# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2016**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 001-36463**

# PARSLEY ENERGY, INC.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **46-4314192** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **303 Colorado Street, Suite 3000 Austin, Texas** | **78701** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(737) 704-2300**

**(Registrant's telephone number, including area code)**

**(Former name, former address and former fiscal year, if changed since last report)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☒ | Accelerated filer ☐ |
| Non-accelerated filer ☐ | Smaller reporting company ☐ |
| (Do not check if a smaller reporting company) | |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2016 , the registrant had 179,590,617 shares of Class A common stock and 28,008,573 shares of Class B common stock outstanding.

**PARSLEY ENERGY, INC.**
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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Quarterly Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should carefully consider the risk factors and other cautionary statements described under the heading "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 (the "Annual Report") and the risk factors and other cautionary statements contained in our other filings with the United States Securities and Exchange Commission ("SEC"). These forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events.

Forward-looking statements may include statements about our:

- business strategy;
- reserves;
- exploration and development drilling prospects, inventories, projects and programs;
- ability to replace the reserves we produce through drilling and property acquisitions;
- financial strategy, liquidity and capital required for our development program;
- realized oil, natural gas and natural gas liquids (NGLs) prices;
- timing and amount of future production of oil, natural gas and NGLs;
- hedging strategy and results;
- future drilling plans;
- competition and government regulations;
- ability to obtain permits and governmental approvals;
- pending legal or environmental matters;
- marketing of oil, natural gas and NGLs;
- leasehold or business acquisitions;
- costs of developing our properties;
- general economic conditions;
- credit markets;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this Quarterly Report that are not historical.

All forward-looking statements speak only as of the date of this Quarterly Report. You should not place undue reliance on these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved or occur, and actual results could differ materially and adversely from those anticipated or implied by the forward-looking statements.

## GLOSSARY OF CERTAIN TERMS AND CONVENTIONS USED HEREIN

The terms defined in this section are used throughout this Quarterly Report:

(1) *Bbl* . One stock tank barrel, of 42 U.S. gallons liquid volume, used in reference to crude oil, condensate or natural gas liquids.

(2) *Boe* . One barrel of oil equivalent, with 6,000 cubic feet of natural gas being equivalent to one barrel of oil.

(3) *Boe/d* . One barrel of oil equivalent per day.

(4) *British thermal unit* or *Btu* . The heat required to raise the temperature of a one-pound mass of water from 58.5 to 59.5 degrees Fahrenheit.

(5) *Completion* . The process of treating a drilled well followed by the installation of permanent equipment for the production of oil or natural gas, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

(6) *Condensate* . A mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(7) *Dry hole.* A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

(8) *Exploitation* . A development or other project which may target proven or unproven reserves (such as probable or possible reserves), but which generally has a lower risk than that associated with exploration projects.

(9) *Exploration costs.* Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and natural gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are referred to as geological and geophysical costs or G&G costs.

(ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title deference, and the maintenance of land and lease records.

(iii) Dry hole contributions and bottom hole contributions.

(iv) Costs of drilling and equipping exploratory wells.

(v) Costs of drilling exploratory-type stratigraphic test wells.

(vi) Idle drilling rig fees which are not chargeable to joint operations.

(10) *Exploratory well.* A well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or natural gas in another reservoir.

(11) *Field* . An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations. For a complete definition of field, refer to the SEC’s Regulation S-X, Rule 4-10(a)(15).

(12) *Formation* . A layer of rock which has distinct characteristics that differ from nearby rock.

(13) *GAAP* . Accounting principles generally accepted in the United States.

(14) *Gross acres or gross wells* . The total acres or wells, as the case may be, in which an entity owns a working interest.

(15) *Horizontal drilling.* A drilling technique where a well is drilled vertically to a certain depth and then drilled laterally within a specified target zone.

(16) *Lease operating expense.* All direct and allocated indirect costs of lifting hydrocarbons from a producing formation to the surface constituting part of the current operating expenses of a working interest. Such costs include labor, superintendence, supplies, repairs, maintenance, allocated overhead charges, workover, insurance and other expenses incidental to production, but exclude lease acquisition or drilling or completion expenses.

(17) *LIBOR* . London Interbank Offered Rate.

(18) *MBbl* . One thousand barrels of crude oil, condensate or NGLs.

(19) *MBoe* . One thousand barrels of oil equivalent.

(20) *Mcf* . One thousand cubic feet of natural gas.

(21) *MMBtu* . One million British thermal units.

(22) *MMcf* . One million cubic feet of natural gas.

(23) *Natural gas liquids or NGLs* . The combination of ethane, propane, butane, isobutane and natural gasolines that when removed from natural gas become liquid under various levels of higher pressure and lower temperature.

(24) *Net acres or net wells* . The percentage of total acres or wells, as the case may be, an owner has out of a particular number of gross acres or wells. For example, an owner who has a 50% interest in 100 gross acres owns 50 net acres.

(25) *NYMEX* . The New York Mercantile Exchange.

(26) *Operator* . The entity responsible for the exploration, development and production of a well or lease.

(27) *PE Units* . The single class of units in which all of the membership interests (including outstanding incentive units) in Parsley Energy, LLC were converted to in connection with our initial public offering.

(28) *Proved developed reserves* . Proved reserves that can be expected to be recovered:

(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well; or

(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

(29) *Proved reserves* . Those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced, or the operator must be reasonably certain that it will commence, the project within a reasonable time. For a complete definition of proved oil and natural gas reserves, refer to the SEC's Regulation S-X, Rule 4-10(a) (22).

(30) *Proved undeveloped reserves* or *PUDs* . Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. The following rules apply to PUDs:

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances;

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time; and

(iii) Under no circumstances shall estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

(31) *Reasonable certainty* . A high degree of confidence. For a complete definition of reasonable certainty, refer to the SEC's Regulation S-X, Rule 4-10(a)(24).

(32) *Recompletion* . The process of re-entering an existing wellbore that is either producing or not producing and completing new reservoirs in an attempt to establish or increase existing production.

(33) *Reliable technology* . A grouping of one or more technologies (including computational methods) that have been field tested and have been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(34) *Reserves.* Estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development prospects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to market and all permits and financing required to implement the project.

(35) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible hydrocarbons that is confined by impermeable rock or water barriers and is separate from other reservoirs.

(36) *SEC.* The United States Securities and Exchange Commission.

(37) *Spacing.* The distance between wells producing from the same reservoir. Spacing is often expressed in terms of acres, *e.g.* , 40-acre spacing, and is often established by regulatory agencies.

(38) *Undeveloped acreage.* Lease acreage on which wells have not been drilled or completed to a point that would permit the production of economic quantities of oil or natural gas regardless of whether such acreage contains proved reserves.

(39) *Wellbore.* The hole drilled by the bit that is equipped for oil or gas production on a completed well. Also called well or borehole.

(40) *Working interest.* The right granted to the lessee of a property to explore for and to produce and own oil, natural gas or other minerals. The working interest owners bear the exploration, development and operating costs on either a cash, penalty or carried basis.

(41) *Workover.* Operations on a producing well to restore or increase production.

(42) *WTI.* West Texas Intermediate crude oil, which is a light, sweet crude oil, characterized by an American Petroleum Institute gravity, or API gravity, between 39 and 41 and a sulfur content of approximately 0.4 weight percent that is used as a benchmark for other crude oils.

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## PART 1: FINANCIAL INFORMATION

### Item 1: Financial Statements

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| | (In thousands) | |
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 571,762 | $ 343,084 |
| Restricted cash | 2,755 | 1,139 |
| Accounts receivable: | | |
| Joint interest owners and other | 13,708 | 14,998 |
| Oil, natural gas and NGLs | 45,685 | 21,219 |
| Related parties | 331 | 390 |
| Short-term derivative instruments, net | 32,537 | 83,262 |
| Other current assets | 25,713 | 24,234 |
| Total current assets | 692,491 | 488,326 |
| **PROPERTY, PLANT AND EQUIPMENT** | | |
| Oil and natural gas properties, successful efforts method | 3,435,514 | 2,246,161 |
| Accumulated depreciation, depletion and impairment | (450,387) | (290,186) |
| Total oil and natural gas properties, net | 2,985,127 | 1,955,975 |
| Other property, plant and equipment, net | 47,441 | 29,778 |
| Total property, plant and equipment, net | 3,032,568 | 1,985,753 |
| **NONCURRENT ASSETS** | | |
| Long-term derivative instruments, net | 21,017 | 25,839 |
| Deferred tax asset | 6,832 | — |
| Other noncurrent assets | 3,564 | 5,182 |
| Total noncurrent assets | 31,413 | 31,021 |
| **TOTAL ASSETS** | $ 3,756,472 | $ 2,505,100 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 132,749 | $ 151,221 |
| Revenue and severance taxes payable | 57,926 | 37,109 |
| Current portion of long-term debt | 1,543 | 951 |
| Short-term derivative instruments, net | 21,122 | 34,518 |
| Current portion of asset retirement obligations | 3,214 | 4,698 |
| Total current liabilities | 216,554 | 228,497 |
| **NONCURRENT LIABILITIES** | | |
| Long-term debt | 942,726 | 546,832 |
| Asset retirement obligations | 13,917 | 13,522 |
| Deferred tax liability | 6,536 | 62,962 |
| Payable pursuant to tax receivable agreement | 101,678 | 51,504 |
| Long-term derivative instruments, net | 12,465 | 15,142 |
| Other noncurrent liabilities | 2 | — |
| Total noncurrent liabilities | 1,077,324 | 689,962 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **STOCKHOLDERS' EQUITY** | | |
| Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued and outstanding | — | — |
| Common stock | | |
| Class A, $0.01 par value, 600,000,000 shares authorized, 179,730,033 shares issued and 179,590,617 shares outstanding at September 30, 2016 and 136,728,906 shares issued and 136,623,407 shares outstanding at December 31, 2015 | 1,797 | 1,360 |
| Class B, $0.01 par value, 125,000,000 shares authorized, 28,008,573 and 32,145,296 issued and outstanding at September 30, 2016 and December 31, 2015 | 280 | 321 |
| Additional paid in capital | 2,149,388 | 1,252,020 |

| | | |
|---|---|---|
| (Accumulated deficit) retained earnings | (32,510) | 10,868 |
| Treasury stock, at cost, 139,416 shares and 105,421 at September 30, 2016 and December 31, 2015 | (381) | (77) |
| Total stockholders' equity | 2,118,574 | 1,264,492 |
| Noncontrolling interest | 344,020 | 322,149 |
| Total equity | 2,462,594 | 1,586,641 |
| **TOTAL LIABILITIES AND EQUITY** | $ 3,756,472 | $ 2,505,100 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (In thousands, except per share data) | | | |
| **REVENUES** | | | | |
| Oil sales | $ 112,705 | $ 51,670 | $ 255,865 | $ 158,776 |
| Natural gas sales | 8,457 | 7,060 | 19,834 | 20,712 |
| Natural gas liquids sales | 10,770 | 5,504 | 24,811 | 17,817 |
| Other | 733 | — | 733 | — |
| Total revenues | 132,665 | 64,234 | 301,243 | 197,305 |
| **OPERATING EXPENSES** | | | | |
| Lease operating expenses | 16,407 | 15,131 | 44,509 | 49,993 |
| Production and ad valorem taxes | 8,391 | 3,471 | 18,993 | 13,397 |
| Depreciation, depletion and amortization | 65,741 | 46,085 | 171,113 | 127,873 |
| General and administrative expenses (including stock-based compensation of $3,316 and $2,102 for the three months ended September 30, 2016 and 2015 and $9,466 and $5,855 for the nine months ended September 30, 2016 and 2015) | 24,695 | 15,721 | 61,301 | 42,785 |
| Exploration costs | 3,113 | 3,824 | 12,779 | 8,558 |
| Acquisition costs | 440 | — | 926 | — |
| Accretion of asset retirement obligations | 190 | 187 | 575 | 657 |
| Rig termination costs | — | — | — | 8,970 |
| Other operating expenses | 1,220 | 233 | 3,767 | 256 |
| Total operating expenses | 120,197 | 84,652 | 313,963 | 252,489 |
| **OPERATING INCOME (LOSS)** | 12,468 | (20,418) | (12,720) | (55,184) |
| **OTHER (EXPENSE) INCOME** | | | | |
| Interest expense, net | (15,561) | (11,393) | (38,954) | (34,334) |
| Gain (loss) on sale of property | — | 1,300 | (119) | 2,331 |
| Gain (loss) on derivatives | 1,374 | 34,290 | (23,842) | 23,699 |
| Other (expense) income | (1,201) | (579) | (950) | 1,260 |
| Total other (expense) income, net | (15,388) | 23,618 | (63,865) | (7,044) |
| **(LOSS) INCOME BEFORE INCOME TAXES** | (2,920) | 3,200 | (76,585) | (62,228) |
| **INCOME TAX BENEFIT (EXPENSE)** | 1,279 | (557) | 21,765 | 15,133 |
| **NET (LOSS) INCOME** | (1,641) | 2,643 | (54,820) | (47,095) |
| **LESS: NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS** | (1,065) | (1,734) | 11,383 | 11,851 |
| **NET (LOSS) INCOME ATTRIBUTABLE TO PARSLEY ENERGY, INC. STOCKHOLDERS** | $ (2,706) | $ 909 | $ (43,437) | $ (35,244) |
| | | | | |
| **Net (loss) income per common share:** | | | | |
| Basic | $ (0.02) | $ 0.01 | $ (0.28) | $ (0.33) |
| Diluted | $ (0.02) | $ 0.01 | $ (0.28) | $ (0.33) |
| **Weighted average common shares outstanding:** | | | | |
| Basic | 173,241 | 109,218 | 156,018 | 106,212 |
| Diluted | 173,241 | 109,592 | 156,018 | 106,212 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**(Unaudited)**

| | Issued Shares | | | | | | Shares | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Class A Common Stock | Class B Common Stock | Class A Common Stock | Class B Common Stock | Additional paid in capital | (Accumulated deficit) retained earnings | Treasury stock | Treasury stock | Total stockholders' equity | Noncontrolling interest | Total equity |
| | | | | | | (In thousands) | | | | | |
| **Balance at December 31, 2015** | 136,729 | 32,145 | $ 1,360 | $ 321 | $ 1,252,020 | $ 10,868 | 105 | $ (77) | $ 1,264,492 | $ 322,149 | $ 1,586,641 |
| Adoption of ASU 2016-09 | — | — | — | — | — | 59 | — | — | 59 | — | 59 |
| **Restated balance** | 136,729 | 32,145 | 1,360 | 321 | 1,252,020 | 10,927 | 105 | (77) | 1,264,551 | 322,149 | 1,586,700 |
| Issuance proceeds, net of underwriters discount and expenses | 38,812 | — | 388 | — | 929,927 | — | — | — | 930,315 | — | 930,315 |
| Change in equity due to issuance of PE Units by Parsley LLC | — | — | — | — | (80,255) | — | — | — | (80,255) | 80,255 | — |
| Increase in net deferred tax liability due to issuance of PE Units by Parsley LLC | — | — | — | — | (11,619) | — | — | — | (11,619) | — | (11,619) |
| Exchange of PE Units and Class B Common Stock for Class A Common Stock | 4,137 | (4,137) | 41 | (41) | 47,001 | — | — | — | 47,001 | (47,001) | — |
| Change in net deferred tax liability due to exchange of PE Units and Class B Common Stock for Class A Common Stock | — | — | — | — | (5,999) | — | — | — | (5,999) | — | (5,999) |
| Tax benefit from tax receivable agreement | — | — | — | — | 8,855 | — | — | — | 8,855 | — | 8,855 |
| Issuance of restricted stock | 37 | — | — | — | — | — | — | — | — | — | — |
| Vesting of restricted stock units | 15 | — | 8 | — | (8) | — | — | (91) | (91) | — | (91) |
| Repurchase of common stock | — | — | — | — | — | — | 12 | (213) | (213) | — | (213) |
| Restricted stock forfeited | — | — | — | — | (106) | — | 22 | — | (106) | — | (106) |
| Stock-based compensation | — | — | — | — | 9,572 | — | — | — | 9,572 | — | 9,572 |
| Net loss | — | — | — | — | — | (43,437) | — | — | (43,437) | (11,383) | (54,820) |
| **Balance at September 30, 2016** | 179,730 | 28,008 | $ 1,797 | $ 280 | $ 2,149,388 | $ (32,510) | 139 | $ (381) | $ 2,118,574 | $ 344,020 | $ 2,462,594 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| | (In thousands) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | $ (54,820) | $ (47,095) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 171,113 | 127,873 |
| Exploration costs | 6,026 | 2,867 |
| Accretion of asset retirement obligations | 575 | 657 |
| Loss (gain) on sale of property | 119 | (2,331) |
| Amortization and write off of deferred loan origination costs | 2,293 | 2,125 |
| Amortization of bond premium | (617) | (573) |
| Stock-based compensation | 9,466 | 5,855 |
| Deferred income tax benefit | (21,765) | (15,133) |
| Loss (gain) on derivatives | 23,842 | (23,699) |
| Net cash received for derivative settlements | 28,678 | 32,054 |
| Net cash received (paid) for option premiums | (2,270) | 25,706 |
| Net premiums received on options that settled during the period | 26,181 | 7,130 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Restricted cash | (1,616) | — |
| Accounts receivable | (23,295) | 16,450 |
| Accounts receivable—related parties | 59 | 3,478 |
| Materials and supplies | — | 3,767 |
| Other current assets | (38,436) | (9,023) |
| Other noncurrent assets | 682 | (937) |
| Accounts payable and accrued expenses | 28,168 | (16,748) |
| Revenue and severance taxes payable | 20,817 | (1,569) |
| Other noncurrent liabilities | 2 | (374) |
| Net cash provided by operating activities | 175,202 | 110,480 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Development of oil and natural gas properties | (385,076) | (282,171) |
| Acquisitions of oil and natural gas properties | (864,870) | (64,921) |
| Acquisition of Pacesetter Drilling, LLC | — | (2,408) |
| Additions to other property and equipment | (20,818) | (19,690) |
| Proceeds from sale of oil and natural gas properties | — | 10,448 |
| Proceeds from sale of other property and equipment | — | 1,199 |
| Net cash used in investing activities | (1,270,764) | (357,543) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Borrowings under long-term debt | 404,000 | 105,000 |
| Payments on long-term debt | (813) | (225,510) |
| Debt issuance costs | (8,958) | (782) |
| Proceeds from issuance of common stock, net | 930,315 | 441,000 |
| Repurchase of common stock | (213) | (71) |
| Vesting of restricted stock units | (91) | (6) |
| Net cash provided by financing activities | 1,324,240 | 319,631 |
| Net increase in cash and cash equivalents | 228,678 | 72,568 |
| Cash and cash equivalents at beginning of period | 343,084 | 50,550 |
| Cash and cash equivalents at end of period | $ 571,762 | $ 123,118 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:** | | |
| Cash paid for interest | $ 42,909 | $ 43,306 |
| Cash paid for income taxes | $ 315 | $ — |

| | | |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:** | | |
| Asset retirement obligations incurred, including changes in estimate | $ (1,124) | $ 3,201 |
| (Reductions) additions to oil and natural gas properties - change in capital accruals | $ (46,669) | $ 34,832 |
| Additions to other property and equipment funded by capital lease borrowings | $ 1,517 | $ 616 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Parsley Energy, Inc. (either individually or together with its subsidiaries, as the context requires, the "Company") was formed on December 11, 2013, pursuant to the laws of the State of Delaware, and is engaged in the acquisition and development of unconventional oil and natural gas reserves located in the Permian Basin, which is located in West Texas and Southeastern New Mexico.

***Public Offering of Common Stock***

On August 15, 2016, the Company entered into an underwriting agreement to sell 8,337,500 shares of Class A Common Stock, par value $0.01 per share ("Class A Common Stock") (including 1,087,500 shares issued pursuant to the underwriters' option to purchase additional shares), at a price of $33.55 per share in an underwritten public offering (the "Equity Offering"). The Equity Offering closed on August 19, 2016 and resulted in gross proceeds to the Company of approximately $279.7 million and net proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses, of approximately $271.1 million .

***Private Placement of Senior Notes***

On August 16, 2016, Parsley Energy, LLC, the Company's majority-owned subsidiary ("Parsley LLC"), and Parsley Finance Corp., a wholly owned subsidiary of Parsley LLC ("Finance Corp."), as issuers, and certain other subsidiaries of Parsley LLC, as guarantors, entered into a purchase agreement to sell an additional $200.0 million aggregate principal amount of 6.250% senior notes due 2024 (the "New 2024 Notes") at 102.000% of par, plus accrued and unpaid interest from May 27, 2016, in an offering that was exempt from registration under the Securities Act (the "New 2024 Notes Offering"). The New 2024 Notes were issued as additional notes under the indenture governing the $200.0 million aggregate principal amount of the Company's 6.250% senior notes due 2024 that were issued on May 27, 2016 (the "Initial 2024 Notes," and together with the New 2024 Notes, the "2024 Notes"). The New 2024 Notes have identical terms, other than the issue date, as the Initial 2024 Notes, and the New 2024 Notes and Initial 2024 Notes will be treated as a single class of securities under the indenture. The New 2024 Notes Offering closed on August 19, 2016 and resulted in gross proceeds to the Company of $206.8 million , including a $4.0 million premium and $2.8 million of accrued and unpaid interest, and net proceeds to the Company, after deducting accrued and unpaid interest, initial purchaser discounts and commissions and offering expenses, of approximately $199.6 million . The interest received is included in " *Accounts payable and accrued expenses* " on the condensed consolidated balance sheets and as an operating activity on the condensed consolidated statements of cash flows, each included in this Quarterly Report.

***Revolving Credit Agreement***

On October 28, 2016, the Company entered into a credit agreement with, among others, Wells Fargo Bank, National Association, as administrative agent (the "New Revolving Credit Agreement"), which replaced the Company's previously existing amended and restated credit agreement with Wells Fargo Bank, National Association, as administrative agent. As used in this Quarterly Report, the term "Revolving Credit Agreement" refers, prior to October 28, 2016, to the previously existing amended and restated credit agreement and, subsequent to October 28, 2016, to the New Revolving Credit Agreement. See *Note 15—Subsequent Events* .

## NOTE 2. BASIS OF PRESENTATION

These condensed consolidated financial statements include the accounts of Parsley Energy, Inc., its majority-owned subsidiary, Parsley LLC, and the wholly owned subsidiaries of Parsley LLC as of September 30, 2016 : (i) Parsley Energy, L.P. ("Parsley LP"), (ii) Parsley Energy Management, LLC, the former general partner of Parsley LP (the "Former General Partner"), (iii) Parsley Energy Operations, LLC ("Operations"), (iv) Finance Corp., (v) Parsley Energy Aviation, LLC, a wholly owned subsidiary of Operations, and (vi) Parsley Minerals, LLC, a wholly owned subsidiary of Parsley LP ("Minerals LLC"). Operations also owns a 63.0% interest in Pacesetter Drilling, LLC ("Pacesetter"). The Company includes the accounts of Pacesetter in its condensed consolidated financial statements. Parsley LP owns a 42.5% noncontrolling interest in Spraberry Production Services, LLC ("SPS"). The Company accounts for its investment in SPS using the equity method of accounting. All significant intercompany and intra-company balances and transactions have been eliminated.

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted in this Quarterly Report, as permitted by SEC rules and regulations. We believe the disclosures made in this Quarterly Report are adequate to make the information herein not misleading. We recommend that these condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto included in the Annual Report.

In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim period. The results of operations for the three and nine months ended September 30, 2016 , are not necessarily indicative of the operating results of the entire fiscal year ending December 31, 2016 .

**Use of Estimates**

These condensed consolidated financial statements and related notes are presented in accordance with GAAP. Preparation in accordance with GAAP requires us to (i) adopt accounting policies within accounting rules set by the Financial Accounting Standards Board ("FASB") and by the SEC and (ii) make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Our management believes the major estimates and assumptions impacting our condensed consolidated financial statements are the following:

- estimates of proved reserves of oil and natural gas, which affect the calculations of depletion, depreciation and amortization ("DD&A") and impairment of capitalized costs of oil and natural gas properties;
- estimates of asset retirement obligations;
- estimates of the fair value of oil and natural gas properties we own, particularly properties that we have not yet explored, or fully explored, by drilling and completing wells;
- impairment of undeveloped properties and other assets;
- depreciation of property and equipment; and
- valuation of commodity derivative instruments.

Actual results may differ from estimates and assumptions of future events and these revisions could be material. Future production may vary materially from estimated oil and natural gas proved reserves. Actual future prices may vary significantly from price assumptions used for determining proved reserves and for financial reporting.

**Significant Accounting Policies**

For a complete description of the Company's significant accounting policies, see *Note 2—Summary of Significant Accounting Policies* in the Annual Report.

**Change in Accounting Principles**

The Company adopted Accounting Standards Update ("ASU") 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* , effective January 1, 2016. This standard requires companies that have historically presented debt issuance costs as an asset to present those costs as a direct deduction from the carrying amount of the underlying debt liability. To the extent that there are no borrowings under the Revolving Credit Agreement, the related deferred loan costs will continue to be classified as an asset. The guidance required retrospective application in the condensed consolidated financial statements. The Company had no borrowings outstanding under the Revolving Credit Agreement at September 30, 2016 and December 31, 2015 , and as such, approximately $1.4 million and $2.3 million , respectively, of deferred loan costs related to the Revolving Credit Agreement are included in " *Other noncurrent assets* " on the condensed consolidated balance sheets and as an operating activity on the condensed consolidated statements of cash flows included in this Quarterly Report. The Company's 7.500% senior notes due 2022 (the "2022 Notes") and the 2024 Notes (together with the

2022 Notes, the "Notes") are presented net of approximately $16.7 million and $9.1 million of deferred loan costs at September 30, 2016 and December 31, 2015 , respectively.

**Reclassifications**

Certain reclassifications have been made to prior period amounts to conform to the current presentation.

**Recent Accounting Pronouncements**

In 2014 and 2016, the FASB issued ASU Nos. 2014-09, 2016-08, 2016-10, 2016-11 and 2016-12, *Revenue from Contracts with Customers* , which require an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers amongst other things. These ASUs will replace most existing revenue recognition guidance in GAAP when they become effective. The new standard will be effective for the Company on January 1, 2018. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU Nos. 2014-09, 2016-08, 2016-10, 2016-11 and 2016-12 will have on its condensed consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In May 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory* , which requires entities that value inventory using the first-in, first-out or average cost method to measure inventory at the lower of cost and net realizable value. The amended guidance will be effective for the Company for fiscal years beginning after December 15, 2016, and for interim periods within those years. The amended guidance must be applied on a prospective basis and is not expected to materially affect the Company’s condensed consolidated financial statements or notes to the condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* , which modifies lessees’ recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The amended guidance will be effective for the Company for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is evaluating the effect that ASU 2016-02 will have on its condensed consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In March 2016, the FASB issued ASU No. 2016-07, *Investments—Equity Method and Joint Ventures (Topic 323)* , which eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amended guidance will be effective for the Company for annual periods beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Early adoption is permitted for any entity in any interim or annual period. The amended guidance is not expected to materially affect the Company’s condensed consolidated financial statements or notes to the condensed consolidated financial statements.

**NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS**

**Commodity Derivative Instruments and Concentration of Risk**

***Objective and Strategy***

The Company utilizes basis swap contracts, three-way collars and put spread options to (i) reduce the effect of price volatility on the commodities the Company produces and sells or consumes, (ii) support the Company's annual capital budgeting and expenditure plans and (iii) reduce commodity price risk associated with certain capital projects.

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

***Oil Production Derivative Activities***

All material physical sales contracts governing the Company's oil production are tied directly to, or are highly correlated with, NYMEX WTI oil prices. The Company uses put spread options to manage oil price volatility and basis swap contracts to reduce basis risk between NYMEX prices and the actual index prices at which the oil is sold.

The following table sets forth the volumes associated with the Company's outstanding oil derivative contracts expiring during the periods indicated and the weighted average oil prices for those contracts:

| Crude Options | Three Months Ending December 31, 2016 | Year Ending December 31, 2017 | Year Ending December 31, 2018 |
|---|---|---|---|
| **Purchased:** | | | |
| Puts [1] | | | |
| Notional (MBbl) | 2,160 | 7,248 | 900 |
| Weighted average strike price | $ 45.03 | $ 49.28 | $ 52.50 |
| **Sold:** | | | |
| Puts [1] | | | |
| Notional (MBbl) | (2,160) | (7,248) | (900) |
| Weighted average strike price | $ 32.78 | $ 37.62 | $ 40.00 |
| **Basis swap contracts:** [2] | | | |
| Midland-Cushing index swap volume (MBbl) | 758 | 4,290 | — |
| Price differential ($/Bbl) | $ (0.87) | $ (1.03) | $ — |

(1) Excludes 9,114 notional MBbls with a fair value of $73.8 million related to amounts recognized under master netting agreements with derivative counterparties.

(2) Represents swaps that fix the basis differentials between the index prices at which the Company sells its oil produced in the Permian Basin and the Cushing WTI price.

***Natural Gas Production Derivative Activities***

All material physical sales contracts governing the Company's natural gas production are tied directly or indirectly to NYMEX Henry Hub natural gas prices or regional index prices where the natural gas is sold. The Company uses three-way collars to manage natural gas price volatility.

The following table sets forth the volumes associated with the Company's outstanding natural gas derivative contracts expiring during the periods indicated and the weighted average natural gas prices for those contracts:

| Natural Gas Three-Way Collars | Year Ending December 31, 2017 |
|---|---|
| **Purchased:** | |
| Puts | |
| Notional (MMbtu) | 5,700 |
| Weighted average strike price | $ 2.75 |
| **Sold:** | |
| Puts | |
| Notional (MMbtu) | (5,700) |
| Weighted average strike price | $ 2.36 |
| Calls | |
| Notional (MMbtu) | (5,700) |
| Weighted Average Strike Price | $ 4.02 |

**Effect of Derivative Instruments on the Condensed Consolidated Financial Statements**

All of the Company's derivatives are accounted for as non-hedge derivatives and therefore all changes in the fair values of its derivative contracts are recognized as gains or losses in the earnings of the periods in which they occur. The Company recognized gains on derivatives of $1.4 million and $34.3 million for the three months ended September 30, 2016 and 2015 , respectively. The Company recognized loss on derivatives of $23.8 million and gain on derivatives of $23.7 million for the nine months ended September 30, 2016 and 2015 , respectively. The gains and losses are included in the condensed consolidated statements of operations line item, " *Gain (loss) on derivatives* ." The fair value of the derivative instruments is discussed in *Note 14—Disclosures about Fair Value of Financial Instruments.*

The Company classifies the fair value amounts of derivative assets and liabilities as gross current or noncurrent derivative assets or gross current or noncurrent derivative liabilities, whichever the case may be, excluding those amounts netted under master netting agreements. The Company has agreements in place with all of its counterparties that allow for the financial right of offset for derivative assets and liabilities at settlement or in the event of default under the agreements. Additionally, the Company maintains accounts with its brokers to facilitate financial derivative transactions in support of its risk management activities. Based on the value of the Company's positions in these accounts and the associated margin requirements, the Company may be required to deposit cash into these broker accounts. During the three and nine months ended September 30, 2016 and 2015 , the Company did not receive or post any margins in connection with collateralizing its derivative positions.

The following table presents the Company's net exposure from its offsetting derivative asset and liability positions, as well as cash collateral on deposit with the brokers as of the reporting dates indicated (in thousands):

| | Gross Amount | Netting Adjustments | Net Exposure |
|---|---|---|---|
| September 30, 2016 | | | |
| Derivative assets with right of offset or master netting agreements | $ 127,322 | $ (73,768) | $ 53,554 |
| Derivative liabilities with right of offset or master netting agreements | (107,355) | 73,768 | (33,587) |
| | | | |
| December 31, 2015 | | | |
| Derivative assets with right of offset or master netting agreements | 407,052 | (297,951) | 109,101 |
| Derivative liabilities with right of offset or master netting agreements | (347,611) | 297,951 | (49,660) |

**Concentration of Credit Risk**

The financial integrity of the Company's exchange-traded contracts is assured by NYMEX through financial safeguards and transaction guarantees, and is therefore subject to nominal credit risk. Over-the-counter traded options expose the Company to counterparty credit risk. These over-the-counter options are entered into with a large multinational financial institution with an investment grade credit rating or through brokers that require all the transaction parties to collateralize their open option positions. The gross and net credit exposure from our commodity derivative contracts as of September 30, 2016 and December 31, 2015 is summarized in the preceding table.

The Company monitors the creditworthiness of its counterparties, establishes credit limits according to the Company's credit policies and guidelines and assesses the impact on fair values of its counterparties' creditworthiness. The Company typically enters into International Swap Dealers Association Master Agreements ("ISDA Agreements") with its derivative counterparties. The terms of the ISDA Agreements provide the Company and its counterparties and brokers with rights of net settlement of gross commodity derivative assets against gross commodity derivative liabilities. The Company routinely exercises its contractual right to offset realized gains against realized losses when settling with derivative counterparties. The Company did not incur any losses due to counterparty bankruptcy filings during the three and nine months ended September 30, 2016 or the year ended December 31, 2015 .

**Credit Risk Related Contingent Features in Derivatives**

Certain commodity derivative instruments contain provisions that require the Company to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk related event. These events, which are defined by the existing commodity derivative contracts, are primarily downgrades in the credit ratings of the Company and its affiliates. None of the Company's commodity derivative instruments were in a net liability position with respect to any individual counterparty at September 30, 2016 or December 31, 2015 .

## NOTE 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following (in thousands):

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Oil and natural gas properties: | | |
| Subject to depletion | $ 2,224,830 | $ 1,627,367 |
| Not subject to depletion | | |
| Incurred in 2016 | 731,072 | — |
| Incurred in 2015 | 36,833 | 118,101 |
| Incurred in 2014 and prior | 442,779 | 500,693 |
| Total not subject to depletion | 1,210,684 | 618,794 |
| Oil and natural gas properties, successful efforts method | 3,435,514 | 2,246,161 |
| Accumulated depreciation, depletion and impairment | (450,387) | (290,186) |
| Total oil and natural gas properties, net | 2,985,127 | 1,955,975 |
| Other property, plant and equipment | 59,585 | 37,253 |
| Less accumulated depreciation | (12,144) | (7,475) |
| Other property, plant and equipment, net | 47,441 | 29,778 |
| Total property, plant and equipment, net | $ 3,032,568 | $ 1,985,753 |

Costs subject to depletion are proved costs and costs not subject to depletion are unproved costs and current drilling projects. At September 30, 2016 and December 31, 2015 , the Company had excluded $1.2 billion and $618.8 million , respectively, of capitalized costs from depletion.

As the Company's exploration and development work progresses and the reserves on the Company's properties are proven, capitalized costs attributed to the properties are subject to DD&A. Depletion of capitalized costs is provided using the units-of-production method based on proved oil and natural gas reserves related to the associated reservoir. Depletion expense on capitalized oil and natural gas properties was $63.9 million and $44.8 million for the three months ended September 30, 2016 and 2015 , respectively. Depletion expense on capitalized oil and natural gas properties was $166.4 million and $124.3 million for the nine months ended September 30, 2016 and 2015 , respectively. The Company had no exploratory wells in progress at September 30, 2016 or December 31, 2015 .

## NOTE 5. ACQUISITIONS OF OIL AND NATURAL GAS PROPERTIES

During the three months ended September 30, 2016 , the Company incurred costs of $23.8 million related to the acquisition of leasehold acreage. The Company reflected the acquisition costs as part of costs not subject to depletion within its oil and natural gas properties for the three months ended September 30, 2016.

In addition, during the three months ended September 30, 2016 , the Company acquired certain oil and natural gas properties as described below. These acquisitions were accounted for using the acquisition method under Accounting Standards Codification ("ASC") Topic 805, " *Business Combinations,* " which requires the acquired assets and liabilities to be recorded at fair values as of the respective acquisition dates.

During the three months ended September 30, 2016 , the Company acquired, from unaffiliated individuals and entities, interests in certain oil and natural gas properties through a number of separate, individually negotiated transactions for total cash consideration of $292.3 million . The Company reflected $28.8 million of the total consideration paid as part of its cost subject to depletion within its oil and natural gas properties and $263.6 million as unproved leasehold costs within its oil and natural gas properties for the three months ended September 30, 2016 . The revenues and operating expenses attributable to these acquisitions during the three months ended September 30, 2016 were not material.

As discussed in *Note 15—Subsequent Events* , on October 4, 2016, the Company acquired, from unaffiliated third-party sellers, 11,672 gross ( 9,140 net) leasehold acres, including certain producing oil and gas properties, near existing leasehold in Glasscock County, Texas.

## NOTE 6. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations relate to future plugging and abandonment expenses on oil and natural gas properties and related facilities disposal.

The following table summarizes the changes in the Company's asset retirement obligations for the nine months ended September 30, 2016 (in thousands):

| | September 30, 2016 |
|---|---|
| Asset retirement obligations, beginning of period | $ 18,220 |
| Additional liabilities incurred | 1,803 |
| Accretion expense | 575 |
| Liabilities settled upon plugging and abandoning wells | (6) |
| Disposition of wells | (534) |
| Revision of estimates | (2,927) |
| Asset retirement obligations, end of period | $ 17,131 |

## NOTE 7. DEBT

The Company's debt consists of the following (in thousands):

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| 7.500% senior unsecured notes due 2022 | $ 550,000 | $ 550,000 |
| 6.250% senior unsecured notes due 2024 | 400,000 | — |
| Capital leases | 2,924 | 2,215 |
| Revolving Credit Agreement | — | — |
| Total debt | 952,924 | 552,215 |
| Debt issuance costs on senior unsecured notes | (16,697) | (9,092) |
| Premium on senior unsecured notes | 8,042 | 4,660 |
| Less: current portion | (1,543) | (951) |
| Total long-term debt | $ 942,726 | $ 546,832 |

### Revolving Credit Agreement

As of September 30, 2016 , the Borrowing Base (as defined therein) under the Revolving Credit Agreement was $475.0 million , with a commitment level of $475.0 million . The Borrowing Base was reduced from $525.0 million as of August 19, 2016 as a result of the New 2024 Notes Offering. There were no borrowings outstanding and $0.3 million in letters of credit outstanding as of September 30, 2016 , resulting in availability of $474.7 million . See *Note 15—Subsequent Events* , for information regarding the terms of the New Revolving Credit Agreement, which the Company entered into on October 28, 2016.

As of September 30, 2016 , letters of credit under the Revolving Credit Agreement bear a 1.5% weighted average interest rate.

**6.250% Senior Unsecured Notes due 2024**

On August 16, 2016, as discussed in *Note 1—Organization and Nature of Operations,* Parsley LLC, Finance Corp. and the guarantors of the 2024 Notes entered into a purchase agreement with J.P. Morgan Securities LLC, as representative of the several initial purchasers, in connection with the New 2024 Notes Offering. The net proceeds from the New 2024 Notes Offering were $199.6 million , after deducting accrued and unpaid interest, initial purchaser discounts and commissions and offering expenses. The Company used the net proceeds from the New 2024 Notes Offering, along with the net proceeds from the Equity Offering, to fund the Glasscock County Acquisition discussed in *Note 5—Acquisitions of Oil and Natural Gas Properties* , and the remaining net proceeds will be used to fund a portion of the Company's capital program and for general corporate purposes, including potential future acquisitions.

**Covenant Compliance**

The Revolving Credit Agreement and the indentures governing the Notes restrict our ability and the ability of certain of our subsidiaries to, among other things: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from our restricted subsidiaries to us; (vii) consolidate, merge or transfer all or substantially all of our assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. These covenants are subject to a number of important exceptions and qualifications. If at any time when the Notes are rated investment grade by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and no default or event of default (as defined in the indentures) has occurred and is continuing, many of the foregoing covenants pertaining to the Notes will be suspended. If the ratings on the Notes were to decline subsequently to below investment grade, the suspended covenants would be reinstated.

As of September 30, 2016 , the Company was in compliance with all required covenants under the Revolving Credit Agreement and the indentures governing the Notes.

**Principal Maturities of Debt**

Principal maturities of debt outstanding at September 30, 2016 are as follows (in thousands):

| | | |
|---|---|---|
| 2016 | $ | 363 |
| 2017 | | 1,488 |
| 2018 | | 781 |
| 2019 | | 292 |
| 2020 | | — |
| Thereafter | | 950,000 |
| Total | $ | 952,924 |

**Interest Expense**

The following amounts have been incurred and charged to interest expense for the three and nine months ended September 30, 2016 and 2015 (in thousands):

**PARSLEY ENERGY, INC. AND SUBSIDIARIES**
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| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Cash payments for interest | $ 21,668 | $ 21,296 | $ 42,909 | $ 43,306 |
| Change in interest accrual | (6,396) | (10,266) | (4,828) | (10,528) |
| Amortization of deferred loan origination costs | 753 | 559 | 1,964 | 1,593 |
| Write-off of deferred loan origination costs | 155 | — | 329 | 532 |
| Amortization of bond premium | (234) | (191) | (617) | (573) |
| Other interest (income) expense | (385) | (5) | (803) | 4 |
| Total interest expense, net | $ 15,561 | $ 11,393 | $ 38,954 | $ 34,334 |

## NOTE 8. EQUITY

### Earnings per Share

Basic earnings per share ("EPS") measures the performance of an entity over the reporting period. Diluted earnings per share measures the performance of an entity over the reporting period while giving effect to all potentially dilutive common shares that were outstanding during the period. The Company uses the "if-converted" method to determine the potential dilutive effect of exchanges of outstanding PE Units (and corresponding shares of its outstanding Class B common stock, par value $0.01 per share ("Class B Common Stock") and the treasury stock method to determine the potential dilutive effect of vesting of its outstanding restricted stock and restricted stock units. For the three and nine months ended September 30, 2016 and the nine months ended September 30, 2015 , Class B Common Stock and time-based restricted stock were not recognized in dilutive earnings per share calculations as they would have been antidilutive. For the three months ended September 30, 2015, Class B Common Stock was not recognized in dilutive earnings per share calculations as it would have been antidilutive.

The following table reflects the allocation of net income to common stockholders and EPS computations for the periods indicated based on a weighted average number of common stock outstanding for the period:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| **Basic EPS (in thousands, except per share data)** | | | | |
| **Numerator:** | | | | |
| Basic net (loss) income attributable to Parsley Energy, Inc. Stockholders | $ (2,706) | $ 909 | $ (43,437) | $ (35,244) |
| **Denominator:** | | | | |
| Basic weighted average shares outstanding | 173,241 | 109,218 | 156,018 | 106,212 |
| Basic EPS attributable to Parsley Energy, Inc. Stockholders | $ (0.02) | $ 0.01 | $ (0.28) | $ (0.33) |
| **Diluted EPS** | | | | |
| **Numerator:** | | | | |
| Net (loss) income attributable to Parsley Energy, Inc. Stockholders | (2,706) | 909 | (43,437) | (35,244) |
| Diluted net (loss) income attributable to Parsley Energy, Inc. Stockholders | $ (2,706) | $ 909 | $ (43,437) | $ (35,244) |
| **Denominator:** | | | | |
| Basic weighted average shares outstanding | 173,241 | 109,218 | 156,018 | 106,212 |
| Effect of dilutive securities: | | | | |
| Restricted Stock and Restricted Stock Units | — | 374 | — | — |
| Diluted weighted average shares outstanding [1] | 173,241 | 109,592 | 156,018 | 106,212 |
| Diluted EPS attributable to Parsley Energy, Inc. Stockholders | $ (0.02) | $ 0.01 | $ (0.28) | $ (0.33) |

[1] As of September 30, 2016 and 2015, there were 453,863 and 211,935 shares, respectively, related to performance-based restricted stock units that could be converted to common shares in the future based on predetermined performance and market goals. These units were not included in the computation of EPS for the three and nine months ended September 30,

2016 and 2015 , respectively, because the performance and market conditions had not been met, assuming the end of the reporting period was the end of the contingency period.

**Noncontrolling Interest**

As a result of the exchange of PE Units (and corresponding shares of Class B Common Stock) for Class A Common Stock (discussed in *Note 12—Related Party Transactions)* on July 27, 2016, the Company's ownership in Parsley LLC increased from 83.9% to 85.9% and the ownership of the other holders of PE Units' (the "PE Unit Holders") in Parsley LLC decreased from 16.1% to 14.1% . Because the increase in the Company's ownership interest in Parsley LLC did not result in a change of control, the transaction was accounted for as an equity transaction under ASC Topic 810, " *Consolidation* ," which requires that any differences between the amount by which the carrying value of the Company's basis in Parsley LLC and the fair value of the consideration received are recognized directly in equity and attributed to the controlling interest.

As a result of the Equity Offering, the Company's ownership of Parsley LLC increased from 85.9% to 86.5% and the PE Unit Holders' ownership of Parsley LLC decreased from 14.1% to 13.5% .

The Company has consolidated the financial position and results of operations of Parsley LLC and reflected that portion retained by the PE Unit Holders as a noncontrolling interest.

The following table summarizes the noncontrolling interest income (loss):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (In thousands) | | | |
| Net income (loss) attributable to the noncontrolling interests of: | | | | |
| Parsley LLC | $ 799 | $ 2,295 | $ (11,643) | $ (11,293) |
| Pacesetter Drilling, LLC | 266 | (561) | 260 | (558) |
| Total net income (loss) attributable to noncontrolling interest | $ 1,065 | $ 1,734 | $ (11,383) | $ (11,851) |

**NOTE 9. STOCK-BASED COMPENSATION**

In connection with the Company's initial public offering (the "IPO") in May 2014, the Company adopted the Parsley Energy, Inc. 2014 Long Term Incentive Plan for employees, consultants, and directors of the Company who perform services for the Company. Refer to "Compensation Discussion and Analysis —Elements of Compensation—2014 Long-Term Incentive Plan" in the Company's Proxy Statement filed on Schedule 14A for the 2016 Annual Meeting of Stockholders for additional information related to this equity based compensation plan.

The following table summarizes the Company's time-based restricted stock, time-based restricted stock unit, and performance-based restricted stock unit activity for the nine months ended September 30, 2016 (in thousands):

| | Time-Based Restricted Stock | Time-Based Restricted Stock Units | Performance-Based Restricted Stock Units |
|---|---|---|---|
| Outstanding at January 1, 2016 | 661 | 513 | 212 |
| Awards granted [1] | 37 | 567 | 242 |
| Vested | (75) | (15) | — |
| Forfeited | (22) | (13) | — |
| Outstanding at September 30, 2016 | 601 | 1,052 | 454 |
| | | | |
| [1] Weighted average grant date fair value | $ 27.94 | $ 17.05 | $ 25.82 |

Stock-based compensation expense related to time-based restricted stock, time-based restricted stock units, and performance-based restricted stock units was $3.3 million and $2.1 million for the three months ended September 30, 2016 and 2015 , respectively. Stock-based compensation expense related to time-based restricted stock, time-based restricted stock units,

and performance-based restricted stock units was $9.5 million and $5.9 million for the nine months ended September 30, 2016 and 2015 , respectively. There was approximately $23.4 million of unamortized compensation expense relating to outstanding time-based restricted stock, time-based restricted stock units, and performance-based restricted stock units at September 30, 2016 .

**NOTE 10. INCOME TAXES**

The Company is a corporation and it is subject to U.S. federal income tax. The tax implications of the IPO and the Company's concurrent corporate reorganization, and the tax impact of the Company's status as a taxable corporation subject to U.S. federal income tax have been reflected in the accompanying condensed consolidated financial statements. The effective combined U.S. federal and state income tax rate applicable to the Company for the nine months ended September 30, 2016 was 28.4% . During the three months ended September 30, 2016 and 2015, the Company recognized an income tax benefit of $1.3 million and an income tax expense of $0.6 million , respectively. During the nine months ended September 30, 2016 and 2015 , the Company recognized an income tax benefit of $21.8 million and $15.1 million , respectively. Total income tax benefit (expense) for the three and nine months ended September 30, 2016 differed from amounts computed by applying the U.S. federal statutory tax rate of 35% due primarily to the impact of net (loss) income attributable to noncontrolling ownership interests as well as the impact of state income taxes.

As a result of the exchange of PE Units (and corresponding shares of Class B Common Stock) for Class A Common Stock discussed in *Note 12—Related Party Transactions* , the Company recorded additional net deferred tax liability of $6.0 million associated with the change in its investment in Parsley LLC.

As a result of the Equity Offering discussed in *Note 1—Organization and Nature of Operations* , the Company's statutory rate related to certain tax and book basis timing differences increased by 0.2% , calculated by multiplying the 0.6% increase in the Company's ownership of Parsley LLC by the Company's federal tax rate of 35%. As a result, the Company recorded additional deferred tax liability of $2.8 million during the three months ended September 30, 2016 .

The Company early adopted ASU 2016-09 effective January 1, 2016, which resulted in a favorable adjustment for the net excess income tax benefits from stock-based compensation during the nine months ended September 30, 2016 . The adoption was on a prospective basis and therefore had no impact on prior years. The Company also recorded an adjustment to opening retained earnings of $0.1 million to recognize U.S. net operating loss carryforwards attributable to excess tax benefits on stock-based compensation that had not been previously recognized to additional paid in capital because they did not reduce income taxes payable.

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

The Company is party to proceedings and claims incidental to its business. While many of these matters involve inherent uncertainty, the Company believes that the amount of the liability, if any, ultimately incurred with respect to any such proceedings or claims will not have a material adverse effect, individually or in the aggregate, on the Company's condensed consolidated financial position as a whole or on its liquidity, capital resources or future results of operations. The Company will continue to evaluate proceedings and claims involving the Company on a regular basis and will establish and adjust any reserves as appropriate to reflect its assessment of the then-current status of the matters.

**NOTE 12. RELATED PARTY TRANSACTIONS**

**Well Operations**

During the three and nine months ended September 30, 2016 and 2015 , several of the Company's directors, officers, their immediate family members, and entities affiliated or controlled by such parties ("Related Party Working Interest Owners") owned non-operated working interests in certain of the oil and natural gas properties that the Company operates. The revenues disbursed to such Related Party Working Interest Owners for the three months ended September 30, 2016 and 2015 , totaled $0.5 million and $1.1 million , respectively. The revenues disbursed to such Related Party Working Interest Owners for the nine months ended September 30, 2016 and 2015 , totaled $2.1 million and $3.3 million , respectively.

As a result of this ownership, from time to time, the Company will be in a net receivable or net payable position with these individuals and entities. The Company does not consider any net receivables from these parties to be uncollectible.

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**Spraberry Production Services, LLC**

As discussed in *Note 2—Basis of Presentation* , the Company owns a 42.5% interest in SPS. Using the equity method of accounting results in transactions between the Company and SPS and its subsidiaries being accounted for as related party transactions. During the three months ended September 30, 2016 and 2015 , the Company incurred charges totaling $0.8 million and $1.0 million , respectively, for services performed by SPS for the Company's well operations and drilling activities. During the nine months ended September 30, 2016 and 2015 , the Company incurred charges totaling $3.1 million and $3.6 million , respectively, for services performed by SPS for the Company's well operations and drilling activities.

**Lone Star Well Service, LLC**

The Company makes purchases of equipment used in its drilling operations from Lone Star Well Service, LLC ("Lone Star"), which is controlled by SPS. During the three months ended September 30, 2016 and 2015 , the Company incurred charges totaling $1.6 million and $0.9 million , respectively, for services performed by Lone Star for the Company's well operations and drilling activities. During the nine months ended September 30, 2016 and 2015 , the Company incurred charges totaling $4.4 million and $3.0 million , respectively, for services performed by Lone Star for the Company's well operations and drilling activities.

**Davis, Gerald & Cremer, P.C.**

During the three months ended September 30, 2016 , the Company incurred charges totaling $0.2 million for legal services from Davis, Gerald & Cremer, P.C., of which the Company's director David H. Smith is a shareholder. There were no such charges incurred during the three months ended September 30, 2015 . During the nine months ended September 30, 2016 and 2015 , the Company incurred charges totaling $0.3 million and $0.2 million , respectively, for legal services from Davis, Gerald & Cremer, P.C.

**Riverbend Acquisition**

During the nine months ended September 30, 2016, the Company acquired 8,800 gross ( 6,269 net) acres located in Glasscock, Midland and Reagan Counties, Texas, along with net production of approximately 900 Boe/d from existing wells, from Riverbend Permian L.L.C. ("Riverbend"), for total consideration of $177.1 million , after customary purchase price adjustments (the "Riverbend Acquisition"). Randolph J. Newcomer, Jr., a former member of the Company's board of directors, is the President and Chief Executive Officer of Riverbend. As the transaction involved a related party at the time it was entered into, the Riverbend Acquisition was approved by the disinterested members of the Company's board of directors. The Company reflected $37.9 million of the total consideration paid as part of its cost subject to depletion within its oil and natural gas properties and $139.2 million as unproved leasehold costs within its oil and natural gas properties for the nine months ended September 30, 2016.

**Exchange Right**

In accordance with the terms of the First Amended and Restated Limited Liability Company Agreement of Parsley LLC (the "Parsley LLC Agreement"), the PE Unit Holders generally have the right to exchange (collectively, the "Exchange Right") their PE Units (and a corresponding number of shares of the Company's Class B Common Stock) for shares of the Company's Class A Common Stock at an exchange ratio of one share of Class A Common Stock for each PE Unit (and a corresponding share of Class B Common Stock) exchanged (subject to conversion rate adjustments for stock splits, stock dividends and reclassifications) or, if the Company or Parsley LLC so elects, cash. As a PE Unit Holder exchanges its PE Units, the Company's interest in Parsley LLC will be correspondingly increased.

