local cities through mutually beneficial, public-private water sourcing transactions. In December of 2016, Pioneer entered into a public-private partnership with the City of Midland to purchase effluent water for use in operations. Under the agreement, Pioneer will provide \$110 million in upgrades to the city's wastewater treatment plant, which would have otherwise been paid for through the city's utility fund. The volume-based contract is expected to last the next 20 to 28 years. Sourcing of the municipal effluent water, which is otherwise not being used, will commence when infrastructure is in place.

Pioneer also uses brackish water in its operations. The Santa Rosa Aquifer, a brackish water formation containing water too high in salinity for drinking or agricultural usage, lays thousands of feet above the Permian Basin's oil shale plays. PWM's team of skilled geologists, and engineers continue to evaluate the unique reservoir's large supply through geologic mapping of the formation, logging analysis, well optimizations and other subsurface techniques used in both the water and oil and gas industries. Through these scientific methods, PWM is able to drill high-producing brackish water wells at economic costs and align transportation routes with field infrastructure development and Pioneer's hydraulic fracturing sites.

Pioneer reuses water produced during oil and gas operations. PWM is pursuing various reuse options that will reduce the need for produced water disposal.

Contributions to the Environment:

The use of brackish water sources, reused water, and effluent from the City of Odessa will save millions of gallons of freshwater throughout the Permian Basin.

- An innovative and regular revenue stream to the cities of Odessa and Midland for a wasted water resource.
- Ensure a long term supply of water to drilling and completions operations across the basin;
- Utilizing effluent water for this purpose reduces the need for freshwater and makes productive use of a non-potable resource;
- A significant reduction in traffic congestion since Pioneer no longer solely relies on trucked deliveries of water to drilling and completions sites.