During the three months ended September 30, 2016, certain PE Unit Holders exercised their Exchange Right under the Parsley LLC Agreement and elected to exchange an aggregate of 4.1 million PE Units (and a corresponding number of shares of Class B Common Stock) for an aggregate of 4.1 million shares of Class A Common Stock (collectively, the "Exchange"). The Company exercised its call right under the Parsley LLC Agreement and elected to issue Class A Common Stock to each of the exchanging PE Unit Holders in satisfaction of their election notices. As a result of the Exchange, the Company's interest in Parsley LLC was increased from 83.9% to 85.9% .

**Tax Receivable Agreement**

In connection with the IPO, on May 29, 2014, the Company entered into a Tax Receivable Agreement (the "TRA") with Parsley LLC and certain holders of PE Units prior to the IPO (each such person a "TRA Holder"), including certain executive officers. This agreement generally provides for the payment by the Company of 85% of the net cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the IPO as a result of (i) any tax basis increases resulting from the contribution in connection with the IPO by such TRA Holder of all or a portion of its PE Units to the Company in exchange for shares of Class A Common Stock, (ii) the tax basis increases resulting from the exchange by such TRA Holder of PE Units for shares of Class A Common Stock or, if either the Company or Parsley LLC so elects, cash, and (iii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, any payments the Company makes under the TRA. The term of the TRA commenced on May 29, 2014, and continues until all such tax benefits have been utilized or expired, unless the Company exercises its right to terminate the TRA. If the Company elects to terminate the TRA early, it would be required to make an immediate payment equal to the present value of the anticipated future tax benefits subject to the TRA (based upon certain assumptions and deemed events set forth in the TRA). In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control.

The actual amount and timing of payments to be made under the TRA will depend upon a number of factors, including the amount and timing of taxable income generated in the future, changes in future tax rates, the use of loss carryovers and the portion of the Company's payments under the TRA constituting imputed interest.

As a result of the Exchange, the Company recorded additional deferred tax assets of $74.6 million , which resulted in the Company being in a federal net deferred tax asset position. The Company is in a cumulative net loss position and does not have sufficient positive evidence to support the utilization of deferred tax assets in excess of reversing deferred tax liabilities. As a result, the Company has recorded a $15.5 million valuation allowance against its deferred tax assets. The payable pursuant to the TRA was also reduced by $13.2 million , which is 85% of the deferred tax asset that is not expected to be realized, as the payment of the payable pursuant to the TRA is dependent on the realizability of the deferred tax assets and additional paid in capital was reduced by $2.3 million .

As of September 30, 2016 and December 31, 2015, the Company had recorded a TRA liability of $101.7 million and $51.5 million , respectively, for the estimated payments that will be made to the PE Unit Holders who have exchanged shares along with corresponding deferred tax assets, net of valuation allowance, of $119.6 million and $60.6 million , respectively, as a result of the increase in tax basis arising from such exchanges.

**NOTE 13. SIGNIFICANT CUSTOMERS**

For the nine months ended September 30, 2016 and 2015 , each of the following purchasers accounted for more than 10% of the Company’s revenue:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Shell Trading (US) Company | 35% | 35% |
| BML, Inc. | 18% | 17% |
| Targa Pipeline Mid-Continent, LLC | 13% | 18% |
| TransOil Marketing, LLC | 11% | 16% |

The Company does not require collateral and does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

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## NOTE 14. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses a valuation framework based upon inputs that market participants use in pricing an asset or liability, which are classified into two categories: observable inputs and unobservable inputs. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. These two types of inputs are further prioritized into the following fair value input hierarchy:

| | |
|---|---|
| ***Level 1*** **:** | Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. |
| ***Level 2*** **:** | Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1 that are either directly or indirectly observable as of the reporting date |
| ***Level 3*** **:** | Unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value. |

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. These assets and liabilities can include inventory, assets and liabilities acquired in a business combination or exchanged in non-monetary transactions, proved and unproved oil and natural gas properties, asset retirement obligations and other long-lived assets that are written down to fair value when they are impaired.

The Company periodically reviews its long-lived assets to be held and used, including proved oil and natural gas properties, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable ( *e.g.* , if there was a sustained decline in commodity prices or the productivity of our wells). The Company reviews its oil and natural gas properties by field. An impairment loss is recognized if the sum of the expected undiscounted future net cash flows is less than the carrying amount of the assets. If the estimated undiscounted cash future net cash flows are less than the carrying amount of a particular asset, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of such asset.

*Proved oil and natural gas properties.* During the three and nine months ended September 30, 2016 , continued suppression in management's long-term commodity price outlooks provided indications of possible impairment. As a result of management's assessment, however, during the three and nine months ended September 30, 2016 and 2015 , the Company did not recognize impairment charges, as the carrying amount of the assets exceeds the estimated fair value of the assets.

The Company calculates the estimated fair values using a discounted future cash flow model. Management's assumptions associated with the calculation of discounted future cash flows include commodity prices based on NYMEX futures price strips (Level 1), as well as Level 3 assumptions including (i) pricing adjustments for differentials, (ii) production costs, (iii) capital expenditures, (iv) production volumes and (v) estimated reserves.

It is reasonably possible that the estimate of undiscounted future net cash flows may change in the future resulting in the need to impair carrying values. The primary factors that may affect estimates of future cash flows are (i) commodity futures prices, (ii) increases or decreases in production and capital costs, (iii) future reserve adjustments, both positive and negative, to proved reserves and (iv) results of future drilling activities.

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**Financial Assets and Liabilities Measured at Fair Value**

Commodity derivative contracts are marked-to-market each quarter and are thus stated at fair value in the accompanying condensed consolidated balance sheets and in *Note 3—Derivative Financial Instruments* . The fair values of the Company's commodity derivative instruments are classified as Level 2 measurements as they are calculated using industry standard models using assumptions and inputs which are substantially observable in active markets throughout the full term of the instruments. These include market price curves, contract terms and prices, credit risk adjustments, implied market volatility and discount factors. The following summarizes the fair value of the Company's derivative assets and liabilities according to their fair value hierarchy as of the reporting dates indicated (in thousands):

| | September 30, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Commodity derivative contracts | | | | |
| Assets: | | | | |
| Short-term derivative instruments | $ — | $ 32,537 | $ — | $ 32,537 |
| Long-term derivative instruments | — | 21,017 | — | 21,017 |
| Total derivative instrument - asset | — | 53,554 | — | 53,554 |
| Liabilities: | | | | |
| Short-term derivative instruments | — | (21,122) | — | (21,122) |
| Long-term derivative instruments | — | (12,465) | — | (12,465) |
| Total derivative instruments - liability | — | (33,587) | — | (33,587) |
| Net commodity derivative asset | $ — | $ 19,967 | $ — | $ 19,967 |

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Commodity derivative contracts | | | | |
| Assets: | | | | |
| Short-term derivative instruments | $ — | $ 83,262 | $ — | $ 83,262 |
| Long-term derivative instruments | — | 25,839 | — | 25,839 |
| Total derivative instrument - asset | — | 109,101 | — | 109,101 |
| Liabilities: | | | | |
| Short-term derivative instruments | — | (34,518) | — | (34,518) |
| Long-term derivative instruments | — | (15,142) | — | (15,142) |
| Total derivative instruments - liability | — | (49,660) | — | (49,660) |
| Net commodity derivative asset | $ — | $ 59,441 | $ — | $ 59,441 |

**Financial Instruments Not Carried at Fair Value**

The following table provides the fair value of financial instruments that are not recorded at fair value in the condensed consolidated balance sheets (in thousands):

| | September 30, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Debt: | | | | |
| 7.500% senior unsecured notes due 2022 | $ 550,000 | $ 586,438 | $ 550,000 | $ 522,610 |
| 6.250% senior unsecured notes due 2024 | 400,000 | 416,000 | — | — |
| Revolving Credit Agreement | — | — | — | — |

The fair values of the Notes were determined using the September 30, 2016 quoted market price, a Level 1 classification in the fair value hierarchy. The book value of the Revolving Credit Agreement approximates its fair value as the interest rate is variable. As of September 30, 2016 , there are no indicators for change in the Company's market spread.

The Company has other financial instruments consisting primarily of cash and cash equivalents, accounts receivable, prepaid expenses, other current assets, accounts payable and accrued liabilities that approximate their fair value due to the short-term nature of these instruments.

**NOTE 15. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through the date these financial statements were issued. The Company determined there were no events, other than as described below, that required disclosure or recognition in these financial statements.

**Glasscock County Acquisition**

On October 4, 2016, the Company acquired, from unaffiliated third-party sellers, 11,672 gross ( 9,140 net) undeveloped acres and 67 gross ( 60 net) vertical wells with estimated current net production of approximately 270 Boe/d in Glasscock County, Texas, as well as certain mineral and overriding royalty interests (the "Glasscock County Acquisition") for an aggregate purchase price of $390.9 million in cash, inclusive of a $20.0 million deposit paid to an escrow account upon signing the purchase and sale agreement. The deposit is included in " *Other current assets* " on the condensed consolidated balance sheets and as an operating activity on the condensed consolidated statements of cash flows included in this Quarterly Report.

**New General Partner of Parsley LP**

On October 21, 2016, the Company formed Parsley GP, LLC ("Parsley GP") as a wholly owned subsidiary of the Former General Partner. On October 27, 2016, the Former General Partner (i) conveyed its general partnership units and limited partnership units in Parsley LP to Parsley GP and (ii) immediately thereafter, merged with and into Operations, with Operations continuing as the surviving entity. As a result of these transactions, Parsley GP became a wholly owned subsidiary of Operations and the new general partner of Parsley LP.

**New Revolving Credit Agreement**

On October 28, 2016, the Company entered into the New Revolving Credit Agreement with, among others, Wells Fargo Bank, National Association, as administrative agent, which replaced the Company's previously existing amended and restated credit agreement with Wells Fargo Bank, National Association, as administrative agent.

The New Revolving Credit Agreement provides for a five -year senior secured revolving credit facility, maturing on October 28, 2021, with a borrowing capacity of the lesser of (i) the Borrowing Base (as defined in the New Revolving Credit Agreement), (ii) the Aggregate Elected Borrowing Base Commitments (as defined in the New Revolving Credit Agreement), and (iii) $2.5 billion . The New Revolving Credit Agreement is secured by substantially all of Parsley LLC's and its restricted subsidiaries' assets.

The New Revolving Credit Agreement provides for an initial Borrowing Base of $900.0 million , which will be redetermined by the lenders on a semi-annual basis each April 1st and October 1st, with the first such scheduled redetermination occurring on April 1, 2017. Further, the Aggregate Elected Borrowing Base Commitments under the New Revolving Credit Agreement were $600.0 million as of the closing date of the New Revolving Credit Agreement. The amount Parsley LLC is able to borrow under the New Revolving Credit Agreement is subject to compliance with the financial covenants, satisfaction of various conditions precedent to borrowing, and other provisions of the New Revolving Credit Agreement.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes. The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil and natural gas, production volumes, estimates of proved reserves, capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed above in " Cautionary Note Regarding Forward-Looking Statements " and in our Annual Report on Form 10-K for the year ended December 31, 2015 (the " Annual Report " ) under the heading " Item 1A. Risk Factors, " all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.*

**Overview**

Parsley Energy, Inc. (either individually or together with its subsidiaries, as the context requires, "we," "us" or the "Company") was formed in December 2013. We are a holding company whose sole material asset as of September 30, 2016 was 179,590,617 PE Units. We are the managing member of Parsley Energy, LLC ("Parsley LLC") and are responsible for all operational, management and administrative decisions of Parsley LLC, and we consolidate the financial results of Parsley LLC and its subsidiaries.

We are an independent oil and natural gas company focused on the acquisition and development of unconventional oil and natural gas reserves in the Permian Basin. Our properties are located in the Midland and Delaware Basins, where we focus predominantly on horizontal development drilling and expect to target various stacked pay intervals in the Spraberry, Wolfcamp, Upper Pennsylvanian (Cline) and Atoka shales.

***Our Properties***

At September 30, 2016 , our acreage position was 165,993 gross ( 135,668 net) acres, which includes 120,114 gross ( 92,708 net) acres in the Midland Basin and 45,879 gross ( 42,960 net) acres in the Delaware Basin. The majority of our identified horizontal drilling locations are located in Upton, Reagan, Midland, and Glasscock Counties, Texas, in the Midland Basin, and Pecos and Reeves Counties, Texas, in the Delaware Basin. As of September 30, 2016 , we operated 657 gross ( 441.1 net) vertical wells across our acreage. Since commencing our horizontal drilling program in 2013 through September 30, 2016 , we have drilled and completed 122 gross ( 111.4 net) horizontal wells in the Midland Basin, of which 15 gross ( 14.5 net) and 54 gross ( 51.1 net) were completed during the three and nine months ended September 30, 2016 . We have also drilled and completed five gross ( five net) horizontal wells in the Delaware Basin, of which three gross ( three net) were drilled during the three months ended September 30, 2016 . As of September 30, 2016 , we operated 143 gross ( 127.0 net) horizontal wells, of which 131 gross ( 115.6 net) are located in the Midland Basin and 12 gross ( 11.4 net) are located in the Delaware Basin. As of September 30, 2016 , we had interests in 800 gross ( 568.1 net) producing wells across our properties and operated 90.7% of the wells in which we had an interest.

***How We Evaluate Our Operations***

We use a variety of financial and operational metrics to assess the performance of our oil and natural gas operations, including:

- production volumes;
- realized prices on the sale of oil, natural gas, and NGLs, including the effect of our commodity derivative contracts;
- lease operating expenses;
- capital expenditures;
- completions activities; and
- certain unit costs.

***Sources of Our Revenues***

Our production revenues are derived from the sale of our oil and natural gas production, as well as the sale of NGLs that are extracted from our natural gas during processing. Our oil, natural gas, and NGLs revenues do not include the effects of derivatives. For the three months ended September 30, 2016 and 2015 , our production revenues were derived 86% and 80% , respectively, from oil sales; 6% and 11% , respectively, from natural gas sales; and 8% and 9% , respectively, from NGLs sales. For the nine months ended September 30, 2016 and 2015 , our production revenues were derived 85% and 81% , respectively, from oil sales; 7% and 10% , respectively, from natural gas sales; and 8% and 9% , respectively, from NGLs sales. Our production revenues may vary significantly from period to period as a result of changes in volumes of production sold or changes in commodity prices.

Other revenues include fees charged by our subsidiaries, Pacesetter Drilling, LLC ("Pacesetter") and Parsley Minerals, LLC ("Minerals LLC"), to third parties for drilling services and surface use in the normal course of business.

***Production Volumes***

The following table presents historical production volumes for our properties for the three and nine months ended September 30, 2016 and 2015 .

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Oil (MBbls) | 2,669 | 1,153 | 6,557 | 3,345 |
| Natural gas (MMcf) | 3,553 | 2,628 | 9,651 | 7,628 |
| Natural gas liquids (MBoe) | 695 | 393 | 1,686 | 1,095 |
| Total (MBoe) | 3,956 | 1,984 | 9,852 | 5,711 |
| Average net production (Boe/d) | 43,000 | 21,565 | 35,956 | 20,921 |

***Production Volumes Directly Impact Our Results of Operations***

As reservoir pressures decline, production from a given well or formation decreases. Growth in our future production and reserves will depend on our ability to continue to add proved reserves in excess of our production. Accordingly, we plan to maintain our focus on adding reserves through the development of our properties as well as acquisitions. Our ability to add reserves through development projects and acquisitions is dependent on many factors, including our ability to raise capital, obtain regulatory approvals, procure contract drilling rigs and personnel and successfully identify and consummate acquisitions.

***Realized Prices on the Sale of Oil, Natural Gas, and NGLs***

Historically, oil, natural gas and NGLs prices have been extremely volatile, and we expect this volatility to continue. Because our production consists primarily of oil, our production revenues are more sensitive to price fluctuations in the price of oil than they are to fluctuations in natural gas or NGLs prices.

The following table provides the high and low prices for NYMEX WTI and NYMEX Henry Hub prompt month contract prices and differentials to the average of those benchmark prices for the periods indicated.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Oil | | | | |
| NYMEX WTI High | $ 48.99 | $ 56.96 | $ 51.23 | $ 61.43 |
| NYMEX WTI Low | $ 39.51 | $ 38.24 | $ 26.21 | $ 38.24 |
| Differential to Average NYMEX WTI | $ (2.02) | $ (2.79) | $ 0.30 | $ (2.37) |
| | | | | |
| Natural Gas | | | | |
| NYMEX Henry Hub High | $ 3.06 | $ 2.93 | $ 3.06 | $ 3.23 |
| NYMEX Henry Hub Low | $ 2.55 | $ 2.52 | $ 1.64 | $ 2.49 |
| Differential to Average NYMEX Henry Hub | $ (0.43) | $ (0.04) | $ (0.29) | $ (0.14) |
| | | | | |
| NGLs | | | | |
| NYMEX High | $ 48.99 | $ 56.96 | $ 51.23 | $ 61.43 |
| NYMEX Low | $ 39.51 | $ 38.24 | $ 26.21 | $ 38.24 |
| Differential to Average NYMEX | $ (28.75) | $ (33.59) | $ (24.00) | $ (33.57) |

To achieve more predictable cash flow and to reduce our exposure to adverse fluctuations in commodity prices, from time to time we enter into derivative arrangements for a portion of our production, with an emphasis on our oil production. By removing a significant portion of price volatility associated with our oil production, we believe we will mitigate, but not eliminate, the potential negative effects of reductions in oil prices on our cash flow from operations for those periods. See " *Item 3. Quantitative and Qualitative Disclosures about Market Risk—Commodity Price Risk"* for information regarding our exposure to market risk, including the effects of changes in commodity prices, and our commodity derivative contracts.

We will continue to use commodity derivative instruments to hedge our price risk in the future. Our hedging strategy and future hedging transactions will be determined at our discretion and may be different than what we have done on a historical basis. We are not under an obligation to hedge a specific portion of our oil, natural gas or NGLs production.

The volumes and terms of our derivative instruments as of September 30, 2016 were as follows:

| Description and Production Period | VOLUME (Bbls) | SHORT PUT PRICE ($/Bbl) | LONG PUT PRICE ($/Bbl) | DIFFERENTIAL PRICE |
|---|---|---|---|---|
| **Crude Oil Put Spreads:** | | | | |
| Oct 2016 - Dec 2016 | 1,185,000 | $ 30.00 | $ 40.00 | |
| Oct 2016 - Dec 2016 | 750,000 | $ 35.00 | $ 50.00 | |
| Oct 2016 - Dec 2016 | 225,000 | $ 40.00 | $ 55.00 | |
| Jan 2017 - Jun 2017 | 1,200,000 | $ 30.00 | $ 37.50 | |
| Jan 2017 - Jun 2017 | 600,000 | $ 30.00 | $ 40.00 | |
| Jan 2017 - Jun 2017 | 1,434,000 | $ 37.50 | $ 52.50 | |
| Jan 2017 - Dec 2017 | 900,000 | $ 40.00 | $ 55.00 | |
| Jul 2017 - Dec 2017 | 900,000 | $ 40.00 | $ 50.00 | |
| Jul 2017 - Dec 2017 | 864,000 | $ 45.00 | $ 55.00 | |
| Jul 2017 - Dec 2017 | 1,350,000 | $ 40.00 | $ 52.50 | |
| Jan 2018 - Mar 2018 | 900,000 | $ 40.00 | $ 52.50 | |
| Total | 10,308,000 | | | |
| | | | | |
| **Crude Oil Basis Swaps:** | | | | |
| Jul 2016 - Dec 2016 | 195,000 | | | $ (1.40) |
| Jul 2016 - Dec 2016 | 184,000 | | | $ (0.35) |
| Jul 2016 - Dec 2016 | 184,000 | | | $ (0.30) |
| Jul 2016 - Dec 2016 | 105,000 | | | $ (1.40) |
| Jul 2016 - Dec 2016 | 90,000 | | | $ (1.35) |
| Jan 2017 - Dec 2017 | 1,095,000 | | | $ (0.45) |
| Jan 2017 - Dec 2017 | 1,095,000 | | | $ (0.40) |
| Jan 2017 - Dec 2017 | 960,000 | | | $ (1.65) |
| Jan 2017 - Dec 2017 | 600,000 | | | $ (1.70) |
| Jan 2017 - Dec 2017 | 360,000 | | | $ (1.60) |
| Jul 2017 - Dec 2017 | 180,000 | | | $ (1.65) |
| Total | 5,048,000 | | | |

| Description and Production Period | VOLUME (Btu) | SHORT PUT PRICE ($/Btu) | LONG PUT PRICE ($/Btu) | SHORT CALL PRICE ($/Btu) |
|---|---|---|---|---|
| **Natural Gas Three-Way Collars:** | | | | |
| Jan 2017 - Dec 2017 | 3,600,000 | $ 2.40 | $ 2.75 | $ 4.00 |
| Jan 2017 - Dec 2017 | 900,000 | $ 2.35 | $ 2.75 | $ 4.05 |
| Jan 2017 - Dec 2017 | 1,200,000 | $ 2.25 | $ 2.75 | $ 4.05 |
| Total | 5,700,000 | | | |

We will recognize the following gain (loss) in the line item *Gain (loss) on derivatives* on our condensed consolidated statements of operations from net cash premiums (paid) received on options that will settle during the following periods:

| | |
|---|---|
| Q4 2016 | $ 5,575 |
| Q1 2017 | (4,918) |
| Q2 2017 | (4,918) |
| Q3 2017 | (8,672) |
| Q4 2017 | (8,672) |
| Q1 2018 | (4,350) |
| Total | $ (25,955) |

**Impairment of Oil and Natural Gas Properties**

Proved oil and natural gas properties are reviewed for impairment quarterly or when events and circumstances indicate a possible decline in the recoverability of the carrying amount of such property. We estimate the expected future cash flows of our oil and natural gas properties and compare the undiscounted cash flows to the carrying amount of the oil and natural gas properties, on a field-by-field basis, to determine if the carrying amount is recoverable. If the carrying amount exceeds the estimated undiscounted future cash flows, we will write down the carrying amount of the oil and natural gas properties to estimated fair value.

As a result of suppressed commodity prices and their impact on our estimated future cash flows, we have continued to review our proved oil and natural gas properties for impairment. During the three months ended September 30, 2016 and 2015, we did not recognize an impairment of our proved oil and natural gas properties. At September 30, 2016 , in our significant fields that comprise 99% of our carrying value, our expected undiscounted future cash flows exceeded the carrying value of our proved oil and natural gas properties by an average of 108% and individually by a minimum of 47%.

The key assumptions used to determine the undiscounted future cash flows include, but are not limited to, future commodity prices, based on five-year WTI futures price index for oil and NGLs and five-year Henry Hub futures price index for natural gas, price differentials, future production estimates, estimated future capital expenditures and estimated future operating expenses. All inputs remained relatively consistent in the undiscounted future cash flow estimate from December 31, 2015 to September 30, 2016 except commodity price estimates. Future commodity pricing for oil and NGLs is based on five-year WTI futures prices, which increased 12% from December 31, 2015 to September 30, 2016 , and on five-year Henry Hub futures prices, which increased 11% from December 31, 2015 to September 30, 2016 . In terms of the increase in value of undiscounted cash flows from December 31, 2015 to September 30, 2016 , the effect of the increase in pricing has been complemented by the addition of both proved developed and proved undeveloped reserves through our continued drilling and completion of previously unproved oil and natural gas properties and certain acquisitions.

As part of our period end reserves estimation process for future periods, we expect changes in the key assumptions used, which could be significant, including updates to future pricing estimates and differentials, future production estimates to align with our anticipated five-year drilling plan and changes in our capital costs and operating expense assumptions. There is a significant degree of uncertainty with the assumptions used to estimate future undiscounted cash flows due to, but not limited to, the risk factors referred to in "Item 1A. Risk Factors" included in our Annual Report.

Any decrease in pricing, negative change in price differentials or increase in capital or operating costs could negatively impact the estimated undiscounted cash flows related to our proved oil and natural gas properties. For example, a decrease of 20% in estimated future pricing of oil and natural gas commodities as of September 30, 2016 would have resulted in an estimated impairment of our proved oil and natural gas properties of $30.9 million.

**Factors Affecting the Comparability of Our Financial Condition and Results of Operations**

Our historical financial condition and results of operations for the periods presented may not be comparable, either from period to period or going forward, for the following reasons:

***Recent Transactions***

*Minerals acquisition.* On July 14, 2016, Minerals LLC acquired, from unaffiliated third-party sellers, mineral rights under 29,813 gross (29,813 net) acres, surface rights on 23,769 gross (23,769 net) of these acres, and estimated net production at the time of the purchase and sale agreement of approximately 280 Boe/d from wells producing on these acres in Pecos and Reeves Counties, Texas, for an aggregate purchase price of $280.2 million in cash, inclusive of a $28.1 million deposit paid to an escrow account upon signing the purchase and sale agreement.

*Public offering of common stock.* On August 15, 2016, we entered into an underwriting agreement to sell 8,337,500 shares of our Class A Common Stock, par value $0.01 per share ("Class A Common Stock") (including 1,087,500 shares issued pursuant to the underwriters' option to purchase additional shares), at a price of $33.55 per share in an underwritten public offering (the "Equity Offering"). The Equity Offering closed on August 19, 2016 and resulted in gross proceeds to us of approximately $279.7 million and net proceeds to us, after deducting underwriting discounts and commissions and offering expenses, of approximately $271.1 million .

*Private placement of Senior Notes.* On August 16, 2016 Parsley LLC and Parsley Finance Corp., as issuers, and certain subsidiaries of Parsley LLC, as guarantors, entered into a purchase agreement to sell an additional $200.0 million aggregate principal amount of 6.250% senior notes due 2024 (the "New 2024 Notes") at 102.000% of par, plus accrued and unpaid interest from May 27, 2016, in an offering that was exempt from registration under the Securities Act (the "New 2024 Notes Offering"). The New 2024 Notes were issued as additional notes under the indenture governing the $200.0 million aggregate principal amount of the issuers' 6.250% senior notes due 2024 that were issued on May 27, 2016 (the "Initial 2024 Notes" and, together with the New 2024 Notes, the "2024 Notes"). The New 2024 Notes have identical terms, other than the issue date, as the Initial 2024 Notes, and the New 2024 Notes and Initial 2024 Notes will be treated as a single class of securities under the indenture. The New 2024 Notes Offering closed on August 19, 2016 and resulted in gross proceeds to us of $206.8 million , including $4.0 million of premium and $2.8 million of accrued and unpaid interest, and net proceeds to us, after deducting interest, initial purchaser discounts and commissions and offering expenses, of approximately $199.6 million .

*Glasscock County acquisition.* On October 4, 2016, we acquired, from unaffiliated third-party sellers, 11,672 gross (9,140 net) undeveloped acres and 67 gross (60 net) vertical wells with estimated current net production of approximately 270 Boe/d in Glasscock County, Texas, as well as certain mineral and overriding royalty interests for an aggregate purchase price of $390.9 million in cash, inclusive of a $20.0 million deposit paid to an escrow account upon signing the purchase and sale agreement.

*New General Partner of Parsley LP* . On October 21, 2016, we formed Parsley GP, LLC ("Parsley GP") as a wholly owned subsidiary of Parsley Energy Management, LLC (the "Former General Partner"). On October 27, 2016, the Former General Partner (i) conveyed its general partnership units and limited partnership units in Parsley Energy, L.P. ("Parsley LP") to Parsley GP and (ii) immediately thereafter, merged with and into Parsley Energy Operations, LLC ("Operations"), with Operations continuing as the surviving entity. As a result of these transactions, Parsley GP became a wholly owned subsidiary of Operations and the new general partner of Parsley LP.

*New Revolving Credit Agreement* . On October 28, 2016, we entered into a new credit agreement with, among others, Wells Fargo Bank, National Association, as administrative agent (as amended, the "New Revolving Credit Agreement"), which replaced our previously existing amended and restated credit agreement with Wells Fargo Bank, National Association, as administrative agent. As used in this Quarterly Report, the term "Revolving Credit Agreement" refers, prior to October 28, 2016, to the previously existing amended and restated credit agreement and, subsequent to October 28, 2016, to the New Revolving Credit Agreement.

The New Revolving Credit Agreement provides for a five-year senior secured revolving credit facility, maturing on October 28, 2021, with a borrowing capacity of the lesser of (i) the Borrowing Base (as defined in the New Revolving Credit Agreement), (ii) the Aggregate Elected Borrowing Base Commitments (as defined in the New Revolving Credit Agreement), and (iii) $2.5 billion. The New Revolving Credit Agreement is secured by substantially all of Parsley Energy, LLC's and its restricted subsidiaries' assets.

The New Revolving Credit Agreement provides for an initial Borrowing Base of $900.0 million, which will be redetermined by the lenders on a semi-annual basis each April 1st and October 1st, with the first such scheduled redetermination occurring on April 1, 2017. Further, the Aggregate Elected Borrowing Base Commitments under the New Revolving Credit Agreement were $600.0 million as of the closing date of the New Revolving Credit Agreement. The amount Parsley Energy, LLC is able to borrow under the New Revolving Credit Agreement is subject to compliance with the financial covenants, satisfaction of various conditions precedent to borrowing, and other provisions of the New Revolving Credit Agreement.

***Stock-Based Compensation***

Stock-based compensation includes amortization expense related to grants from our 2014 Long Term Incentive Plan. Refer to *Note 9—Stock-Based Compensation* to our condensed consolidated financial statements included elsewhere in this Quarterly Report for additional discussion.

***Drilling Activity***

For the three and nine months ended September 30, 2016 , our capital expenditures for drilling and completions were $91.9 million and $338.4 million , respectively, as compared to $120.3 million and $317.0 million for the three and nine months ended September 30, 2015, respectively, and $400.9 million for the fiscal year ended December 31, 2015 .

The amount and timing of our future capital expenditures is largely discretionary and within our control. We could choose to defer a portion of planned capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated prices for oil and natural gas, the availability of necessary equipment, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other working interest owners.

**Results of Operations**

***Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015***

*Oil, natural gas and NGLs revenues.* The following table provides the components of our production revenues for the periods indicated, as well as each period's respective average prices and production volumes:

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | Change | % Change |
| **Production revenues (in thousands, except percentages):** | | | | |
| Oil sales | $ 112,705 | $ 51,670 | $ 61,035 | 118 % |
| Natural gas sales | 8,457 | 7,060 | 1,397 | 20 % |
| Natural gas liquids sales | 10,770 | 5,504 | 5,266 | 96 % |
| Total revenues | $ 131,932 | $ 64,234 | $ 67,698 | 105 % |
| | | | | |
| **Average realized prices [1] :** | | | | |
| Oil, without realized derivatives (per Bbls) | $ 42.23 | $ 44.81 | $ (2.58) | (6)% |
| Oil, with realized derivatives (per Bbls) | 46.19 | 59.81 | (13.62) | (23)% |
| Natural gas, without realized derivatives (per Mcf) | 2.38 | 2.69 | (0.31) | (12)% |
| Natural gas, with realized derivatives (per Mcf) | 2.38 | 2.86 | (0.48) | (17)% |
| Natural gas liquids (per Boe) | 15.50 | 14.01 | 1.49 | 11 % |
| Average price per Boe, without realized derivatives | 33.35 | 32.38 | 0.97 | 3 % |
| Average price per Boe, with realized derivatives | 36.03 | 41.32 | (5.29) | (13)% |
| | | | | |
| **Production:** | | | | |
| Oil (MBbls) | 2,669 | 1,153 | 1,516 | 131 % |
| Natural gas (MMcf) | 3,553 | 2,628 | 925 | 35 % |
| Natural gas liquids (MBoe) | 695 | 393 | 302 | 77 % |
| Total (MBoe) | 3,956 | 1,984 | 1,972 | 99 % |
| | | | | |
| **Average daily production volume:** | | | | |
| Oil (Bbls) | 29,011 | 12,533 | 16,478 | 131 % |
| Natural gas (Mcf) | 38,620 | 28,565 | 10,055 | 35 % |
| Natural gas liquids (Boe) | 7,554 | 4,272 | 3,282 | 77 % |
| Total (Boe/d) | 43,000 | 21,565 | 21,435 | 99 % |

[1] Average prices shown in the table reflect prices both before and after the effects of our realized commodity hedging transactions. Our calculation of such effects includes both realized gains and losses on cash settlements for commodity derivative transactions and premiums paid or received on options that settled during the period.

The following table shows the relationship between our average realized oil price as a percentage of the average NYMEX price and the relationship between our average realized natural gas price as a percentage of the average NYMEX price for the periods indicated. Management uses the realized price to NYMEX margin analysis to analyze trends in our oil, natural gas and NGLs revenues.

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Average realized oil price ($/Bbl) | $ 42.23 | $ 44.81 |
| Average NYMEX ($/Bbl) | $ 44.25 | $ 47.60 |
| Differential to NYMEX | $ (2.02) | $ (2.79) |
| Average realized oil price to NYMEX percentage | 95% | 94% |
| Average realized natural gas price ($/Mcf) | $ 2.38 | $ 2.69 |
| Average NYMEX ($/Mcf) | $ 2.81 | $ 2.73 |
| Differential to NYMEX | $ (0.43) | $ (0.04) |
| Average realized natural gas to NYMEX percentage | 85% | 99% |
| Average realized NGLs price ($/Boe) | $ 15.50 | $ 14.01 |
| Average NYMEX ($/Boe) | $ 44.25 | $ 47.60 |
| Differential to NYMEX | $ (28.75) | $ (33.59) |
| Average realized NGLs price to NYMEX oil percentage | 35% | 29% |

Oil revenues increased 118% to $112.7 million during the three months ended September 30, 2016 from $51.7 million during the three months ended September 30, 2015 . The increase is attributable to an increase in oil production volumes of 1,516 MBbls, offset by a $2.58 per barrel decrease in average oil prices. Of the overall changes in oil revenues, the increase in oil production volumes accounted for a positive change of $67.9 million , offset by the decrease in oil prices, which accounted for a negative change of $6.9 million .

Natural gas revenues increased 20% to $8.5 million during the three months ended September 30, 2016 from $7.1 million during the three months ended September 30, 2015 . The increase is attributable to an increase in volumes sold of 925 MMcf, offset by a $0.31 per Mcf decrease in average natural gas prices. Of the overall changes in natural gas revenues, the increase in natural gas production volumes accounted for a positive change of $2.5 million , offset by the decrease in price, which accounted for a negative change of $1.1 million .

NGLs revenues increased 96% to $10.8 million during the three months ended September 30, 2016 from $5.5 million during the three months ended September 30, 2015 . The increase is attributable to a 302 MBoe increase in NGLs production as well as a $1.49 per Boe increase in average NGLs price. Of the overall changes in NGLs revenues, the increase in production volumes accounted for a positive change of $4.2 million and the increase in NGLs average price accounted for a positive change of $1.1 million .

*Operating expenses.* The following table summarizes our expenses for the periods indicated:

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| **Operating expenses (in thousands, except percentages)** : | | | | |
| Lease operating expenses | $ 16,407 | $ 15,131 | $ 1,276 | 8 % |
| Production and ad valorem taxes | 8,391 | 3,471 | 4,920 | 142 % |
| Depreciation, depletion and amortization | 65,741 | 46,085 | 19,656 | 43 % |
| General and administrative expenses [1] | 24,695 | 15,721 | 8,974 | 57 % |
| Exploration costs | 3,113 | 3,824 | (711) | (19)% |
| Acquisition costs | 440 | — | 440 | 100 % |
| Accretion of asset retirement obligations | 190 | 187 | 3 | 2 % |
| Other operating expenses | 1,220 | 233 | 987 | * |
| Total operating expenses | $ 120,197 | $ 84,652 | $ 35,545 | 42 % |
| | | | | |
| **Expense per Boe:** | | | | |
| Lease operating expenses | $ 4.15 | $ 7.63 | $ (3.48) | (46)% |
| Production and ad valorem taxes | 2.12 | 1.75 | 0.37 | 21 % |
| Depreciation, depletion and amortization | 16.62 | 23.23 | (6.61) | (28)% |
| General and administrative expenses [1] | 6.24 | 7.92 | (1.68) | (21)% |
| Exploration costs | 0.79 | 1.93 | (1.14) | (59)% |
| Acquisition costs | 0.11 | — | 0.11 | 100 % |
| Accretion of asset retirement obligations | 0.05 | 0.09 | (0.04) | (44)% |
| Other operating expenses | 0.31 | 0.12 | 0.19 | 158 % |
| Total operating expenses per Boe | $ 30.39 | $ 42.67 | $ (12.28) | (29)% |

[1] General and administrative expenses include stock-based compensation expense of $3.3 million and $2.1 million for the three months ended September 30, 2016 and 2015, respectively.

* The percentage change is not considered meaningful.

*Lease operating expenses.* Lease operating expenses increased 8% to $16.4 million during the three months ended September 30, 2016 from $15.1 million during the three months ended September 30, 2015 . The increase is primarily due to the increase in number of operated wells, partially offset by the cost reduction initiatives implemented by management. On a per Boe basis, lease operating expenses decreased to $4.15 per Boe during the three months ended September 30, 2016 from $7.63 per Boe during the three months ended September 30, 2015 . The decrease in lease operating expenses per Boe is partially attributable to a greater portion of our production coming from horizontal wells as well as a 99% increase in production during the same period.

*Production and ad valorem taxes.* Production and ad valorem taxes increased 142% to $8.4 million during the three months ended September 30, 2016 from $3.5 million during the three months ended September 30, 2015 . In general, production and ad valorem taxes are directly related to commodity price changes; however, Texas ad valorem taxes are based upon prior period commodity prices, whereas production taxes are based on current period commodity prices. Overall, production taxes increased by approximately $3.3 million due to increased production and ad valorem taxes increased $1.6 million reflecting increased property assessments.

*Depreciation, depletion and amortization* . DD&A expense increased 43% to $65.7 million for the three months ended September 30, 2016 from $46.1 million for the three months ended September 30, 2015 . The increase is attributable to a $775.2 million increase in costs subject to depletion and a 99% increase in production, offset by a 149% increase in total proved reserves and a 24% increase in proved developed reserves. On a per Boe basis, DD&A expense decreased 28% to $16.62 for the three months ended September 30, 2016 from $23.23 per Boe during the three months ended September 30, 2015 , primarily due to the increase in production volumes and the increase in reserves discussed above.

*General and administrative expenses.* General and administrative expenses increased 57% to $24.7 million during the three months ended September 30, 2016 from $15.7 million during the three months ended September 30, 2015 , primarily due to higher payroll and stock-based compensation expenses associated with the hiring of additional employees to manage our growing asset base and increased production. In addition, we incurred increased rent expense for our corporate headquarters. On a per Boe basis, general and administrative expenses decreased 21% to $6.24 per Boe for the three months ended September 30, 2016 from $7.92 per Boe for the three months ended September 30, 2015 .

*Exploration costs.* The following table provides a breakdown of exploration costs incurred for the periods indicated (in thousands):

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Leasehold abandonments | $ 490 | $ 3,614 |
| Idle drilling rig fees | 1,187 | — |
| Geological and geophysical costs | 1,233 | 160 |
| Unproved leasehold amortization | 203 | 50 |
| Total exploration costs | $ 3,113 | $ 3,824 |

Exploration costs include idle drilling rig fees of $1.2 million that are not chargeable to our joint operations during the three months ended September 30, 2016 . We will continue to incur idle drilling rig fees until the expiration of the applicable drilling rig contract in March 2017. There were no such expenses incurred during the three months ended September 30, 2015 .

Our geological and geophysical ("G&G") costs consist of the costs of acquiring and processing seismic data, geophysical data and core analysis, primarily relating to increased geoscientific analysis of our Delaware Basin assets. During the three months ended September 30, 2016 and 2015 , we obtained G&G data related to a portion of our Delaware Basin acreage.

We recognized leasehold amortization expense during the three months ended September 30, 2016 and 2015 , which relates to amortization of unproved leasehold costs.

We also recognized leasehold abandonment expenses of approximately $0.5 million and $3.6 million during the three months ended September 30, 2016 and 2015 , respectively. The leasehold abandonment expenses recognized during the three months ended September 30, 2016 and 2015 primarily relate to expired acreage and expiring acreage determined to be outside of our economically productive reserves.

*Acquisition costs.* During the three months ended September 30, 2016 , we incurred $0.4 million of acquisition costs, which include legal and other due diligence fees paid associated with the acquisitions described in *Note 5—Acquisitions of Oil and Natural Gas Properties* to our condensed consolidated financial statements included elsewhere in this Quarterly Report . There were no such costs incurred during the three months ended September 30, 2015 .

*Other operating expenses.* During the three months ended September 30, 2016 and 2015 , we incurred $1.2 million and $0.2 million , respectively, of other operating expenses in the normal course of business by Pacesetter.

*Other income and expenses.* The following table summarizes our other income and expenses for the periods indicated:

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| **Other income (expense) (in thousands, except percentages):** | | | | |
| Interest expense, net | $ (15,561) | $ (11,393) | $ (4,168) | (37)% |
| Gain on sale of property | — | 1,300 | (1,300) | (100)% |
| Gain on derivatives | 1,374 | 34,290 | (32,916) | (96)% |
| Other expense, net | (1,201) | (579) | (622) | (107)% |
| Total other (expense) income, net | $ (15,388) | $ 23,618 | $ (39,006) | (165)% |

*Interest expense, net* . Interest expense, net increased 37% to $15.6 million during the three months ended September 30, 2016 from $11.4 million during the three months ended September 30, 2015 . As discussed above under "Recent Transactions,"

we issued $200.0 million aggregate principal amount of New 2024 Notes during the three months ended September 30, 2016, which increased our weighted average debt outstanding, resulting in an increase in interest expense.

*Gain on sale of property.* During the three months ended September 30, 2015 , we recognized a gain of $1.3 million , which is attributable to the certain divestiture activity. In July 2015, we sold 9,164 net acres for total proceeds of $9.3 million and recognized a gain on the sale of $3.3 million. In July 2015, Pacesetter sold certain noncurrent assets for net proceeds of $1.2 million and recognized a $2.0 million loss on the sale. There was no activity that resulted in a gain on the sale of property during the three months ended September 30, 2016.

*Gain on derivatives.* Gain on derivatives decreased 96% to $1.4 million during the three months ended September 30, 2016 , as compared to $34.3 million during the three months ended September 30, 2015 , as higher commodity prices reduced the value of our derivative portfolio.

*Other expense, net ,* Other expense, net increased 107% to $1.2 million during the three months ended September 30, 2016 , as compared to $0.6 million during the three months ended September 30, 2015 . The increase is primarily attributable to a $0.9 million loss associated with auctioning certain inventory items and a $0.1 million decrease in gathering system and saltwater disposal income, offset by a $0.4 million increase in income from our equity investment.

**Income Tax Benefit (Expense)**

During the three months ended September 30, 2016 , we recognized a tax benefit of $1.3 million , an increase of 330% , as compared to the income tax expense of $0.6 million we recognized during the three months ended September 30, 2015 . This increase was attributable to the corresponding change in our results of operations, as discussed above, as well as the impact of net loss attributable to noncontrolling ownership interests and the impact of state income taxes.

***Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015***

*Oil, natural gas and NGLs revenues*. The following table provides the components of our production revenues for the periods indicated, as well as each period's respective average prices and production volumes:

| | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| **Production revenues (in thousands, except percentages):** | | | | |
| Oil sales | $ 255,865 | $ 158,776 | $ 97,089 | 61 % |
| Natural gas sales | 19,834 | 20,712 | (878) | (4)% |
| Natural gas liquids sales | 24,811 | 17,817 | 6,994 | 39 % |
| Total revenues | $ 300,510 | $ 197,305 | $ 103,205 | 52 % |
| | | | | |
| **Average realized prices [(1)]:** | | | | |
| Oil, without realized derivatives (per Bbls) | $ 39.02 | $ 47.47 | $ (8.45) | (18)% |
| Oil, with realized derivatives (per Bbls) | 46.76 | 58.92 | (12.16) | (21)% |
| Natural gas, without realized derivatives (per Mcf) | 2.06 | 2.72 | (0.66) | (24)% |
| Natural gas, with realized derivatives (per Mcf) | 2.06 | 2.89 | (0.83) | (29)% |
| Natural gas liquids (per Boe) | 14.72 | 16.27 | (1.55) | (10)% |
| Average price per Boe, without realized derivatives | 30.50 | 34.55 | (4.05) | (12)% |
| Average price per Boe, with realized derivatives | 35.65 | 41.49 | (5.84) | (14)% |
| | | | | |
| **Production:** | | | | |
| Oil (MBbls) | 6,557 | 3,345 | 3,212 | 96 % |
| Natural gas (MMcf) | 9,651 | 7,628 | 2,023 | 27 % |
| Natural gas liquids (MBoe) | 1,686 | 1,095 | 591 | 54 % |
| Total (MBoe) | 9,852 | 5,711 | 4,141 | 73 % |
| | | | | |
| **Average daily production volume:** | | | | |
| Oil (Bbls) | 23,931 | 12,253 | 11,678 | 95 % |
| Natural gas (Mcf) | 35,223 | 27,941 | 7,282 | 26 % |
| Natural gas liquids (Boe) | 6,153 | 4,011 | 2,142 | 53 % |
| Total (Boe/d) | 35,956 | 20,921 | 15,035 | 72 % |

(1) Average prices shown in the table reflect prices both before and after the effects of our realized commodity hedging transactions. Our calculation of such effects includes both realized gains and losses on cash settlements for commodity derivative transactions and premiums paid or received on options that settled during the period.

The following table shows the relationship between our average realized oil price as a percentage of the average NYMEX price and the relationship between our average realized natural gas price as a percentage of the average NYMEX price for the years indicated. Management uses the realized price to NYMEX margin analysis to analyze trends in our oil, natural gas and NGLs revenues.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Average realized oil price ($/Bbl) | $ 39.02 | $ 47.47 |
| Average NYMEX ($/Bbl) | $ 38.72 | $ 49.84 |
| Differential to NYMEX | $ 0.30 | $ (2.37) |
| Average realized oil price to NYMEX percentage | 101% | 95% |
| Average realized natural gas price ($/Mcf) | $ 2.06 | $ 2.72 |
| Average NYMEX ($/Mcf) | $ 2.35 | $ 2.86 |
| Differential to NYMEX | $ (0.29) | $ (0.14) |
| Average realized natural gas to NYMEX percentage | 88% | 95% |
| Average realized NGLs price ($/Boe) | $ 14.72 | $ 16.27 |
| Average NYMEX ($/Boe) | $ 38.72 | $ 49.84 |
| Differential to NYMEX | $ (24.00) | $ (33.57) |
| Average realized NGLs price to NYMEX oil percentage | 38% | 33% |

Oil revenues increased 61% to $255.9 million during the nine months ended September 30, 2016 from $158.8 million during the nine months ended September 30, 2015 . The increase is attributable to an increase in oil production volumes of 3,212 MBbls, offset by an $8.45 per barrel decrease in average oil prices. Of the overall changes in oil revenues, the increase in oil production volumes accounted for a positive change of $152.5 million, offset by the decrease in oil prices, which accounted for a negative change of $55.4 million .

Natural gas revenues decreased 4% to $19.8 million during the nine months ended September 30, 2016 from $20.7 million during the nine months ended September 30, 2015 . The decrease is attributable to a $0.66 per Mcf decrease in average natural gas prices, offset by an increase in volumes sold of 2,023 MMcf. Of the overall changes in natural gas revenues, the decrease in price accounted for a negative change of $6.4 million , offset by an increase in natural gas production volumes, which accounted for a positive change of $5.5 million .

NGLs revenues increased 39% to $24.8 million during the nine months ended September 30, 2016 from $17.8 million during the nine months ended September 30, 2015 . The increase is attributable to a 591 MBoe increase in NGLs production offset by a $1.55 per Boe decrease in average NGLs price. Of the overall changes in NGLs revenues, the increase in production volumes accounted for a positive change of $9.6 million , offset by the decrease in NGLs average price, which accounted for a negative change of $2.6 million .

*Operating expenses.* The following table summarizes our expenses for the periods indicated:

| | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| **Operating expenses (in thousands, except percentages)** : | | | | |
| Lease operating expenses | $ 44,509 | $ 49,993 | $ (5,484) | (11)% |
| Production and ad valorem taxes | 18,993 | 13,397 | 5,596 | 42 % |
| Depreciation, depletion and amortization | 171,113 | 127,873 | 43,240 | 34 % |
| General and administrative expenses [1] | 61,301 | 42,785 | 18,516 | 43 % |
| Exploration costs | 12,779 | 8,558 | 4,221 | 49 % |
| Acquisition costs | 926 | — | 926 | 100 % |
| Accretion of asset retirement obligations | 575 | 657 | (82) | (12)% |
| Rig termination costs | — | 8,970 | (8,970) | (100)% |
| Other operating expenses | 3,767 | 256 | 3,511 | * |
| Total operating expenses | $ 313,963 | $ 252,489 | $ 61,474 | 24 % |
| | | | | |
| **Expense per Boe:** | | | | |
| Lease operating expenses | $ 4.52 | $ 8.75 | $ (4.23) | (48)% |
| Production and ad valorem taxes | 1.93 | 2.35 | (0.42) | (18)% |
| Depreciation, depletion and amortization | 17.37 | 22.39 | (5.02) | (22)% |
| General and administrative expenses [1] | 6.22 | 7.49 | (1.27) | (17)% |
| Exploration costs | 1.30 | 1.50 | (0.20) | (13)% |
| Acquisition costs | 0.09 | — | 0.09 | 100 % |
| Accretion of asset retirement obligations | 0.06 | 0.12 | (0.06) | (50)% |
| Rig termination costs | — | 1.57 | (1.57) | (100)% |
| Other operating expenses | 0.38 | 0.04 | 0.34 | * |
| Total operating expenses per Boe | $ 31.87 | $ 44.21 | $ (12.34) | (28)% |

[1] General and administrative expenses include stock-based compensation expense of $9.5 million and $5.9 million for the nine months ended September 30, 2016 and 2015, respectively.

* The percentage change is not considered meaningful.

*Lease operating expenses.* Lease operating expenses decreased 11% to $44.5 million during the nine months ended September 30, 2016 from $50.0 million during the nine months ended September 30, 2015 . The decrease is primarily due to the cost reduction initiatives implemented by management. On a per Boe basis, lease operating expenses decreased to $4.52 per Boe during the nine months ended September 30, 2016 from $8.75 per Boe during the nine months ended September 30, 2015 . The decrease in lease operating expenses per Boe is partially attributable to a greater portion of our production coming from horizontal wells. The decrease in lease operating expense per Boe is also partially attributable to a 73% increase in production during the same period.

*Production and ad valorem taxes.* Production and ad valorem taxes increased 42% to $19.0 million during the nine months ended September 30, 2016 from $13.4 million during the nine months ended September 30, 2015 . Overall, production taxes increased by approximately $5.0 million, reflecting increased production volumes, and ad valorem taxes increased $0.6 million, reflecting increased property assessments.

*Depreciation, depletion and amortization* . DD&A expense increased 34% to $171.1 million for the nine months ended September 30, 2016 from $127.9 million for the nine months ended September 30, 2015 . The increase is attributable to a $775.2 million increase in costs subject to depletion and a 73% increase in production, offset by a 149% increase in total proved reserves and a 24% increase in proved developed reserves. On a per Boe basis, DD&A expense decreased 22% to $17.37 for the nine months ended September 30, 2016 from $22.39 per Boe during the nine months ended September 30, 2015 , primarily due to the increase in production volumes and the increase in reserves discussed above.

*General and administrative expenses.* General and administrative expenses increased 43% to $61.3 million during the nine months ended September 30, 2016 from $42.8 million during the nine months ended September 30, 2015 , primarily due to higher payroll and stock-based compensation expenses. In addition, we incurred increased rent expense for our corporate headquarters. On a per Boe basis, general and administrative expenses decreased 17% to $6.22 per Boe for the nine months ended September 30, 2016 from $7.49 per Boe for the nine months ended September 30, 2015 , which is primarily due to the 73% increase in production.

*Exploration costs.* The following table provides a breakdown of exploration costs incurred for the periods indicated (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Leasehold abandonments | $ 6,014 | $ 5,353 |
| Geological and geophysical costs | 3,292 | 3,096 |
| Idle drilling rig fees | 3,117 | — |
| Unproved leasehold amortization | 356 | 109 |
| Total exploration costs | $ 12,779 | $ 8,558 |

Exploration costs include idle drilling rig fees of $3.1 million that are not chargeable to our joint operations during the nine months ended September 30, 2016 . We will continue to incur idle drilling rig fees until the expiration of the applicable drilling rig contract in March 2017. There were no such expenses incurred during the nine months ended September 30, 2015 .

Our G&G costs consist of the costs of acquiring and processing seismic data, geophysical data and core analysis, primarily relating to increased geoscientific analysis of our Delaware Basin assets. During the nine months ended September 30, 2016 and 2015 , we obtained G&G data related to a portion of our Delaware Basin acreage.

We recognized leasehold amortization expense during the nine months ended September 30, 2016 and 2015 , which relates to amortization of unproved leasehold costs.

We recognized leasehold abandonment expenses of approximately $6.0 million and $5.4 million during the nine months ended September 30, 2016 and 2015 , respectively. The leasehold abandonment expenses recognized during the nine months ended September 30, 2016 and 2015 , primarily relate to expired acreage and expiring acreage determined to be outside of our economically productive reserves.

*Acquisition costs.* During the nine months ended September 30, 2016 , we incurred $0.9 million of acquisition costs, which include legal and other due diligence fees paid associated with the acquisitions described in *Note 5—Acquisitions of Oil and Natural Gas Properties* to our condensed consolidated financial statements included elsewhere in this Quarterly Report . There were no such costs incurred during the nine months ended September 30, 2015 .

*Rig termination.* During the nine months ended September 30, 2015 , we paid a total of $9.0 million in rig termination expenses, which is comprised of approximately $4.4 million related to the termination of drilling rig contracts entered into in 2014 and approximately $4.6 million for stacking fees associated with certain drilling rig contracts. There were no such expenses incurred during the nine months ended September 30, 2016 .

*Other operating expenses.* During the nine months ended September 30, 2016 and 2015 , we incurred $3.8 million and $0.3 million , respectively, of other operating expenses in the normal course of business by Pacesetter.

*Other income and expenses.* The following table summarizes our other income and expenses for the periods indicated:

| | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| **Other income (expense) (in thousands, except percentages):** | | | | |
| Interest expense, net | $ (38,954) | $ (34,334) | $ (4,620) | (13)% |
| (Loss) gain on sale of property | (119) | 2,331 | (2,450) | (105)% |
| (Loss) gain on derivatives | (23,842) | 23,699 | (47,541) | * |
| Other (expense) income | (950) | 1,260 | (2,210) | (175)% |
| Total other expense, net | $ (63,865) | $ (7,044) | $ (56,821) | * |

* The percentage change is not considered meaningful.

*Interest expense, net* . Interest expense, net increased to $39.0 million during the nine months ended September 30, 2016 from $34.3 million during the nine months ended September 30, 2015 . The change is attributable to increased weighted average debt balances during the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015.

*(Loss) gain on sale of property* . During the nine months ended September 30, 2016 , we recognized a loss of $0.1 million attributable to purchase price adjustments from prior acquisitions. During the nine months ended September 30, 2015 , we recognized a gain of $3.3 million associated with the divestiture of certain leasehold acreage, which is offset by a $2.0 million loss recognized as a result of Pacesetter's sale of certain noncurrent assets.

*(Loss) gain on derivatives* . Loss on derivatives increased $47.5 million to $23.8 million during the nine months ended September 30, 2016 , as compared to gain on derivatives of $23.7 million during the nine months ended September 30, 2015 , as higher commodity prices reduced the value of our derivative portfolio.

*Other (expense) income* . Other expense increased 175% to an expense of $1.0 million during the nine months ended September 30, 2016 , as compared to income of $1.3 million during the nine months ended September 30, 2015 . The decrease is attributable to a $1.2 million decrease in G&G license fee income, a $0.7 million loss associated with auctioning certain inventory items and a $0.7 million decrease in our equity investment income. This decrease is offset by a $0.4 million increase in gathering system and saltwater disposal income.

**Income Tax Benefit**

The effective combined U.S. federal and state income tax rate applicable to the Company during the nine months ended September 30, 2016 was 28.4% . During the nine months ended September 30, 2016 , we recognized a tax benefit of $21.8 million , an increase of 43.8% as compared to the $15.1 million tax benefit we recognized during the nine months ended September 30, 2015 . This increase was attributable to the corresponding increase in net losses during the applicable periods, as discussed above.

**Capital Requirements and Sources of Liquidity**

For the nine months ended September 30, 2015 , our aggregate drilling and completion capital expenditures, including facilities, were $338.4 million . During the year ended December 31, 2015 , our aggregate drilling and completion capital expenditures were $400.9 million. These capital expenditure totals exclude acquisitions.

Our current 2016 capital budget is approximately $460 million to $510 million. Our capital budget excludes any amounts that may be paid for acquisitions. The amount and timing of 2016 capital expenditures is largely discretionary and within our control. We could choose to defer a portion of these planned 2016 capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated prices for oil and natural gas, the availability of necessary equipment, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other working interest owners.
Based upon our current oil and natural gas price expectations for the remainder of the 2016 fiscal year, we believe that our cash on hand, cash flow from operations, and borrowings under our Revolving Credit Agreement will be sufficient to fund our operations through the remainder of 2016. However, as more fully described below, future cash flows are subject to a number of

variables, including the level of oil and natural gas production and prices, and the significant capital expenditures required to more fully develop our properties. As of September 30, 2016 , our liquidity was as follows (in thousands):

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 571,762 |
| Revolving Credit Agreement availability | | 474,750 |
| Liquidity | $ | 1,046,512 |

Pro forma for the closing of the Glasscock County Acquisition on October 4, 2016 and the Aggregate Elected Borrowing Base Commitments by lenders under our New Revolving Credit Agreement, effective October 28, 2016, our liquidity as of September 30, 2016 , was approximately $800.6 million .

Future cash flows are subject to a number of variables, including the level of oil and natural gas production and prices, and the significant capital expenditures required to more fully develop our properties. For example, we expect a portion of our future capital expenditures to be financed with cash flows from operations derived from wells drilled in drilling locations not associated with proved reserves on our December 31, 2015 reserve report. The failure to achieve anticipated production and cash flows from operations from such wells could result in a reduction in future capital spending. Further, our capital expenditure budget for 2016 does not allocate any amounts for acquisitions of oil and natural gas properties. In the event we make additional acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of capital expenditures and/or seek additional capital. If we require additional capital for that or other reasons, we may seek such capital through traditional reserve base borrowings, joint venture partnerships, production payment financings, asset sales, offerings of debt or equity securities or other means. We cannot assure you that needed capital will be available on acceptable terms or at all. If we are unable to obtain funds when needed or on acceptable terms, we may be required to curtail our current drilling programs, which could result in a loss of acreage through lease expirations. In addition, we may not be able to complete acquisitions that may be favorable to us or finance the capital expenditures necessary to replace our reserves. We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for other debt or equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

*Cash Flows*

The following table summarizes our cash flows for the periods indicated (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2016** | **2015** |
| Net cash provided by operating activities | $ 175,202 | $ 110,480 |
| Net cash used in investing activities | (1,270,764) | (357,543) |
| Net cash provided by financing activities | 1,324,240 | 319,631 |

*Cash flows from operating activities.* Net cash provided by operating activities was approximately $175.2 million and $110.5 million for the nine months ended September 30, 2016 and 2015 , respectively. Net cash provided by operating activities increased from the period ending September 30, 2015 to September 30, 2016 , primarily due to a $103.9 million increase in total revenues, offset by an increase in operating expenses.

*Cash flows from investing activities.* Net cash used in investing activities was approximately $1.3 billion and $357.5 million for the nine months ended September 30, 2016 and 2015 , respectively. The increased amount of cash used in investing activities was due primarily to the $799.9 million increase in acquisition costs related to oil and natural gas properties during the nine months ended September 30, 2016 over the nine months ended September 30, 2015 . Please refer to *Note 5—Acquisitions of Oil and Natural Gas Properties* to our condensed consolidated financial statements included elsewhere in this Quarterly Report for additional discussion related to acquisitions.

*Cash flows from financing activities.* Net cash provided by financing activities was $1.3 billion and $319.6 million for the nine months ended September 30, 2016 and 2015 , respectively. Net cash from financing activities increase d in the period ending September 30, 2016 , primarily due increased debt and equity related activity. During the nine months ended September 30, 2016 we received net proceeds from equity offerings of $930.3 million and net proceeds from debt offerings of $395.0 million , excluding $2.8 million of accrued and unpaid interest. During the nine months ended September 30, 2015 , we received aggregate net proceeds of $441.0 million from our private placements of 2022 Notes and public offerings of our Class A Common Stock, which was offset by a net debt reduction of $121.3 million .

*Capital Sources*

*Revolving Credit Agreement.* See *Note 7—Debt* and *Note 15—Subsequent Events* to our condensed consolidated financial statements included elsewhere in this Quarterly Report for information regarding the Revolving Credit Agreement.

*7.500% Senior Unsecured Notes due 2022.* See *Note 7—Debt* to our condensed consolidated financial statements included elsewhere in this Quarterly Report for information regarding our 7.500% senior notes due 2022 (the "2022 Notes" and, together with the 2024 Notes, the "Notes").

*6.250% Senior Unsecured Notes due 2024.* See *Note 7—Debt* to our condensed consolidated financial statements included elsewhere in this Quarterly Report for information regarding our 2024 Notes.

*Derivative activity.* We plan to continue our practice of entering into hedging arrangements to reduce the impact of commodity price volatility on our cash flow from operations. Under this strategy, we intend to continue our historical practice of entering into commodity derivative contracts at times and on terms desired to maintain a portfolio of commodity derivative contracts covering a portion of our projected oil production.

*Working Capital*

Our working capital totaled $475.9 million and $259.8 million at September 30, 2016 and December 31, 2015 , respectively. Our collection of receivables has historically been timely, and losses associated with uncollectible receivables have historically not been significant. Our cash balances totaled $571.8 million and $343.1 million at September 30, 2016 and December 31, 2015 , respectively. The $228.7 million increase in cash is primarily attributable to the increased debt and equity related activity described in *Note 1—Organization And Nature of Operations* to our condensed consolidated financial statements and offset by acquisitions described in *Note 5—Acquisitions of Oil and Natural Gas Properties* to our condensed consolidated financial statements included elsewhere in this Quarterly Report. Due to the costs incurred related to our drilling program, we may incur additional working capital deficits in the future. We expect that our pace of development, production volumes, commodity prices and differentials to NYMEX prices for our oil and natural gas production will continue to be the largest variables affecting our working capital.

**Critical Accounting Policies and Estimates**

There have not been any material changes during the nine months ended September 30, 2016 to the methodology applied by management for critical accounting policies previously disclosed in our Annual Report, except as described below. Please read " *Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates"* in our Annual Report for further description of the Company's critical accounting policies.

We adopted Accounting Standards Update ("ASU") 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* , effective January 1, 2016. This standard requires companies that have historically presented debt issuance costs as an asset to present those costs as a direct deduction from the carrying amount of the underlying debt liability. To the extent that there are no borrowings under the Revolving Credit Agreement, the related deferred loan costs will continue to be classified as an asset. The guidance required retrospective application in the condensed consolidated financial statements. We had no borrowings outstanding under the Revolving Credit Agreement at September 30, 2016 and December 31, 2015 , and as such, approximately $1.4 million and $2.3 million , respectively, of deferred loan costs related to the Revolving Credit Agreement are included in "Other noncurrent assets" on our condensed consolidated balance sheets and as an operating activity on our condensed consolidated statements of cash flows included in this Quarterly Report. Our Notes are presented net of approximately $16.7 million and $9.1 million of deferred loan costs at September 30, 2016 and December 31, 2015 , respectively.

We adopted ASU 2016-09, *Compensation—Stock Compensation (Topic 718)—Improvements to Employee Share-Based Payment Accounting* , effective January 1, 2016. This ASU is intended to simplify the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, including interim periods within those annual periods, and early application is permitted as of the beginning of an interim or annual reporting period. The ASU did not have a material effect on our financial statements and related disclosures.

**Off-Balance Sheet Arrangements**

As of September 30, 2016 , we had no material off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risk, including the effects of adverse changes in commodity prices as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The term "market risk" refers to the risk of loss arising from adverse changes in the prices of the commodities we sell. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. All of our market risk sensitive instruments were entered into for purposes other than speculative trading.

**Commodity Price Risk**

Our major market risk exposure is in the pricing that we receive for our oil production. Pricing for oil has been volatile and unpredictable for several years, and this volatility is expected to continue in the future. The prices we receive for our oil production depend on many factors outside of our control, such as the strength of the global economy and global supply and demand for the commodities we produce.

To reduce the impact of fluctuations in oil prices on our production revenues, we periodically enter into commodity derivative contracts with respect to certain of our oil production through various transactions that limit the downside of future prices received. We plan to continue our practice of entering into such transactions to reduce the impact of commodity price volatility on our cash flow from operations. Future transactions may include price swaps whereby we will receive a fixed price for our production and pay a variable market price to the contract counterparty. Additionally, we may enter into collars, whereby we receive the excess, if any, of the fixed floor over the floating rate or pay the excess, if any, of the floating rate over the fixed ceiling price. These hedging activities are intended to support oil prices at targeted levels and to manage our exposure to oil price fluctuations. For a description of our open positions at September 30, 2016 , see *Note 3—Derivative Financial Instruments* to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

We do not require collateral from our counterparties for entering into derivative instruments, so in order to mitigate the credit risk associated with such derivative instruments, we typically enter into an International Swap Dealers Association Master Agreement ("ISDA Agreement") with our counterparties. The ISDA Agreement is a standardized, bilateral contract between a given counterparty and us. Instead of treating each derivative transaction between the counterparty and us separately, the ISDA Agreement enables the counterparty and us to aggregate all trades under such agreement and treat them as a single agreement. This arrangement is intended to benefit us in two ways: (i) default by a counterparty under a single trade can trigger rights to terminate all trades with such counterparty that are subject to the ISDA Agreement; and (ii) netting of settlement amounts reduces our credit exposure to a given counterparty in the event of close-out.

As of September 30, 2016 , the fair market value of our oil derivative contracts was a net asset of $20.0 million. Based on our open oil derivative positions at September 30, 2016 , a 10% increase in the NYMEX WTI price would decrease our net oil derivative asset by approximately $10.4 million, while a 10% decrease in the NYMEX WTI price would increase our net oil derivative asset by approximately $15.0 million. As of September 30, 2016 , the fair market value of our natural gas derivative contracts was a net asset of less than $0.1 million. Based on our open natural gas derivative positions at September 30, 2016 , a 10% increase in the NYMEX Henry Hub price would decrease our net natural gas derivative asset by approximately $0.7 million, while a 10% decrease in the NYMEX Henry Hub price would increase our net oil derivative asset by approximately $0.6 million. Please read " *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Realized Prices on the Sale of Oil, Natural Gas, and NGLs* ."

**Counterparty Risk**

Our derivative contracts expose us to credit risk in the event of nonperformance by counterparties. While we do not require our counterparties to our derivative contracts to post collateral, we do evaluate the credit standing of such counterparties as we deem appropriate. This evaluation includes reviewing a counterparty's credit rating and latest financial information. We plan to continue to evaluate the credit standings of our counterparties in a similar manner. The majority of our derivative contracts currently in place are with lenders under our Revolving Credit Agreement, who have investment grade ratings.

**Interest Rate Risk**

Our market risk exposure related to changes in interest rates relates primarily to debt obligations. We are exposed to changes in interest rates as a result of our Revolving Credit Agreement, and the terms of our Revolving Credit Agreement require us to pay higher interest rate margins as we utilize a larger percentage of our available commitments. As of September 30, 2016 , however, we had no outstanding borrowings related to our Revolving Credit Agreement, and therefore an increase in interest rates will not result in increased interest expense until such time that we determine to make borrowings under our Revolving Credit Agreement.

**Item 4. Controls and Procedures**

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Exchange Act) as of September 30, 2016 . Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure, and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2016 , at the reasonable assurance level.

**Changes in Internal Control over Financial Reporting**

There were no changes in our system of internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we are party to ongoing legal proceedings in the ordinary course of business. While the outcome of these proceedings cannot be predicted with certainty, we do not believe the results of these proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or liquidity.

### Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading "Item 1A. Risk Factors" included in our Annual Report and the risk factors and other cautionary statements contained in our other SEC filings, which could materially affect our businesses, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. There have been no material changes in our risk factors from those described in our Annual Report or our other SEC filings.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following sets forth information with respect to our repurchases of shares of Class A Common Stock during the three months ended September 30, 2016 :

| Period | Total number of shares purchased [1] | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Approximate dollar value of shares that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| July 2016 | 838 | $ 26.49 | — | $ — |
| August 2016 | — | $ — | — | $ — |
| September 2016 | 323 | $ 34.86 | — | $ — |
| Total | 1,161 | $ 28.82 | — | $ — |

(1) Consists of shares of Class A Common Stock repurchased from employees in order for the employee to satisfy tax withholding payments related to stock-based awards that vested during the period.

### Item 6. Exhibits

The exhibits required to be filed by Item 6 are set forth in the Exhibit Index accompanying this Quarterly Report.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PARSLEY ENERGY, INC.

November 4, 2016

By: /s/ Bryan Sheffield

Bryan Sheffield

Chairman, President and Chief Executive Officer
Principal Executive Officer

November 4, 2016

By: /s/ Ryan Dalton

Ryan Dalton

Vice President—Chief Financial Officer
Principal Accounting and Financial Officer

**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 2.1 | Purchase and Sale Agreement, dated August 15, 2016, by and between Parsley Energy, L.P. and BTA Oil Producers, LLC, *et al* . (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on October 5, 2016). |
| 2.2 | First Amendment to Purchase and Sale Agreement, dated October 4, 2016, by and between Parsley Energy, L.P. and BTA Oil Producers, LLC, *et al* . (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on October 5, 2016). |
| 3.1 | Amended and Restated Certificate of Incorporation of Parsley Energy, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on June 4, 2014). |
| 3.2 | Amended and Restated Bylaws of Parsley Energy, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on November 2, 2016). |
| 4.1 | Indenture, dated May 27, 2016, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on May 27, 2016). |
| 4.2 | First Supplemental Indenture, dated August 16, 2016, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on August 19, 2016). |
| 4.3* | First Supplemental Indenture, dated August 25, 2016, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee. |
| 4.4* | Second Supplemental Indenture, dated October 27, 2016, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee. |
| 4.5* | Second Supplemental Indenture, dated October 27, 2016, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee. |
| 10.1 | Credit Agreement, dated as of October 28, 2016, by and between Parsley Energy, LLC, as borrower, Parsley Energy, Inc., Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, BMO Harris Bank, N.A., as documentation agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on November 2, 2016). |
| 10.2 | Purchase Agreement, dated August 16, 2016, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and J.P. Morgan Securities LLC, as representative of the several initial purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 001-36463, filed with the SEC on August 19, 2016). |
| 10.3*† | First Amendment to Employment, Confidentiality, and Non-Competition Agreement, dated as of September 30, 2016, by and between Parsley Energy Operations, LLC and Bryan Sheffield. |
| 10.4*† | First Amendment to Employment, Confidentiality, and Non-Competition Agreement, dated as of September 30, 2016, by and between Parsley Energy Operations, LLC and Ryan Dalton. |
| 10.5*† | First Amendment to Employment, Confidentiality, and Non-Competition Agreement, dated as of September 30, 2016, by and between Parsley Energy Operations, LLC and Matthew Gallagher. |
| 10.6*† | First Amendment to Amended and Restated Employment, Confidentiality, and Non-Competition Agreement, dated as of September 30, 2016, by and between Parsley Energy Operations, LLC and Colin Roberts. |
| 10.7*† | First Amendment to Employment, Confidentiality, and Non-Competition Agreement, dated as of September 30, 2016, by and between Parsley Energy Operations, LLC and Thomas Layman. |
| 10.8*† | New Form of Restricted Stock Agreement. |
| 10.9*† | First Amendment to Prior Form of Restricted Stock Agreement. |
| 10.10*† | Form of Notice of Grant of Restricted Stock (Time-Based). |
| 10.11*† | Form of Vice President Employment, Confidentiality and Non-Competition Agreement. |
| 10.12*† | Form of First Amendment to Vice President Employment, Confidentiality and Non-Competition Agreement. |
| 10.13*† | Indemnification Agreement, dated as of April 1, 2016, by and between Parsley Energy, Inc. and Stephanie Reed. |
| 10.14*† | Indemnification Agreement, dated as of July 26, 2016, by and between Parsley Energy, Inc. and Larry Parnell. |

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|---|---|
| 31.1* | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | XBRL Instance Document. |
| 101.SCH* | XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB* | XBRL Taxonomy Extension Labels Linkbase Document. |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document. |

† Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act, except to the extent that the registrant specifically incorporates it by reference.

# FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE (this " *Supplemental Indenture* "), dated as of August 25, 2016, among Parsley Minerals, LLC, a Texas limited liability company (the " *Guaranteeing Subsidiary* "), an indirect subsidiary of Parsley Energy, LLC, a Delaware limited liability company (the " *Company* "), the Company, Parsley Finance Corp., a Delaware corporation (" *Finance Corp.* " and together with the Company, the " *Issuers* " and each individually an " *Issuer* "), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the " *Trustee* ").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the " *Indenture* "), dated as of February 5, 2014, providing for the issuance of 7.500% Senior Notes due February 15, 2022 (the " *Notes* ");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally Guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " *Note Guarantee* "); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the other Guarantors, the Issuers and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No director, manager, officer, member, partner, employee, incorporator or unitholder or other owner of Capital Stock of the Issuers or any Guarantor, as such, will have any liability for any obligations of the Issuers or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

5. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary, the other Guarantors and the Issuers.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: August 25, 2016

**GUARANTEEING SUBSIDIARY:**

PARSLEY MINERALS, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

**ISSUERS:**

PARSLEY ENERGY, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Chief Executive Officer

PARSLEY FINANCE CORP.

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Chief Executive Officer

**GUARANTORS:**

PARSLEY ENERGY AVIATION, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY MANAGEMENT, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY, L.P.

By: Parsley Energy Management, LLC its general partner

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY OPERATIONS, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

**TRUSTEE:**

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Shazia Flores
Authorized Signatory

# SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this " *Supplemental Indenture* "), dated as of October 27, 2016, among Parsley GP, LLC, a Delaware limited liability company (the " *Guaranteeing Subsidiary* "), an indirect subsidiary of Parsley Energy, LLC, a Delaware limited liability company (the " *Company* "), the Company, Parsley Finance Corp., a Delaware corporation (" *Finance Corp.* " and together with the Company, the " *Issuers* " and each individually an " *Issuer* "), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the " *Trustee* ").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an Indenture, dated as of February 5, 2014, as supplemented by the First Supplemental Indenture thereto, dated as of August 25, 2016 (the " *Indenture* "), providing for the issuance of 7.500% Senior Notes due February 15, 2022 (the " *Notes* ");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally Guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " *Note Guarantee* "); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the other Guarantors, the Issuers and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No director, manager, officer, member, partner, employee, incorporator or unitholder or other owner of Capital Stock of the Issuers or any Guarantor, as such, will have any liability for any obligations of the Issuers or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

5. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary, the other Guarantors and the Issuers.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: October 27, 2016

**GUARANTEEING SUBSIDIARY:**

PARSLEY GP, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: President and Chief Executive Officer

**ISSUERS:**

PARSLEY ENERGY, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Chief Executive Officer

PARSLEY FINANCE CORP.

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Chief Executive Officer

**GUARANTORS:**

PARSLEY ENERGY AVIATION, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

Parsley Energy Management, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY, L.P.

By: Parsley Energy Management, LLC its general partner

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY OPERATIONS, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY MINERALS, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

**TRUSTEE:**

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Shazia Flores
Authorized Signatory

**Exhibit 4.5**

# SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this " *Supplemental Indenture* "), dated as of October 27, 2016, among Parsley GP, LLC, a Delaware limited liability company (the " *Guaranteeing Subsidiary* "), an indirect subsidiary of Parsley Energy, LLC, a Delaware limited liability company (the " *Company* "), the Company, Parsley Finance Corp., a Delaware corporation (" *Finance Corp.* " and together with the Company, the " *Issuers* " and each individually an " *Issuer* "), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the " *Trustee* ").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an Indenture, dated as of May 27, 2016, as supplemented by the First Supplemental Indenture thereto, dated as of August 18, 2016 (the " *Indenture* "), providing for the issuance of 6.250% Senior Notes due June 1, 2024 (the " *Notes* ");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally Guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " *Note Guarantee* "); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the other Guarantors, the Issuers and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No director, manager, officer, member, partner, employee, incorporator or unitholder or other owner of Capital Stock of the Issuers or any Guarantor, as such, will have any liability for any obligations of the Issuers or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

5. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary, the other Guarantors and the Issuers.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: October 27, 2016

**GUARANTEEING SUBSIDIARY:**

PARSLEY GP, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: President and Chief Executive Officer

**ISSUERS:**

PARSLEY ENERGY, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Chief Executive Officer

PARSLEY FINANCE CORP.

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Chief Executive Officer

**GUARANTORS:**

PARSLEY ENERGY AVIATION, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY MANAGEMENT, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY, L.P.

By: Parsley Energy Management, LLC its general partner

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY ENERGY OPERATIONS, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

PARSLEY MINERALS, LLC

By: /s/ Bryan Sheffield
Name: Bryan Sheffield
Title: Manager

**TRUSTEE:**

U.S. BANK NATIONAL ASSOCIATION, as

Trustee

By: /s/ Shazia Flores

Authorized Signatory

**PARSLEY ENERGY OPERATIONS, LLC**

**FIRST AMENDMENT TO EMPLOYMENT, CONFIDENTIALITY, AND**

**NON-COMPETITION AGREEMENT**

**WHEREAS, Parsley Energy Operations, LLC** (" Parsley ") and Bryan Sheffield, a natural person (" Employee ") (Employee and Parsley each referred to as a " Party " and, collectively, as the " Parties " herein) entered into an Employment, Confidentiality, and Non-Competition Agreement, effective as of May 29, 2014 (the " Agreement "); and

**WHEREAS,** the Parties desire to amend the Agreement as described below, effective as of the date set forth below.

**NOW, THEREFORE,** the Agreement shall be amended as follows:

1. The phrases "(including equity compensation)" and ", except as otherwise provided in the award agreement under which the award was granted," shall be deleted from Section 1.14 .

2. The final sentence of the first paragraph of Section 1.15 of the Agreement shall be deleted and the following shall be substituted therefor:

   Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the first business day following the Release Consideration Period (the " Initial Payment Date ") and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on May 29, 2014, if any, shall vest according to the terms of the applicable award agreement, and this Section 1.15 shall have no bearing on the vesting of such awards.

3. Section 1.16 of the Agreement shall be deleted and the following shall be substituted therefor:

1.16 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.16, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2) a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.16 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

4. The final sentence of the first paragraph of Section 1.17 of the Agreement shall be deleted and the following shall be substituted therefor:

Further, if Employee is terminated pursuant to this Section 1.17 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and

notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.17, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

5. The following shall be added as a new Section 1.21 :

1.21 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control, then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.21.

6. The following shall be added as a new Section 1.22 :

1.22 **COBRA Expense Reimbursement Obligation Canceled if Sanctions or Taxes Imposed.** Notwithstanding anything in Section 1.14 and Section 1.16 of this Agreement to the contrary, neither Parsley nor any member of the Parsley Group shall have any obligation to reimburse Employee for any portion of the cost incurred by Employee to obtain continuation of coverage under the Parsley Group's health plans following termination of employment if such reimbursement would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act.

7. Section 2.02 of the Agreement shall be deleted and the following shall be substituted therefor:

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other

Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

8. The phrase "Notwithstanding the foregoing," shall be deleted from Section 2.04 and replaced with the phrase "Notwithstanding the foregoing and subject to Section 2.07,".

9. The following shall be added as a new Section 2.07 :

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

10. The following shall be added as a new Section 2.08 :

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

11. The following shall be added as a new Section 2.09 .

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

12. The definition of "Restricted Period" in Section 3.02 shall be deleted and the following shall be substituted therefor:

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six months after the date of termination of Employee's employment with Parsley.

13. As amended hereby, the Parties ratify and reaffirm the Agreement.

*[Signatures Follow]*

Executed as of this 30th day of September 2016.

**EMPLOYEE:**

/s/ Bryan Sheffield
Bryan Sheffield, an individual

**PARSLEY ENERGY OPERATIONS, LLC**

By: /s/ Colin Roberts
Colin Roberts, General Counsel

**PARSLEY ENERGY OPERATIONS, LLC**

**FIRST AMENDMENT TO EMPLOYMENT, CONFIDENTIALITY, AND**

**NON-COMPETITION AGREEMENT**

**WHEREAS, Parsley Energy Operations, LLC** (" Parsley ") and Ryan Dalton, a natural person (" Employee ") (Employee and Parsley each referred to as a " Party " and, collectively, as the " Parties " herein) entered into an Employment, Confidentiality, and Non-Competition Agreement, effective as of May 29, 2014 (the " Agreement "); and

**WHEREAS,** the Parties desire to amend the Agreement as described below, effective as of the date set forth below.

**NOW, THEREFORE,** the Agreement shall be amended as follows:

1. The phrases "(including equity compensation)" and ", except as otherwise provided in the award agreement under which the award was granted," shall be deleted from Section 1.13 , and the phrase "by the Board" shall be deleted from the definition of "Cause" in Section 1.13 and replaced with the phrase "by Parsley".

2. The final sentence of the first paragraph of Section 1.14 of the Agreement shall be deleted and the following shall be substituted therefor:

   Further, if Employee is terminated pursuant to this Section 1.14 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the first business day following the Release Consideration Period (the " Initial Payment Date ") and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on May 29, 2014,

if any, shall vest according to the terms of the applicable award agreement, and this Section 1.14 shall have no bearing on the vesting of such awards.

3. Section 1.15 of the Agreement shall be deleted and the following shall be substituted therefor:

1.15 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.15, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2) a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

4. The final sentence of the first paragraph of Section 1.16 of the Agreement shall be deleted and the following shall be substituted therefor:

Further, if Employee is terminated pursuant to this Section 1.16 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee

shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.16, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

5. The following shall be added as a new Section 1.20 :

1.20 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control, then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.20.

6. The following shall be added as a new Section 1.21 :

1.21 **COBRA Expense Reimbursement Obligation Canceled if Sanctions or Taxes Imposed.** Notwithstanding anything in Section 1.14 and Section 1.16 of this Agreement to the contrary, neither Parsley nor any member of the Parsley Group shall have any obligation to reimburse Employee for any portion of the cost incurred by Employee to obtain continuation of coverage under the Parsley Group's health plans following termination of employment if such reimbursement would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act.

7. Section 2.02 of the Agreement shall be deleted and the following shall be substituted therefor:

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all

registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

8. The phrase "Notwithstanding the foregoing," shall be deleted from Section 2.04 and replaced with the phrase "Notwithstanding the foregoing and subject to Section 2.07,".

9. The following shall be added as a new Section 2.07 :

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

10. The following shall be added as a new Section 2.08 :

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

11. The following shall be added as a new Section 2.09 .

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

12. The definition of "Restricted Period" in Section 3.02 shall be deleted and the following shall be substituted therefor:

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six months after the date of termination of Employee's employment with Parsley.

13. As amended hereby, the Parties ratify and reaffirm the Agreement.

*[Signatures Follow]*

Executed as of this 30th day of September 2016.

**EMPLOYEE:**

/s/ Ryan Dalton
Ryan Dalton, an individual

**PARSLEY ENERGY OPERATIONS, LLC**

By: /s/ Colin Roberts
Colin Roberts, General Counsel

**PARSLEY ENERGY OPERATIONS, LLC**

**FIRST AMENDMENT TO EMPLOYMENT, CONFIDENTIALITY, AND**

**NON-COMPETITION AGREEMENT**

**WHEREAS, Parsley Energy Operations, LLC** (" Parsley ") and Matthew Gallagher, a natural person (" Employee ") (Employee and Parsley each referred to as a " Party " and, collectively, as the " Parties " herein) entered into an Employment, Confidentiality, and Non-Competition Agreement, effective as of May 29, 2014 (the " Agreement "); and

**WHEREAS,** the Parties desire to amend the Agreement as described below, effective as of the date set forth below.

**NOW, THEREFORE,** the Agreement shall be amended as follows:

1. The phrases "(including equity compensation)" and ", except as otherwise provided in the award agreement under which the award was granted," shall be deleted from Section 1.13 , and the phrase "by the Board" shall be deleted from the definition of "Cause" in Section 1.13 and replaced with the phrase "by Parsley".

2. The final sentence of the first paragraph of Section 1.14 of the Agreement shall be deleted and the following shall be substituted therefor:

   Further, if Employee is terminated pursuant to this Section 1.14 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the first business day following the Release Consideration Period (the " Initial Payment Date ") and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on May 29, 2014,

if any, shall vest according to the terms of the applicable award agreement, and this Section 1.14 shall have no bearing on the vesting of such awards.

3. Section 1.15 of the Agreement shall be deleted and the following shall be substituted therefor:

1.15 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.15, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2) a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

4. The final sentence of the first paragraph of Section 1.16 of the Agreement shall be deleted and the following shall be substituted therefor:

Further, if Employee is terminated pursuant to this Section 1.16 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee

shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.16, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

5. The following shall be added as a new Section 1.20 :

1.20 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control, then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.20.

6. The following shall be added as a new Section 1.21 :

1.21 **COBRA Expense Reimbursement Obligation Canceled if Sanctions or Taxes Imposed.** Notwithstanding anything in Section 1.14 and Section 1.16 of this Agreement to the contrary, neither Parsley nor any member of the Parsley Group shall have any obligation to reimburse Employee for any portion of the cost incurred by Employee to obtain continuation of coverage under the Parsley Group's health plans following termination of employment if such reimbursement would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act.

7. Section 2.02 of the Agreement shall be deleted and the following shall be substituted therefor:

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all

registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

8. The phrase "Notwithstanding the foregoing," shall be deleted from Section 2.04 and replaced with the phrase "Notwithstanding the foregoing and subject to Section 2.07,".

9. The following shall be added as a new Section 2.07 :

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

10. The following shall be added as a new Section 2.08 :

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

11. The following shall be added as a new Section 2.09 .

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

12. The definition of "Restricted Period" in Section 3.02 shall be deleted and the following shall be substituted therefor:

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six months after the date of termination of Employee's employment with Parsley.

13. As amended hereby, the Parties ratify and reaffirm the Agreement.

*[Signatures Follow]*

Executed as of this 30th day of September 2016.

**EMPLOYEE:**

/s/ Matthew Gallagher
Matthew Gallagher, an individual

**PARSLEY ENERGY OPERATIONS, LLC**

By: /s/ Colin Roberts
Colin Roberts, General Counsel

**PARSLEY ENERGY OPERATIONS, LLC**

**FIRST AMENDMENT TO AMENDED AND RESTATED**

**EMPLOYMENT, CONFIDENTIALITY, AND**

**NON-COMPETITION AGREEMENT**

**WHEREAS, Parsley Energy Operations, LLC** (" Parsley ") and Colin Roberts, a natural person (" Employee ") (Employee and Parsley each referred to as a " Party " and, collectively, as the " Parties " herein) entered into an Amended and Restated Employment, Confidentiality, and Non-Competition Agreement, effective as of December 8, 2014 (the " Agreement "); and

**WHEREAS,** the Parties desire to amend the Agreement as described below, effective as of the date set forth below.

**NOW, THEREFORE,** the Agreement shall be amended as follows:

1. The phrases "(including equity compensation)" and ", except as otherwise provided in the award agreement under which the award was granted," shall be deleted from Section 1.13 , and the phrase "by the Board" shall be deleted from the definition of "Cause" in Section 1.13 and replaced with the phrase "by Parsley".

2. The final sentence of the first paragraph of Section 1.14 of the Agreement shall be deleted and the following shall be substituted therefor:

   Further, if Employee is terminated pursuant to this Section 1.14 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the first business day following the Release Consideration Period (the " Initial Payment Date ") and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date

but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on May 29, 2014, if any, shall vest according to the terms of the applicable award agreement, and this Section 1.14 shall have no bearing on the vesting of such awards.

3. Section 1.15 of the Agreement shall be deleted and the following shall be substituted therefor:

1.15 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.15, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2) a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

4. The final sentence of the first paragraph of Section 1.16 of the Agreement shall be deleted and the following shall be substituted therefor:

Further, if Employee is terminated pursuant to this Section 1.16 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.16, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

5. The following shall be added as a new Section 1.20 :

1.20 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control, then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.20.

6. The following shall be added as a new Section 1.21 :

1.21 **COBRA Expense Reimbursement Obligation Canceled if Sanctions or Taxes Imposed.** Notwithstanding anything in Section 1.14 and Section 1.16 of this Agreement to the contrary, neither Parsley nor any member of the Parsley Group shall have any obligation to reimburse Employee for any portion of the cost incurred by Employee to obtain continuation of coverage under the Parsley Group's health plans following termination of employment if such reimbursement would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act.

7. Section 2.02 of the Agreement shall be deleted and the following shall be substituted therefor:

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding

sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

8. The phrase "Notwithstanding the foregoing," shall be deleted from Section 2.04 and replaced with the phrase "Notwithstanding the foregoing and subject to Section 2.07,".

9. The following shall be added as a new Section 2.07 :

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

10. The following shall be added as a new Section 2.08 :

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

11. The following shall be added as a new Section 2.09 .

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

12. The definition of "Restricted Period" in Section 3.02 shall be deleted and the following shall be substituted therefor:

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six months after the date of termination of Employee's employment with Parsley.

13. As amended hereby, the Parties ratify and reaffirm the Agreement.

*[Signatures Follow]*

Executed as of this 30th day of September 2016.

**EMPLOYEE:**

/s/ Colin Roberts
Colin Roberts, an individual

**PARSLEY ENERGY OPERATIONS, LLC**

By: /s/ Bryan Sheffield
Bryan Sheffield, President

**PARSLEY ENERGY OPERATIONS, LLC**

**FIRST AMENDMENT TO EMPLOYMENT, CONFIDENTIALITY, AND**

**NON-COMPETITION AGREEMENT**

**WHEREAS, Parsley Energy Operations, LLC** (" Parsley ") and Thomas Layman, a natural person (" Employee ") (Employee and Parsley each referred to as a " Party " and, collectively, as the " Parties " herein) entered into an Employment, Confidentiality, and Non-Competition Agreement, effective as of December 8, 2014 (the " Agreement "); and

**WHEREAS,** the Parties desire to amend the Agreement as described below, effective as of the date set forth below.

**NOW, THEREFORE,** the Agreement shall be amended as follows:

1. The phrases "(including equity compensation)" and ", except as otherwise provided in the award agreement under which the award was granted," shall be deleted from Section 1.13 , and the phrase "by the Board" shall be deleted from the definition of "Cause" in Section 1.13 and replaced with the phrase "by Parsley".

2. The final sentence of the first paragraph of Section 1.14 of the Agreement shall be deleted and the following shall be substituted therefor:

   Further, if Employee is terminated pursuant to this Section 1.14 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the first business day following the Release Consideration Period (the " Initial Payment Date ") and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on May 29, 2014,

if any, shall vest according to the terms of the applicable award agreement, and this Section 1.14 shall have no bearing on the vesting of such awards.

3. Section 1.15 of the Agreement shall be deleted and the following shall be substituted therefor:

1.15 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.15, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2) a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

4. The final sentence of the first paragraph of Section 1.16 of the Agreement shall be deleted and the following shall be substituted therefor:

Further, if Employee is terminated pursuant to this Section 1.16 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee

shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.16, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

5. The following shall be added as a new Section 1.20 :

1.20 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control, then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.20.

6. The following shall be added as a new Section 1.21 :

1.21 **COBRA Expense Reimbursement Obligation Canceled if Sanctions or Taxes Imposed.** Notwithstanding anything in Section 1.14 and Section 1.16 of this Agreement to the contrary, neither Parsley nor any member of the Parsley Group shall have any obligation to reimburse Employee for any portion of the cost incurred by Employee to obtain continuation of coverage under the Parsley Group's health plans following termination of employment if such reimbursement would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act.

7. Section 2.02 of the Agreement shall be deleted and the following shall be substituted therefor:

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all

registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

8. The phrase "Notwithstanding the foregoing," shall be deleted from Section 2.04 and replaced with the phrase "Notwithstanding the foregoing and subject to Section 2.07,".

9. The following shall be added as a new Section 2.07 :

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

10. The following shall be added as a new Section 2.08 :

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

11. The following shall be added as a new Section 2.09 .

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

12. The definition of "Restricted Period" in Section 3.02 shall be deleted and the following shall be substituted therefor:

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six months after the date of termination of Employee's employment with Parsley.

13. As amended hereby, the Parties ratify and reaffirm the Agreement.

*[Signatures Follow]*

Executed as of this 30th day of September 2016.

**EMPLOYEE:**

/s/ Thomas Layman
Thomas Layman, an individual

**PARSLEY ENERGY OPERATIONS, LLC**

By: /s/ Colin Roberts
Colin Roberts, General Counsel

**PARSLEY ENERGY, INC.**
**2014 LONG TERM INCENTIVE PLAN**

**RESTRICTED STOCK AGREEMENT**

This Agreement is made and entered into as of the "Date of Grant" set forth in the Notice of Grant of Restricted Stock (the "Notice of Grant") by and between Parsley Energy, Inc., a Delaware corporation (the "Company"), and you;

**WHEREAS** , the Company adopted the Parsley Energy, Inc. 2014 Long Term Incentive Plan, as it may be amended from time to time (the "Plan") under which the Company is authorized to grant restricted stock awards to certain employees and service providers of the Company;

**WHEREAS** , in order to induce you to enter into or to continue to provide services to the Company and to materially contribute to the success of the Company, the Company agrees to grant you this restricted stock award;

**WHEREAS** , a copy of the Plan has been furnished to you and shall be deemed a part of this restricted stock award agreement ("Agreement") as if fully set forth herein and the terms capitalized but not defined herein shall have the meanings set forth in the Plan; and

**WHEREAS** , you desire to accept the restricted stock award made pursuant to this Agreement.

**NOW, THEREFORE,** in consideration of and mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties agree as follows:

1. The Grant . Subject to the conditions set forth below, the Company hereby grants to you, effective as of the Date of Grant, as a matter of separate inducement but not in lieu of any salary or other compensation for your services for the Company, an award (the "Award") consisting of the aggregate number of restricted shares of Stock set forth in the Notice of Grant in accordance with the terms and conditions set forth herein and in the Plan.

2. Escrow of Restricted Shares . The Company shall evidence the Restricted Shares in the manner that it deems appropriate. The Company may issue in your name a certificate or certificates representing the Restricted Shares and retain that certificate or those certificates until the restrictions on such Restricted Shares expire as described in the Notice of Grant and Section 5 of this Agreement or the Restricted Shares are forfeited as described in Sections 4 and 6 of this Agreement. If the Company certificates the Restricted Shares, you shall execute one or more stock powers in blank for those certificates and deliver those stock powers to the Company. The Company shall hold the Restricted Shares and the related stock powers pursuant to the terms of this Agreement, if applicable, until such time as (a) a certificate or certificates for the Restricted Shares are delivered to you, (b) the Restricted Shares are otherwise transferred to you free of restrictions, or (c) the Restricted Shares are canceled and forfeited pursuant to this Agreement.

3. Ownership of Restricted Shares . Subject to the terms, conditions and restrictions set forth in this Agreement, from and after the time the Restricted Shares are issued in your name, you will be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote those shares and the right to receive dividends thereon; provided, however, that any dividends paid by the Company with respect to the Restricted Shares prior to the expiration of the Forfeiture Restrictions shall be held in escrow by the Company and paid to you, if at all, at the time the Forfeiture Restrictions expire on the Restricted Share for which the dividend accrued; provided, further, that in no event shall dividends be settled later than 45 days following the date on which the Forfeiture Restrictions expire with respect to the Restricted Share for which the dividends were accrued. For purposes of clarity, if the Restricted Shares are forfeited by you pursuant to the terms of this Agreement then you shall also forfeit the dividends, if any, accrued with respect to such forfeited Restricted Shares. No interest will accrue on the dividends between the declaration and settlement of the dividends.

4. Restrictions; Forfeiture . The Restricted Shares are restricted in that they may not be sold, transferred or otherwise alienated or hypothecated until these restrictions are removed or expire as described in the Notice of Grant and Section 5 of this Agreement. The Restricted Shares are also restricted in the sense that they may be forfeited to the Company (the "Forfeiture Restrictions"). You hereby agree that if the Restricted Shares are forfeited, as provided in Section 6, the Company shall have the right to deliver the Restricted Shares to the Company's transfer agent for, at the Company's election, cancellation or transfer to the Company.

5. Expiration of Restrictions and Risk of Forfeiture . The restrictions on the Restricted Shares granted pursuant to this Agreement will expire and the Restricted Shares will become transferable and nonforfeitable as set forth in the Notice of Grant and in Section 6 below, provided that you remain in the employ of, or a service provider to, the Company or its Subsidiaries until the applicable dates set forth therein.

6. Termination of Services .

(a) Termination Generally . Subject to subsection (b) and (c) of this Section 6, if your service relationship with the Company or any of its Subsidiaries is terminated for any reason, then those Restricted Shares for which the restrictions have not lapsed as of the date of termination shall become null and void and those Restricted Shares shall be forfeited to the Company. The Restricted Shares for which the restrictions have lapsed as of the date of such termination, including Restricted Shares for which the restrictions lapsed in connection with such termination, shall not be forfeited to the Company.

(b) Termination by Reason of Death or Disability . Notwithstanding subsection (a) above, if your service relationship with the Company or any of its Subsidiaries is terminated by reason of death or Disability (as defined below) prior to the date on which the Restricted Shares vest as provided in the Notice of Grant, then effective as of the date of such separation from service, the restrictions on all Restricted Shares granted pursuant to this Agreement, including the Forfeiture Restrictions, will immediately expire, and the Restricted Shares will become transferable and nonforfeitable.

"Disability" shall mean (i) your inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, or (ii) that you are receiving income replacement benefits for a period of at least three months under a company-sponsored accident and health plan by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(c) Effect of Employment Agreement . Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 6 and any employment agreement entered into by and between you and the Company or its Subsidiaries, the terms of the employment agreement shall control.

7. Leave of Absence . With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, provided that rights to the Restricted Shares during a leave of absence may be limited to the extent to which those rights were earned or vested when the leave of absence began.

8. Delivery of Stock . Promptly following the expiration of the restrictions on the Restricted Shares as contemplated in Section 5 of this Agreement, the Company shall cause to be issued and delivered to you or your designee a certificate or other evidence of the number of Restricted Shares as to which restrictions have lapsed, free of any restrictive legend relating to the lapsed restrictions, upon receipt by the Company of any tax withholding as may be requested pursuant to Section 9. The value of such Restricted Shares shall not bear any interest owing to the passage of time.

9. Payment of Taxes . The Company may require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company), an amount the Company deems necessary to satisfy its (or its Subsidiary's) current or future obligation to withhold federal, state or local income or other taxes that you incur as a result of the Award and may condition settlement of the Award upon such payment. With respect to any required tax withholding, the Committee may, in its sole discretion: (a) withhold from the shares of Stock to be issued to you under this Agreement the number of shares necessary to satisfy the Company's obligation to withhold taxes; which determination will be based on the shares' Fair Market Value at the time such determination is made; (b) allow you to deliver to the Company shares of Stock sufficient to satisfy the Company's tax withholding obligations, based on the shares' Fair Market Value at the time such determination is made; (c) allow you to deliver cash to the Company sufficient to satisfy its tax withholding obligations; (d) satisfy such tax withholding through any combination of (a), (b) and (c); or (e) take such other action as the Company deems advisable to enable the Company (or its Subsidiaries) to satisfy obligations for the payment of withholding taxes and other tax obligations related to the Award. In the event the Company determines that the aggregate Fair Market Value of the shares of Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then you must pay to the Company, in cash, the amount of that deficiency immediately upon the Company's request.

10. Compliance with Securities Law . Notwithstanding any provision of this Agreement to the contrary, the issuance of Stock (including Restricted Shares) will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Stock will not be issued hereunder unless (a) a registration statement under the Securities Act, is at the time of issuance in effect with respect to the shares issued or (b) in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make shares of Stock available for issuance.

11. Legends . The Company may at any time place legends referencing any restrictions imposed on the shares pursuant to Section 4 of this Agreement on all certificates representing shares issued with respect to this Award.

12. Right of the Company and Subsidiaries to Terminate Services . Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company or any Subsidiary, or interfere in any way with the rights of the Company or any Subsidiary to terminate your employment or service relationship at any time.

13. Furnish Information . You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

14. Remedies . The parties to this Agreement shall be entitled to recover from each other reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

15. No Liability for Good Faith Determinations . The Company and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Shares granted hereunder.

16. Execution of Receipts and Releases . Any payment of cash or any issuance or transfer of shares of Stock or other property to you, or to your legal representative, heir, legatee or distributee,

in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

17. No Guarantee of Interests . The Board and the Company do not guarantee the Stock of the Company from loss or depreciation.

18. Notice . All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or if earlier the date it is sent via certified United States mail.

19. Waiver of Notice . Any person entitled to notice hereunder may waive such notice in writing.

20. Information Confidential . As partial consideration for the granting of the Award hereunder, you hereby agree to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that you have relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to your spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you.

21. Successors . This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

22. Severability . If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

23. Company Action . Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

24. Headings . The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

25. Governing Law . All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of Delaware, without giving any effect to any conflict of law provisions thereof, except to the extent Delaware state law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

26. Consent to Texas Jurisdiction and Venue . You hereby consent and agree that state courts located in Midland County, Texas and the United States District Court for the Western District of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Award or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to any such jurisdiction as an inconvenient forum.

27. Amendment . This Agreement may be amended the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

28. Clawback . This Agreement is subject to any written clawback policies that the Company, with the approval of the Board, may adopt. Any such policy may subject your Award and amounts paid or realized with respect to Award under this Agreement to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including but not limited to an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission and that the Company determines should apply to this Agreement.

29. The Plan . This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

[Remainder of page intentionally left blank]

**FIRST AMENDMENT TO THE**

**PARSLEY ENERGY, INC.**

**2014 LONG TERM INCENTIVE PLAN**

**RESTRICTED STOCK AGREEMENT**

This First Amendment (the " ***Amendment*** ") to all Parsley Energy, Inc. 2014 Long Term Incentive Plan (the " ***LTIP*** ") Restricted Stock Agreements made and entered into as of May 29, 2014 (the " ***Award Agreements*** ") is effective as of July 28, 2016 (the " ***Effective Date*** ").

**W I T N E S S E T H :**

**WHEREAS** , awards of restricted stock were granted under the LTIP by the Board or the Committee on May 29, 2014 (the " ***Awards*** ");

**WHEREAS** , Section 6(a) of the award agreements pursuant to which the Awards were granted provides that if the recipient's service relationship with the Company terminates for any reason, then the restricted shares for which the restrictions have not lapsed as of the date of termination shall become null and void and be forfeited;

**WHEREAS** , Section 3(a) of the LTIP provides the Committee with authority to accelerate the time of vesting of any award granted under the LTIP and Section 10(c) of the LTIP provides the Committee with the authority to amend any award granted under the LTIP and any award agreement relating thereto; and

**WHEREAS** , the Committee wishes to amend the Awards to provide for accelerated vesting of the Awards in the event of the recipient's death or permanent disability.

**NOW, THEREFORE** , the Award Agreements shall be amended as of the Effective Date, as set forth below:

1. Section 5 and Section 6 of the Award Agreements shall be deleted in their entirety and replaced with the following:

" 5. Expiration of Restrictions and Risk of Forfeiture . The restrictions on the Restricted Shares granted pursuant to this Agreement will expire and the Restricted Shares will become transferable and nonforfeitable as set forth in the Notice of Grant and in Section 6 below, provided that you remain in the employ of, or a service provider to, the Company or its Subsidiaries until the applicable dates set forth therein.

6. Termination of Services .

(a) Termination Generally . Subject to subsection (b) and (c) of this Section 6, if your service relationship with the Company or any of its Subsidiaries is terminated for any reason, then those Restricted Shares for which the restrictions have not lapsed as of the date of termination shall become null and void and those Restricted Shares shall be forfeited to the Company. The Restricted Shares for which the restrictions have lapsed as of the date of such termination, including Restricted Shares for which the restrictions lapsed in connection with such termination, shall not be forfeited to the Company.

(b) Termination by Reason of Death or Disability . Notwithstanding subsection (a) above, if your service relationship with the Company or any of its Subsidiaries is terminated by reason of death or Disability (as defined below) prior to the date on which the Restricted Shares vest as provided in the Notice of Grant, then effective as of the date of such separation from service, the restrictions on all Restricted Shares granted pursuant to this Agreement, including the Forfeiture Restrictions, will immediately expire, and the Restricted Shares will become transferable and nonforfeitable.

"Disability" shall mean (i) your inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, or (ii) that you are receiving income replacement benefits for a period of at least three months under a company-sponsored accident and health plan by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(c) Effect of Employment Agreement . Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 6 and any employment agreement entered into by and between you and the Company or its Subsidiaries, the terms of the employment agreement shall control."

2. Except as expressly provided herein, the Award Agreements shall remain in full force and effect.

**Exhibit 10.10**

**NOTICE OF GRANT OF RESTRICTED STOCK**

**(Time-Based)**

Pursuant to the terms and conditions of the Parsley Energy, Inc. 2014 Long Term Incentive Plan, attached as Appendix A (the "Plan"), and the associated Restricted Stock Agreement, attached as Appendix B (the "Agreement"), you are hereby issued shares of Stock subject to certain restrictions thereon and under the conditions set forth below, in the Agreement, and in the Plan (the "Restricted Shares"). Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

| | | |
|---|---|---|
| *Grantee:* | _____ | |
| *Date of Grant:* | _____ | ("Date of Grant") |
| *Number of Shares:* | _____ | |
| *Fair Market Value of Shares on Date of Grant:* | $_____ | |
| *Vesting Schedule:* | The restrictions on all of the Restricted Shares granted pursuant to the Agreement will expire and the Restricted Shares will become transferable and nonforfeitable as follows _____; provided, however, that such restrictions will expire on such dates only if you remain in the employ of or a service provider to the Company or its Subsidiaries continuously from the Date of Grant through the applicable vesting date, except as otherwise provided in Section 6 of the Agreement. | |

You and the Company hereby acknowledge receipt of the Restricted Shares issued on the Date of Grant indicated above, which have been issued under the terms and conditions of the Plan and the Agreement.

You acknowledge and agree that (a) you are not relying upon any determination by the Company, its affiliates, or any of their respective employees, directors, officers, attorneys or agents (collectively, the "Company Parties") of the Fair Market Value of the Stock on the Date of Grant, (b) you are not relying upon any written or oral statement or representation of the Company Parties regarding the tax effects associated with your execution of this Agreement and your receipt, holding and vesting of the Restricted Shares, and (c) in deciding to enter into this Agreement, you are relying on your own judgment and the judgment of the professionals of your choice with whom you have consulted. You hereby release, acquit and forever discharge the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with your execution of the Agreement and your receipt, holding and exercise of the Restricted Shares.

In addition, you are consenting to receive documents from the Company and any plan administrator by means of electronic delivery, provided that such delivery complies with the rules, regulations, and guidance issued by the Securities and Exchange Commission and any other applicable

government agency. This consent shall be effective for the entire time that you are a participant in the Plan.

Furthermore, you understand and acknowledge that you should consult with your tax advisor regarding the advisability of filing with the Internal Revenue Service an election under section 83(b) of the Code with respect to the Restricted Shares for which the restrictions have not lapsed. This election must be filed no later than 30 days after Date of Grant set forth in this Notice of Grant of Restricted Stock. This time period cannot be extended. You acknowledge (a) that you have been advised to consult with a tax advisor regarding the tax consequences of the award of the Restricted Shares and (b) that timely filing of a section 83(b) election is your sole responsibility, even if you request the Company or its representative to file such election on your behalf.

You further acknowledge receipt of a copy of the Plan and the Agreement and agree to all of the terms and conditions of the Plan and the Agreement, which are incorporated herein by reference.

| | |
|---|---|
| Attachments: | Appendix A – Parsley Energy, Inc. 2014 Long Term Incentive Plan |
| | Appendix B – Restricted Stock Agreement |
| | Appendix C – Section 83(b) Election |

**Appendix A**

**Parsley Energy, Inc.**

**2014 Long Term Incentive Plan**

**(As Amended and Restated February 19, 2015)**

**Appendix B**

**Restricted Stock Agreement**

**Appendix C**

**INSTRUCTIONS FOR FILING**
**YOUR SECTION 83(b) ELECTION**

1. Not later than 30 days after the date of grant, mail one executed copy of the election by certified mail, return receipt requested, to the IRS Service Center where your federal tax returns are filed. Attached is a sample cover letter to the Internal Revenue Service to be used in connection with filing the Section 83(b) election. In addition, below is a chart that lists the address for each IRS service center.

| Taxpayer's State of Residence | IRS Service Center |
|---|---|
| Alabama, Georgia, North Carolina, South Carolina | Department of the Treasury<br>Internal Revenue Service<br>Kansas City, MO 64999-0002 |
| Florida, Louisiana, Mississippi, Texas | Department of the Treasury<br>Internal Revenue Service<br>Austin, TX 73301-0002 |
| Alaska, Arizona, California, Colorado, Hawaii, Nevada, Oregon, Washington | Department of the Treasury<br>Internal Revenue Service<br>Fresno, CA 93888-0002 |
| Arkansas, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Utah, Wisconsin, Wyoming | Department of the Treasury<br>Internal Revenue Service<br>Fresno, CA 93888-0002 |
| Kentucky, Tennessee, Missouri, New Jersey, Virginia, West Virginia | Department of the Treasury<br>Internal Revenue Service<br>Kansas City, MO 64999-0002 |
| Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New York, Pennsylvania, Rhode Island, Vermont | Department of the Treasury<br>Internal Revenue Service<br>Kansas City, MO 64999-0002 |
| A foreign country, U.S. possession or territory*, or use an APO or FPO address, or file Form 2555, 2555-EZ, or 4563, or are a dual-status alien | Department of the Treasury<br>Internal Revenue Service<br>Austin, TX 73301-0215 |

*If you live in American Samoa, Puerto Rico, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands, see IRS Publication 570.

Mail one copy of the executed election by certified mail, return receipt requested, to:

Parsley Energy, Inc.
Attn: General Counsel
303 Colorado Street, Suite 3000
Austin, Texas 78701

Attach a copy of the election to your federal income tax return for the year in which the grant and election were made.

**Note : It is your sole responsibility, and not the responsibility of Parsley Energy, Inc. (the " Company ") or any of its affiliates, to timely file your Section 83(b) election even if you request the Company or any of its affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) of the Company to assist in making such filing. In addition, the Company and its affiliates cannot provide you with tax advice. The information provided in these instructions is general in nature and if you have any specific questions about your individual tax circumstances, you should consult with your tax adviser.**

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**SUGGESTED FORM OF SECTION 83(b)**
**ELECTION TRANSMITTAL LETTER**

**[DATE]**

**VIA CERTIFIED MAIL**
Return Receipt Requested

Department of the Treasury
Internal Revenue Service Center
**[Insert applicable IRS service center address]**

Re: Election Under Section 83(b) of the Internal Revenue Code

Ladies and Gentlemen:

Pursuant to Treasury Regulation Section 1.83-2(c) promulgated under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), enclosed please find a copy of an executed election under Section 83(b) of the Code relating to the issuance of Class A common stock of Parsley Energy, Inc., a Delaware corporation.

Very truly yours,

[_____]

Enclosure

**SECTION 83(b) ELECTION**

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, social security number and address of the undersigned (the "Taxpayer"), and the taxable year for which this election is being made are:

Taxpayer's Name: _____

Taxpayer's Social Security Number: _____ - _____ - _____

Taxpayer's Address: _____

_____

Taxable Year: _____

2. The property that is the subject of this election (the "Property") is _____ shares of Class A common stock in Parsley Energy, Inc.

3. The Property was transferred to the Taxpayer on _____.

4. The Property is subject to the following restrictions: _____.

5. The fair market value of the Property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in Section 1.83-3(h) of the Income Tax Regulations) is $____ per Class A common share x _____ shares = $_____.

6. The amount paid by the Taxpayer for the Property is $_____ per Class A common share x shares = $_____.

7. The amount to include in gross income is $_____.

*The undersigned taxpayer will file this election with the Internal Revenue Service office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the Property. A copy of the election also will be furnished to the person for whom the services were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the Property is transferred. The undersigned is the person performing the services in connection with which the Property was transferred.*

Dated: _____ _____

Taxpayer's Signature

**Exhibit 10.11**

***(Vice President Form)***

**PARSLEY ENERGY OPERATIONS, LLC**

**EMPLOYMENT, CONFIDENTIALITY, AND NON-COMPETITION AGREEMENT**

For good and valuable consideration set forth herein, this Employment, Confidentiality, and Non-Competition Agreement (" Agreement ") is effective as of [_____] (the " Effective Date "), by and between: (i) **Parsley Energy Operations, LLC** (" Parsley ") and (ii) **[_____]** , a natural person (" Employee ") (Employee and Parsley each a " Party " and collectively " Parties " herein).

**PREAMBLE**

**WHEREAS** , Parsley desires to employ Employee on the terms and conditions, and for the consideration, set forth in this Agreement and Employee desires to be employed by Parsley on such terms and conditions and for such consideration; and

**WHEREAS** , in the course of Employee's employment, Parsley will provide Employee with internal confidential information, commercially obtained information, research resources, and other valuable and proprietary materials. Further, Employee's position will be to develop and obtain such confidential information for the benefit of Parsley and its affiliates and subsidiaries (the " Parsley Group " and each individual entity, a " member of the Parsley Group "). This information will include trade secrets, and other confidential information, including, without limitation, strategic goals and plans of Parsley or another member of the Parsley Group, employment information, maps, leasing locations, geological and geophysical data, engineering data and compilations, well logs, well production records, well files and the like.

**THEREFORE,** the Parties agree as follows:

## I. EMPLOYMENT AGREEMENT

1.01 **Initial Term.** The term of this Agreement shall begin on the Effective Date and continue for a period of one year (the " Initial Term ") unless earlier terminated pursuant to this Section 1, provided that, on such one-year anniversary of the Effective Date, and each annual anniversary thereafter (such date and each annual anniversary thereof, a " Renewal Date "), the term of this Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either of the Parties provides written notice of its intention not to extend the term of the Agreement at least sixty (60) days prior to the applicable Renewal Date. The Initial Term and all periods beyond the Initial Term while this Agreement remains in effect shall collectively be referred to herein as the " Term ."

1.02 **Base Salary.** During the Term, Parsley will pay Employee a base salary of at least $[_____] per year, in periodic installments in accordance with Parsley's customary payroll practices as may exist from time to time, but no less frequently than monthly. During the Term, Parsley may not decrease Employee's salary below the base salary enumerated in this Section 1.02, but may, in Parsley's sole discretion, increase Employee's salary as it sees fit from time to time. Employee's annual base salary, as in effect from time to time, is hereinafter referred to as Employee's " Base Salary ."

1.03 **Annual Bonus [and Relocation Package].**

(i) *Annual Bonus* . Employee shall be eligible to earn an annual bonus (the " Annual Bonus "). However, the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be in the sole and absolute discretion of the Compensation Committee (the " Compensation Committee ") of the Board of Directors (the " Board ") of Parsley Energy, Inc., a

Delaware corporation (" Parsley Inc. "). For the avoidance of doubt, Employee shall not be entitled to any Annual Bonus if Employee is not employed by Parsley on the date any such Annual Bonus is paid.

[(ii) *Relocation Package and Repayment Agreement* . In connection with Employee's relocation to Austin, Texas, Parsley has (x) paid Employee a one-time lump-sum relocation stipend equal to [_____] after taxes and (y) reimbursed and/or advanced certain moving and relocation expenses consistent with Parsley's relocation policies ((x) and (y) together, the " Relocation Payments "). Employee acknowledges and agrees that the Relocation Payments are conditioned upon and subject to Employee's remaining employed by Parsley or another member of the Parsley Group through each date of payment of the Relocation Payments. Further, in the event Employee's employment is terminated by Parsley for Cause or by Employee without Good Reason (i) within the first twelve (12) months following the date Employee first reported to Parsley's Austin, Texas office (the " Relocation Date ") then Employee must repay 100% of the Relocation Payments and (ii) within the thirteen (13) to twenty-four (24) months following Employee's Relocation Date then Employee must repay 50% of the Relocation Payments. In each case, the repayment must occur within sixty (60) days following Employee's date of termination. Finally, Employee executed an Employee Relocation Expense Repayment Agreement on [_____] (the " Repayment Agreement "). The Repayment Agreement is hereby canceled and superseded in all respects by this Agreement.]

1.04 **Benefits.** At all times during Employee's employment with Parsley, Employee will be entitled to all other benefits and conditions of employment generally available to employees of Parsley of the same level and responsibility. Furthermore, Parsley shall pay all costs (including all reasonable costs associated with travel and lodging) for Employee to obtain a bi-annual physical examination at the Cooper Clinic in Dallas, Texas.

1.05 **Duties.** During Employee's employment, Employee agrees to serve as [____] and in such other position(s) as the Employee's supervisor and Employee shall mutually agree. Employee will have the duties that are normally required of an employee of Employee's same level and responsibility in the exploration and production business and agrees to perform diligently and to the best of Employee's abilities the duties and services appertaining to such position(s), as well as such additional duties and services which may be designated by Parsley or other members of the Parsley Group, at Parsley's discretion, from time to time. Employee will also, at the reasonable discretion and request of Parsley, advise and assist in other ways to further the business of the Parsley Group, as may be requested. Initially, Employee shall report to and be subject to the supervision and direction of [ **Parsley's Chief Executive Officer** ].

1.06 **Place of Work.** Employee shall perform Employee's services at an office, space for which will be furnished by Parsley at Parsley's principal office in Austin, Texas, or such other location to which Parsley relocates its principal office. If Employee is required to travel, Parsley agrees to reimburse Employee in accordance with Parsley's expense reimbursement policy in effect from time to time.

1.07 **No Privacy on Electronic Systems.** Employee agrees and understands that the computer and email services provided by the Parsley Group are for the purpose of conducting work for the Parsley Group alone. Employee agrees and stipulates that Employee shall have no expectation of privacy with regard to emails or computer files on, or sent to or from, the computers or servers of the Parsley Group or otherwise made available to Employee through Employee's employment with Parsley.

1.08 **Employee Resources.** Parsley agrees to pay for memberships, seminars, professional meetings and/or professional publications needed for the continuing development of prospects and education of Employee, but only as the same are pre-approved by Parsley in Parsley's sole and absolute discretion.

1.09 **Full-Time Employee.** While employed by Parsley, Employee agrees to devote Employee's entire and full-time productive ability and attention to the business of Parsley, provided that Employee may engage in passive personal investment and charitable activities that do not Compete (as defined below) with the business and affairs of Parsley or interfere with Employee's performance of Employee's duties hereunder. Employee warrants and agrees to not, directly or indirectly, render any services of a business, commercial, or professional nature to any other person or organization, including self-employment, without the prior written consent of Parsley. Employee warrants and agrees that Employee will not render any services as either an employee or independent consultant to any person or entity that is in competition with Parsley or, while employed, prepare or establish a business that would result in a breach of Employee's non-compete restrictions set forth in Section 3.03.

1.10 **Fiduciary Duties of Employee.** At all times while an employee of Parsley, Employee warrants and agrees that Employee will perform and discharge the duties of Employee's position fully and faithfully and to the best of Employee's abilities. Employee agrees Employee shall owe Parsley, and hereby voluntarily assumes, a duty of loyalty and utmost good faith; a duty of candor; a duty to refrain from any self-dealing; a duty to act with integrity of the strictest kind; a duty of fair and honest dealing; a duty of full disclosure, that is, a duty not to conceal matters that might influence Employee's actions to Parsley's prejudice; and any other and further duties imposed by law on employees to their employers, and specifically including under this Agreement a covenant not to solicit fellow Parsley employees for future employment, as set forth in Section 3.04.

1.11 **Reporting Requirement.** During the course of Employee's employment with Parsley, Employee agrees that, if Employee learns or even suspects that any fellow employee is, or may be, breaching Employee's fiduciary duties to Parsley, Employee agrees to alert Parsley promptly. Employee understands that this is a broad and general obligation in light of the difficulty to anticipate all possible circumstances. If Employee is in doubt, Employee agrees to resolve Employee's doubts by reporting to Parsley the information that has come to Employee's attention.

1.12 **Corporate Opportunities.** During Employee's employment with Parsley, in the event that Employee, in Employee's individual capacity, shall be presented with, or made aware of, any commercial proposal, prospect, solicitation, deal, transaction or opportunity relating to the oil and gas business (" New Business Opportunity "), Employee shall immediately notify and present the terms and conditions of such New Business Opportunity to Employee's superiors at Parsley; whether or not any member of the Parsley Group elects to take advantage of such New Business Opportunity, Employee shall not present such New Business Opportunity to any person or entity other than the Parsley Group.

1.13 **Termination by Non-Renewal, by Parsley for Cause or by Employee without Good Reason.** Employee's employment hereunder may be terminated by (x) the provision of notice by either of the Parties that they do not wish to renew the Term on the next Renewal Date in accordance with Section 1.01 and shall terminate the employment relationship between the Parties on such date, (y) by Parsley for Cause, or (z) by Employee without Good Reason. If Employee's employment is terminated for any of the reasons enumerated in this Section 1.13 then Employee shall be entitled to receive: (i) any accrued but unpaid Base Salary, which shall be paid, unless otherwise required by law, on the pay date immediately following the date of Employee's termination of employment in accordance with Parsley's customary payroll procedures; (ii) reimbursement for unreimbursed business expenses properly incurred by Employee, which

shall be subject to and paid in accordance with Parsley's expense reimbursement policy in effect from time to time; and (iii) such employee benefits, if any, as to which Employee may be entitled under Parsley's employee benefit plans as of the date of Employee's termination of employment; provided that, in no event shall Employee be entitled to any payments in the nature of severance payments except as specifically provided herein (items (i) through (iii), the " Accrued Obligations "). If Employee's employment is terminated for any of the reasons enumerated in this Section 1.13 then Parsley will not be obligated to make any payments other than the Accrued Obligations under this Agreement, and Employee will forfeit all unvested outstanding equity awards held by Employee as of the date of Employee's termination of employment.

" Cause " shall mean: (i) violation of Parsley's substance abuse policy; (ii) refusal or inability (other than by reason of death or Disability) to perform the duties assigned to Employee; (iii) acts or omissions evidencing a violation of Employee's duties of loyalty and good faith; candor; fair and honest dealing; integrity; or full disclosure to Parsley, as well as any acts or omissions which constitute self-dealing; (iv) willful disobedience of lawful orders, policies, regulations, or directives issued to Employee by Parsley, including policies related to sexual harassment, discrimination, computer use or the like; (v) conviction or commission of a felony, a crime of moral turpitude, or a crime that could reasonably be expected to impair the ability of Employee to perform Employee's job duties; (vi) breach of any part of this Agreement by Employee; (vii) revocation or suspension of any necessary license or certification; (viii) generation of materially incorrect financial, geological, seismic or engineering projections, compilations or reports; or (ix) a false statement by Employee to obtain this position, in each case as determined by Parsley in good faith and in its sole and absolute discretion. For purposes of clarity, "Cause" shall not mean termination of Employee's employment for death or Disability, which shall be governed by Section 1.15.

1.14 **Termination by Employee for Good Reason or Termination by Parsley without Cause.** Employee's employment hereunder may be terminated by Employee for Good Reason or by Parsley without Cause. If Employee's employment is terminated by Employee for Good Reason or by Parsley without Cause then Employee shall be entitled to receive (i) the Accrued Obligations, (ii) provided that Employee has fulfilled the Severance Conditions (as defined below), a cash payment equal to 1.25 times the sum of (A) Employee's Base Salary and (B) the average of the three (3) most recent Annual Bonuses actually paid in the three (3)-year period preceding the date of Employee's termination (or the period of Employee's employment, if shorter), which amount shall be paid in a lump-sum on the first business day following the Release Consideration Period (as defined below) (such date, the " Initial Payment Date "), (iii) during the portion, if any, of the eighteen (18)-month period commencing on the date of such termination of employment that Employee is eligible to elect and elects to continue coverage for himself and his eligible dependents under any of the Parsley Group's group health plans, as applicable, under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (" COBRA "), Parsley shall promptly reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage and the employee contribution amount that vice presidents of the Parsley Group pay for the same or similar coverage under such group health plans at that time; provided, however, that such reimbursement shall not be paid if it would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act, and (iv) outplacement services provided by a company of Parsley's choosing for up to six (6) months following the date of Employee's termination or such time as Employee obtains reasonably comparable employment, whichever occurs earlier.

Further, if Employee is terminated pursuant to this Section 1.14 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period

had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the Initial Payment Date and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on May 29, 2014, if any, shall vest according to the terms of the applicable award agreement, and this Section 1.14 shall have no bearing on the vesting of such awards.

" Good Reason " shall mean (i) a material diminution in Employee's base compensation, (ii) a material diminution in Employee's authority, duties, or responsibilities, or (iii) any other action or inaction that constitutes a material breach by Parsley of the Agreement, in each case, without Employee's consent. Employee cannot terminate Employee's employment for Good Reason unless Employee has provided written notice to Parsley of the existence of the circumstances providing grounds for termination for Good Reason within sixty (60) days of the initial existence of such grounds and Parsley has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances. If Employee does not terminate Employee's employment for Good Reason within one hundred twenty (120) days after the first occurrence of the applicable grounds, then Employee will be deemed to have waived Employee's right to terminate for Good Reason with respect to such grounds.

1.15 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.15, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2)

a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

1.16 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control (as defined below), then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.16.

" Change of Control " means the occurrence of any of the following events:

(i) A "change in the ownership of the Company" which shall occur on the date that any one person, or more than one person acting as a group, acquires ownership of stock in the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; however, if any one person or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons will not be considered a "change in the ownership of the Company" (or to cause a "change in the effective control of the Company" within the meaning of paragraph (ii) below) and an increase of the effective percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this paragraph; provided, further, however, that for purposes of this Section 1.16, any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company will not constitute a Change of Control. This paragraph (i) applies only when there is a transfer of the stock of the Company (or issuance of stock) and stock in the Company remains outstanding after the transaction.

(ii) A "change in the effective control of the Company" which shall occur on the date that either (A) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company, except

for any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (B) a majority of the members of the Board are replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of a "change in the effective control of the Company," if any one person, or more than one person acting as a group, is considered to effectively control the Company within the meaning of this Section 1.16, the acquisition of additional control of the Company by the same person or persons is not considered a "change in the effective control of the Company," or to cause a "change in the ownership of the Company" within the meaning of paragraph (i) above.

(iii) A "change in the ownership of a substantial portion of the Company's assets" which shall occur on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets of the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Any transfer of assets to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided in guidance issued pursuant to Section 409A (as defined below), shall not constitute a Change of Control.

For purposes of the definition of Change of Control, the provisions of Section 318(a) of the Internal Revenue Code (the " Code ") regarding the constructive ownership of stock will apply to determine stock ownership; provided, that, stock underlying unvested options (including options exercisable for stock that is not substantially vested) will not be treated as owned by the individual who holds the option. In addition, for purposes of this Section 1.16, "Company" includes (x) Parsley, (y) the entity for whom Employee performs services, and (z) an entity that is a stockholder owning more than 50% of the total fair market value and total voting power (a " Majority Shareholder ") of Parsley or the entity identified in (y) above, or any entity in a chain of entities in which each entity is a Majority Shareholder of another entity in the chain, ending in Parsley or the entity identified in (y) above.

1.17 **Termination by Parsley without Cause or by Employee for Good Reason following a Change of Control.** If within the twelve (12) months following a Change of Control Employee's employment is terminated by Employee for Good Reason or by Parsley (or a successor in interest to Parsley) without Cause then Employee shall be entitled to receive (i) the Accrued Obligations, (ii) provided that Employee has fulfilled the Severance Conditions, a cash payment equal to two (2) times the sum of (A) Employee's Base Salary and (B) the average of the three (3) most recent Annual Bonuses actually paid in the three (3)-year period preceding the date of Employee's termination (or the period of Employee's employment, if shorter), which amount shall be paid in a lump-sum on the first business day following the Release Consideration Period, (iii) during the portion, if any, of the eighteen (18)-month period commencing on the date of such termination of employment that Employee is eligible to elect and elects to continue coverage for himself and his eligible dependents under any of the Parsley Group's group health plans, as applicable, under COBRA, Parsley shall promptly reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage and the employee contribution amount that vice presidents of the Parsley Group pay for the same or similar coverage under such group health plans at that time; provided, however, that such reimbursement shall not be paid if it would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act, and (iv) outplacement services provided by a company of Parsley's choosing for up to six (6) months following the

date of Employee's termination or such time as Employee obtains reasonably comparable employment, whichever occurs earlier.

Further, if Employee is terminated pursuant to this Section 1.17 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.17, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

1.18 **Release and Compliance with this Agreement** . The obligation of the Parsley Group to pay any portion of the amounts due pursuant to Sections 1.14, 1.15, or 1.17, with the exception of the Accrued Obligations, shall be expressly conditioned on (i) Employee's execution (and, if applicable, non-revocation) of a full general release, releasing all claims, known or unknown, that Employee may have against the Parsley Group, including those arising out of or in any way related to Employee's employment or termination of employment with the Parsley Group no later than the sixtieth (60 th ) day following the date of Employee's termination of employment (such period, the " Release Consideration Period ") and (ii) continued compliance with the requirements of Sections II and III (the " Severance Conditions "). If Employee (x) does not execute the release described above during the Release Consideration Period, or (y) breaches Section II or III of this Agreement, (i) Parsley shall immediately cease any payments owed pursuant to Sections 1.14, 1.15, or 1.17 (other than the Accrued Obligations) but not yet paid and shall have no obligation to make any further payments to Employee pursuant to Sections 1.14, 1.15, or 1.17 and (ii) Employee shall promptly pay to Parsley (or its successor) an amount equal to any payments Employee has received pursuant to Sections 1.14, 1.15, or 1.17 (other than the Accrued Obligations) as of the time of Employee's breach or refusal to execute the general release (such repayment outlined in (ii) of this sentence, the " Recoupment Payment ").

1.19 **Excise Taxes.** If the Compensation Committee determines, in its sole discretion, that Section 280G of the Code applies to any compensation payable to Employee, then the provisions of this Section 1.19 shall apply. If any payments or benefits to which Employee is entitled from the Parsley Group, any successor to Parsley or another member of the Parsley Group, or any trusts established by any of the foregoing by reason of, or in connection with, any transaction that occurs after the Effective Date (collectively, the " Payments ," which shall include, without limitation, the vesting of any equity awards or other non-cash benefit or property) are, alone or in the aggregate, more likely than not, if paid or delivered to Employee, to be subject to the tax imposed by Section 4999 of the Code or any successor provisions to that section, then the Payments (consistent with the requirements of Section 409A (as defined below) and beginning with any Payment to be paid in cash hereunder), shall be either (a) reduced (but not below zero) so that the present value of such total Payments received by Employee will be one dollar ($1.00) less than three (3) times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such Payments received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code, or (b) paid in full, whichever of (a) or (b) produces the better net after tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The determination as to whether any Payments are more likely than not to be subject to taxes under Section 4999 of the Code and as to whether reduction or payment in full of the amount of the Payments provided hereunder results in the better net after tax position to Employee shall be made by the Board and Employee in good faith.

1.20 **Resignation.** Unless otherwise agreed to in writing by Parsley and Employee prior to the termination of Employee's employment, any termination of Employee's employment shall constitute, to the extent applicable: (i) an automatic resignation of Employee as an officer of each member of the Parsley Group and (ii) an automatic resignation of Employee from the Board and the board of directors or board of managers of each member of the Parsley Group and from the board of directors or managers or similar governing body of any corporation, limited liability entity or other entity in which Parsley or another member of the Parsley Group holds an equity interest and with respect to which board or similar governing body Employee serves as a designee or other representative for a member of the Parsley Group.

## II. CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

2.01 **Return of Property.** Employee hereby acknowledges and agrees that all Personal Property and equipment furnished to Employee in the course of, or incident to, Employee's employment by the Parsley Group belongs to the Parsley Group and shall be promptly returned to Parsley upon termination of employment or upon demand by the Parsley Group. " Personal Property " includes, without limitation, all automobiles, computers, phones, equipment, well reports, engineering data, geological and geophysical data, maps, credit cards, books, manuals, records, reports, notes, contracts, lists, blueprints, and other documents, or materials, or copies thereof (including computer files and other electronically stored information), and all other proprietary information relating to the business of any member of the Parsley Group. Following termination, Employee will not retain any written, computer files, or other tangible or intangible material containing any proprietary information, Confidential Information (as defined below) or trade secrets of the Parsley Group or any of its agents, employees, and representatives.

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably

designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

2.03 **Confidential Information.** During Employee's employment, Parsley also agrees to provide, and Employee will develop as part of Employee's duties, various trade secrets and other confidential information that are, or will be, owned by Parsley, and that Parsley expressly agrees to assist Employee in developing. Such trade secrets or confidential information includes (but is not limited to) internal confidential information previously developed or compiled by Parsley, commercially obtained information at substantial cost, research resources and other valuable and proprietary materials, and more specifically (but without limitation): financial information and company planning, strategic goals and plans of Parsley or another member of the Parsley Group, geological and geophysical data, engineering data and compilations, well logs, well production records, well files, seismic and other geophysical data and interpretation, engineering data and analysis, maps, samples, cores, cuttings, well logs, well production records, well files, and the like (" Confidential Information "). Employee stipulates and acknowledges: (i) that the Confidential Information is not generally known outside of Parsley's business or by employees and others involved in the same business as Parsley; (ii) that Parsley takes significant measures to guard the secrecy of this information; (iii) that the information is extremely valuable to Parsley and would be valuable to Parsley's competitors; (iv) that Parsley has expended material amounts of money and effort in developing this Confidential Information; and (v) that this Confidential Information could not be easily or properly acquired by others.

2.04 **Confidentiality Obligation.** Employee agrees to not disclose, directly or indirectly, any of the Confidential Information of Parsley, nor use it in any way, directly or indirectly, except in furtherance of Employee's duties as an employee under this Agreement. Employee specifically agrees that Employee will not use any Confidential Information for Employee's own benefit, the benefit of any other person, including competitors of Parsley, or for the disadvantage of Parsley. Employee will take care to guard the security of the Confidential Information at all times. In this regard, Employee agrees that Employee will not disclose any of this Confidential Information to any person that does not need to know and have the right to know the information, including other Parsley employees, and that Employee will take care in guarding electronic data. Notwithstanding the foregoing and subject to Section 2.07, to the extent that Employee shall be required, by law or process of law, to disclose Confidential Information, Employee shall be entitled to do so only to the extent so required, subject to giving prompt, advance notice of such requirement in writing to the General Counsel of Parsley so that Parsley may pursue a protective order or other remedy, and Employee acknowledges and agrees to cooperate reasonably with Parsley's efforts to obtain a confidentiality order or similar protection.

2.05 **Duties Upon Termination.** Employee agrees that at such time as Employee's services are terminated or upon demand by the Parsley Group, for whatever reason, Employee shall promptly return: (i) all Confidential Information (however stored) and (ii) equipment in Employee's possession belonging to Parsley.

2.06 These confidentiality duties survive the termination of Employee's employment into perpetuity.

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

## III. NON-COMPETITION AGREEMENT AND NON-SOLICITATION

3.01 **Ancillary.** The non-competition obligations of Employee and the non-solicitation provisions in this Section III are ancillary to, and are supported by (and in support of), Parsley's and Employee's respective obligations set forth in this Agreement.

3.02 **Definitions.** Terms given special meaning in this Section III are:

" Compete " means: (i) to lease, purchase, or otherwise obtain a mineral estate (in whole or in part), including purchasing or obtaining a royalty interest, overriding royalty interest, working interest, or the like or (ii) to provide [_____] services, to any corporate entity operating as an exploration and production business other than members of the Parsley Group.

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six (6) months after the date of termination of Employee's employment with Parsley.

" Territory " means all land within a three (3)-mile radius from the farthest outside edge of each oil or gas lease that is or was under lease, letter agreement, or operated by a member of the Parsley Group as of the Effective Date.

3.03 **Non-Compete Obligation.** In return for the consideration given in this Agreement and in support of the promises therein, Employee agrees that Employee will not Compete during the Restricted Period in the Territory.

3.04 **Non-Solicitation.** In return for the consideration given in this Agreement and in support of the promises therein, Employee agrees that Employee will not directly or indirectly solicit or hire any employee of the Parsley Group to be an employee or co-venturer in another matter that Competes or intends to Compete with Parsley during the Restricted Period in the Territory.

3.05 **Non-Disparagement.** Employee shall not, during the Term or any time thereafter, make any untrue, misleading, or defamatory statements concerning the Parsley Group or its directors or employees. After termination of Employee's employment with the Parsley Group for any reason, Parsley shall make commercially reasonable efforts to ensure that its managers, directors and officers do not make any untrue, misleading, or defamatory statements concerning Employee. Employee will not, and Parsley shall make commercially reasonable efforts to ensure that its managers, directors and officers do not, directly or indirectly make, repeat or publish any false, disparaging, negative, unflattering, accusatory, or derogatory remarks or references, whether oral or in writing, concerning the Parsley Group or Employee, respectively, or otherwise take any action which might reasonably be expected to cause damage or harm to the Parsley Group or Employee, respectively. However, nothing in this Agreement is intended to restrict actions or communications protected or required by law, such as enforcing rights under this Agreement or any other agreement, testifying truthfully as a witness, or complying with other legal obligations, including communicating with or fully cooperating in the investigations of any governmental agency on matters within their jurisdictions.

3.06 **Cooperation.** Upon the receipt of reasonable notice from Parsley (including outside counsel), Employee agrees that while employed by Parsley and thereafter, Employee shall provide reasonable assistance to the Parsley Group and their respective representatives in defense of any claims that may be made against any member of the Parsley Group and shall assist in the prosecution of any claims that may be made by any member of the Parsley Group, to the extent that such claims relate to or arise out of Employee's service to or employment by Parsley. Employee agrees to inform Parsley promptly if Employee becomes aware of any lawsuits involving such claims that may be filed or threatened against any member of the Parsley Group. Employee also agrees to inform Parsley promptly (to the extent legally permitted to do so) if Employee is asked to assist in any investigation of any member of the Parsley Group (or its actions), regardless of whether a lawsuit or other proceeding has then been filed against any member of the Parsley Group with respect to such investigation. Upon presentation of appropriate documentation, Parsley shall pay or reimburse Employee for all reasonable out-of-pocket expenses incurred by Employee in complying with this Section 3.06. If at the time of compliance Employee is no longer an employee, officer or director (or functional equivalent) of any member of the Parsley Group, Parsley shall provide a reasonable per diem to Employee.

3.07 **Stipulation of Reasonable Scope and Term.** Employee warrants, represents, and stipulates that the consideration given in this Agreement was good and valid consideration and that no bad faith existed in the negotiation of this Agreement. Employee further warrants, represents, and stipulates the duties imposed and rights granted in this Section III are necessary to protect legitimate interests of Parsley and the Parsley Group as set forth in this document and, in particular, that the non-compete obligations set forth in Section 3.03 are fair, appropriate, and reasonable in their limitations with respect to time, geographic area, and scope of activities and impose no more restraint than is necessary to protect Parsley's legitimate business interest, nor are they oppressive, nor will they unreasonably deprive Employee of the ability to earn a living.

## IV. GENERAL

4.01 **Enforcement by Injunction.** Employee acknowledges that Employee's violation or threatened or attempted violation of the covenants contained in Section III of this Agreement will cause irreparable harm to Parsley and that money damages would not be sufficient remedy for any breach of those covenants. Employee agrees that Parsley shall be entitled as a matter of right to specific performance of the covenants in Section III of this Agreement, including entry of an ex parte temporary restraining order in a state or federal court, preliminary and permanent injunctive relief against activities in violation of this Agreement, or both, or other appropriate judicial remedy, writ, or order, in any court of competent jurisdiction, restraining any violation or further violation of such agreements by Employee or others acting on Employee's behalf, without any showing of irreparable harm and without any showing that Parsley does not have an adequate remedy at law. In furtherance of the intent to allow for immediate injunctive relief in the event of a breach, or threatened breach, of this Agreement, Employee agrees that Parsley would be entitled to its attorneys' fees if successful in seeking injunctive relief and that any temporary restraining order or temporary/preliminary injunction bond should not be more than $1,000. Injunction is expressly not the exclusive remedy hereunder.

4.02 **Assignment.** This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. Parsley may assign this Agreement without Employee's consent to any successor (whether by merger, purchase, or otherwise) to all or substantially all of the equity, assets, or businesses of Parsley. The rights and obligations of Parsley under this Agreement will inure to the benefit of the successors and assigns of Parsley.

4.03 **Savings Clause.** Should any court of competent jurisdiction hold any term, provision, covenant, or condition of this Agreement (or portion thereof) to be illegal, void, unenforceable, or otherwise invalid, such term, provision, covenant, or condition (or portion thereof), will be automatically conformed to the applicable law to give the provision(s) the greatest effectuation possible of the original intent allowed by law and equity, and this Agreement will otherwise continue in full force and effect.

4.04 **Entire Agreement.** This Agreement represents the entire agreement of the Parties regarding the employment of Employee and this Agreement cancels and supersedes all other prior written or oral agreements, including, without limitation, [the Repayment Agreement and] any other prior non-disclosure, confidentiality, or employment agreements. The terms are contractual and not mere recitals. In entering into this Agreement, each Party stipulates, warrants, and represents that it or Employee has relied on the advice of its or Employee's own attorneys and financial advisors concerning the legal and tax consequences of the Agreement; that its or Employee's own attorneys have completely read and explained to it or Employee the terms of the Agreement; that each is a sophisticated business person with experience negotiating these types of transactions; that no special relationship of influence or trust existed among the Parties prior to the entry into this Agreement that caused it or Employee to enter this Agreement; that each fully understands and voluntarily accepts the terms of the Agreement without any duress or undue persuasion put upon it or

Employee by the other or any other person, specifically including, but not limited to, counsel or accountants for either Party; **and that no representations, promises, or statements outside the four corners of this Agreement by the opposite Party, nor any agent, employee, attorney, accountant, or other representative of the opposite Party has influenced it or Employee into entering this Agreement** . Each Party has had access to counsel and an opportunity to read, review, and revise this Agreement. This Agreement is the result of the joint efforts of the Parties and each of the party's respective counsel. Therefore, the Parties agree that this Agreement, and any given provision of it, should not be construed against either Party. Each of the Parties hereto recognize and stipulate that this provision is binding as a matter of law and fact and shall preclude said Party from asserting that Employee was wrongfully induced to enter into this Agreement by any representation, promise, or agreement, or statement of a past or existing fact, which is not found within the four corners of this Agreement.

4.05 **Key Person Insurance.** Parsley and Employee acknowledge that Employee is a "key person" and as such Parsley may take out life insurance on such Employee for the benefit of Parsley or its affiliates. Employee agrees to cooperate with Parsley and submit to the necessary medical examinations and tests reasonably required to obtain such insurance, but insurability is not a condition of employment or continuation of employment.

4.06 **No Waiver.** A waiver of any breach of any of the terms of this Agreement shall be effective only if in writing and signed by the Party against whom such waiver or breach is claimed. No waiver of any breach shall be deemed a waiver of any other subsequent breach.

4.07 **Further Assurances.** Each Party shall each execute such assignments, endorsements and other instruments and documents and shall give such further assurance as shall be reasonably necessary to perform its obligations under this Agreement.

4.08 **Third Party Beneficiaries.** Each member of the Parsley Group, together with any additional or future affiliates thereof, are expressly third party beneficiaries of Employee's representations herein and can enforce this Agreement as if a party hereto.

4.09 **Clawback.** Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Employee pursuant to this Agreement or any other agreement or arrangement with Parsley or another member of the Parsley Group which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by Parsley or the Parsley Group pursuant to any such law, government regulation or stock exchange listing requirement).

4.10 **Section 409A.**

(i) This Agreement is intended to comply with Section 409A of the Code and the applicable Treasury Regulations issued thereunder (" Section 409A ") or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. The amount of expenses eligible for reimbursement, or in-

kind benefits provided, if any, under this Agreement during Employee's taxable year shall not affect the expenses eligible for reimbursement or in in-kind benefits to be provided, in any other taxable year. Further, the reimbursement of an eligible expense will be made on or before the last day of Employee's taxable year following the taxable year in which the expense was incurred and the right to reimbursement or in-kind benefits, if any, is not subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, the Parsley Group makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Parsley Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

(ii) Notwithstanding any other provision of this Agreement, if any payment or benefit provided to Employee in connection with Employee's termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and Employee is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six (6)-month anniversary of the date of Employee's termination of employment (the " Specified Employee Payment Date "). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Employee in a lump-sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

4.11 **Governing Law; Venue; Waiver of Trial by Jury.**

(i) This Agreement and the rights of the Parties hereunder shall be governed by, interpreted, and enforced in accordance with the internal laws of the State of Texas without giving effect to any choice of law or conflicts of law rules or provisions thereof.

(ii) Each Party irrevocably agrees that any action or proceeding involving any dispute or matter arising under or relating to this Agreement may only be brought in the state or federal courts of the State of Texas in Midland County. In accordance with the foregoing, each Party agrees that the courts of Midland County will be the exclusive venue for any dispute or matter arising under or relating to this Agreement, which such jurisdiction, forum, and venue each Party expressly acknowledges and agrees has a direct, reasonable relation to this Agreement and any controversy relating to or arising from this Agreement, and the Parties agree not to raise, and hereby waive, any objection to or defense based upon the jurisdiction or venue of any such court or forum non conveniens.

(iii) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES, AND COVENANTS THAT IT SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ITS RESPECTIVE RIGHT TO A JURY TRIAL OF ANY PERMITTED CLAIM OR CAUSE OF ACTION ARISING OUT OF THIS AGREEMENT, ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY DEALINGS BETWEEN ANY OF THE PARTIES HERETO RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY. THE SCOPE OF THIS WAIVER AND COVENANT IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, CONTRACT CLAIMS, TORT CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS WAIVER AND COVENANT IS IRREVOCABLE AND SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, SUPPLEMENTS OR OTHER MODIFICATIONS TO THIS AGREEMENT.

(iv) In the event of any action or proceeding involving any dispute or matter arising under or relating to this Agreement, the prevailing party in such action or proceeding shall be entitled to recover from the other party all reasonable and necessary attorneys' fees incurred in connection with such action or proceeding.

4.12 **Multiple Counterparts.** This Agreement may be executed in any number of counterparts, or with counterpart signature pages, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

*[Signatures Follow]*

*(Vice President Form)*

Executed as of this [__] day of [ _____ ], [____].

**EMPLOYEE:**

_____

[_____], an individual

**PARSLEY ENERGY OPERATIONS, LLC**

By: _____

**PARSLEY ENERGY OPERATIONS, LLC**

**FIRST AMENDMENT TO EMPLOYMENT, CONFIDENTIALITY, AND**

**NON-COMPETITION AGREEMENT**

**WHEREAS, Parsley Energy Operations, LLC** (" Parsley ") and , a natural person (" Employee ") (Employee and Parsley each referred to as a " Party " and, collectively, as the " Parties " herein) entered into an Employment, Confidentiality, and Non-Competition Agreement, effective as of (the " Agreement "); and

**WHEREAS,** the Parties desire to amend the Agreement as described below, effective as of the date set forth below.

**NOW, THEREFORE,** the Agreement shall be amended as follows:

1. The phrases "(including equity compensation)" and ", except as otherwise provided in the award agreement under which the award was granted," shall be deleted from Section 1.13 , and the phrase "by the Board" shall be deleted from the definition of "Cause" in Section 1.13 and replaced with the phrase "by Parsley".

2. The final sentence of the first paragraph of Section 1.14 of the Agreement shall be deleted and the following shall be substituted therefor:

   Further, if Employee is terminated pursuant to this Section 1.14 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then (i) at the end of the applicable performance period, a portion of each unvested grant of performance-based equity awards shall vest, such portion to be equal to the product of (A) the total number of such awards that would have vested based on the actual levels of performance over the applicable performance period had Employee continued to provide services to the Parsley Group through the end of such performance period and (B) a fraction, the numerator of which is equal to the number of days in the applicable performance period for such award that elapsed prior to Employee's termination of employment and the denominator of which is equal to the total number of days in the applicable performance period (the " Performance-Based Pro-Rata Awards "), and (ii) a portion of each unvested grant of time-based equity awards shall immediately vest as of the date of Employee's termination of employment, such portion to be equal to the product of (A) the total number of awards included in such grant to Employee and (B) a fraction, the numerator of which is equal to the number of days that elapsed from the date of grant of such award through the date of Employee's termination of employment and the denominator of which is equal to the total number of days from the date of grant through the last vesting date applicable to such grant (the " Time-Based Pro-Rata Awards "); provided, however, that the Time-Based Pro-Rata Awards shall be reduced by the number of awards from the same grant that vested prior to Employee's termination of employment, if any. The Performance-Based Pro-Rata Awards will be settled at the time they would have been settled if Employee had continued to provide services to the Parsley Group through the end of the applicable performance period; provided, however, that such settlement date shall not be earlier than the first business day following the Release Consideration Period (the " Initial Payment Date ") and shall not be later than sixty-five (65) days following the end of the applicable performance period. The Time-Based Pro-Rata Awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. Notwithstanding the foregoing, awards of restricted stock granted to Employee on

, if any, shall vest according to the terms of the applicable award agreement, and this Section 1.14 shall have no bearing on the vesting of such awards.

3. Section 1.15 of the Agreement shall be deleted and the following shall be substituted therefor:

1.15 **Death or Disability.** Employee's employment shall terminate automatically on the date of Employee's death or immediately upon Parsley's sending Employee a notice of termination of employment for " Disability ," which shall mean Employee's inability to perform the essential functions of Employee's position, with reasonable accommodation, due to an illness or physical or mental impairment or other incapacity that continues, or can reasonably be expected to continue, for a period in excess of ninety (90) days (whether or not consecutive) during any period of three hundred sixty-five (365) consecutive days. Upon termination of Employee's employment by reason of death or Disability pursuant to this Section 1.15, Employee shall be entitled to receive (i) the Accrued Obligations and (ii) provided that Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, (A) beginning on the Initial Payment Date, Employee's Base Salary for the remainder of the calendar year in which death or Disability occurred, which, following the Initial Payment Date, shall be paid as and when such amounts would have been due had Employee's employment continued (the " Death or Disability Payment ") and (B) following the applicable performance period, if any, a portion of Employee's Annual Bonus for the calendar year in which death or Disability occurred, such portion equal to the product of (1) the Annual Bonus Employee would have been eligible to receive pursuant to Section 1.03 had Employee continued to provide services to the Parsley Group through the payment date of such Annual Bonus based on the actual achievement of the applicable performance conditions, if any, as determined by the Compensation Committee in its sole discretion and (2) a fraction, the numerator of which is equal to the number of days in the calendar year that elapsed prior to Employee's termination of employment by reason of death or Disability and the denominator of which is three hundred sixty-five (365) (the " Death or Disability Bonus "). Any installments of the Death or Disability Payment that, in accordance with customary payroll practices, would have typically been made during the Release Consideration Period shall accumulate and shall then be paid on the Initial Payment Date. The Death or Disability Bonus shall be paid in a lump-sum on or before the date annual bonuses for the calendar year in which death or Disability occurred are paid to employees of the same level and responsibility who have continued employment with the Parsley Group; provided, however, in no event shall the Death or Disability Bonus be paid prior to the Initial Payment Date or later than March 15 of the calendar year following the calendar year in which death or Disability occurred. Further, if Employee is terminated pursuant to this Section 1.15 prior to the date on which all unvested outstanding equity awards held by Employee vest and Employee or Employee's estate, as applicable, has fulfilled the Severance Conditions, then (A)(i) the target number of each grant of performance-based equity awards outstanding shall immediately vest as of the date of Employee's termination of employment, and (ii) all unvested outstanding time-based equity awards held by Employee shall immediately vest as of the date of Employee's termination of employment and (B) such awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment.

4. The final sentence of the first paragraph of Section 1.16 of the Agreement shall be deleted and the following shall be substituted therefor:

Further, if Employee is terminated pursuant to this Section 1.16 prior to the date on which all unvested outstanding time-based equity awards held by Employee vest and Employee has fulfilled the Severance Conditions, then all unvested outstanding time-based equity awards held by Employee

shall immediately vest as of the date of Employee's termination of employment, and such time-based equity awards shall be settled on or following the Initial Payment Date but no later than sixty-five (65) days following Employee's termination of employment. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, if Employee is terminated pursuant to this Section 1.16, then the treatment of each unvested grant of performance-based equity awards granted following a Change of Control shall be determined in accordance with the terms of the award agreement applicable to each such grant.

5. The following shall be added as a new Section 1.20 :

1.20 **Vesting of Performance-Based Equity Awards Based on Actual Performance upon Change of Control.** Provided that Employee remains continuously employed by Parsley from the date of grant of the award through the date that is immediately prior to the occurrence of a Change of Control, then upon the occurrence of a Change of Control, each grant of performance-based equity awards outstanding shall immediately vest based on the actual achievement of the applicable performance conditions, as determined by the Compensation Committee in its sole discretion, measured from the first day of the applicable performance period through the date immediately prior to the Change of Control. Such awards shall be settled no later than thirty (30) days following the Change of Control. For the avoidance of doubt, no time-based equity awards shall vest as a result of this Section 1.20.

6. The following shall be added as a new Section 1.21 :

1.21 **COBRA Expense Reimbursement Obligation Canceled if Sanctions or Taxes Imposed.** Notwithstanding anything in Section 1.14 and Section 1.16 of this Agreement to the contrary, neither Parsley nor any member of the Parsley Group shall have any obligation to reimburse Employee for any portion of the cost incurred by Employee to obtain continuation of coverage under the Parsley Group's health plans following termination of employment if such reimbursement would subject any member of the Parsley Group to sanctions imposed pursuant to Section 2716 of the Public Health Service Act.

7. Section 2.02 of the Agreement shall be deleted and the following shall be substituted therefor:

2.02 **Developed Intellectual Property.** Employee also acknowledges and agrees that in connection with the performance of Employee's duties, Employee may author, create, conceive, develop or reduce to practice Confidential Information, trade secrets, and other Intellectual Property (as defined below) in whole or in part, either alone or jointly with others. With respect to any and all such Intellectual Property and/or improvements to any of the same authored, created, conceived, developed, or reduced to practice by Employee or Parsley (whether alone or in combination with others) (a) during Employee's working hours, or (b) at Parsley's expense, or (c) using any of Parsley's materials or facilities, or (d) that relates to the business of Parsley or to the research or development of Parsley (collectively, " Developed Intellectual Property "), Employee agrees that the same are, and shall be, the exclusive property of the Parsley Group. Employee further acknowledges that all original works of authorship made by Employee (alone or jointly with others) that constitute Developed Intellectual Property are "works made for hire," as that term is defined in the United States Copyright Act and to the extent allowed by law. Without limiting the immediately preceding sentence, to the extent Employee develops any interest in the Developed Intellectual Property, Employee agrees to and does hereby assign to Parsley, or its nominee, Employee's entire right, title, and interest in and to all Developed Intellectual Property. For clarity, such assignment includes all

registrations or applications for registration of such Developed Intellectual Property, including any U.S. or international applications for patents or copyright registrations filed during or after the Term of this Agreement. Employee shall promptly disclose all such works made for hire and other Developed Intellectual Property to Parsley and, both during and after the Term of this Agreement, agrees to execute, at Parsley's expense, any and all documents that Parsley reasonably deems necessary to assign, obtain, maintain, protect and/or enforce its worldwide right to, title interest in, and ownership of such works made for hire and Developed Intellectual Property. Employee agrees to perform, during and after the Term of this Agreement, all acts deemed necessary or desirable by Parsley to permit and assist Parsley in evidencing, perfecting, obtaining, maintaining, defending, and enforcing rights and/or Employee's assignment of such works made for hire and Developed Intellectual Property in any and all countries, at Parsley's expense. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints Parsley and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on behalf and instead of Employee, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effects as if executed by Employee.

" Intellectual Property " means software, technical data, know-how, discoveries, conceptions, ideas, research, reports, patents, inventions (whether or not patentable), copyrights (including copyrights in software), trademarks, and trade secrets, including all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

8. The phrase "Notwithstanding the foregoing," shall be deleted from Section 2.04 and replaced with the phrase "Notwithstanding the foregoing and subject to Section 2.07,".

9. The following shall be added as a new Section 2.07 :

2.07 **Whistleblowing.** Nothing in this Agreement will prevent Employee from: (i) making a good faith report of possible violations of applicable law to the Securities and Exchange Commission (" SEC ") or any other governmental agency or entity or (ii) making disclosures to the SEC or any other governmental agency or entity that are protected under the whistleblower provisions of applicable law, in each case, without notice to Parsley. Nothing in this Agreement limits Employee's right, if any, to receive an award for information provided to the SEC. For the avoidance of doubt, nothing herein shall prevent Employee from making a disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

10. The following shall be added as a new Section 2.08 :

2.08 **Legally Protected Activities.** Nothing in this Agreement precludes Employee from engaging in legally protected activities, including those protected by the National Labor Relations Act.

11. The following shall be added as a new Section 2.09 .

2.09 **Exclusive Knowledge.** Employee acknowledges and agrees that Employee will obtain knowledge and skill relevant to the Parsley Group's industry, methods of doing business and marketing strategies by virtue of Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances. Employee further acknowledges that Confidential Information has been and will be developed or acquired by the Parsley Group through the expenditure of substantial time, effort and money. Employee understands and acknowledges that this Confidential Information and the Parsley Group's ability to reserve it for the exclusive knowledge and use of the Parsley Group is of great competitive importance and commercial value to the Parsley Group, and that improper use or disclosure of the Confidential Information by Employee might cause the Parsley Group to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee agrees that the Parsley Group's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Parsley Group's need for the protection afforded by this Section 2.09 and Section III is greater than any hardship Employee might experience by complying with its terms.

12. The definition of "Restricted Period" in Section 3.02 shall be deleted and the following shall be substituted therefor:

" Restricted Period " means during such time as Employee is employed with Parsley and the one-year period commencing on the date Employee ceases employment with Parsley for any reason and ending on the first anniversary thereof; provided, however, that if Employee's employment is terminated by Employee for Good Reason or by Parsley other than for Cause, the Restricted Period shall end six months after the date of termination of Employee's employment with Parsley.

13. As amended hereby, the Parties ratify and reaffirm the Agreement.

*[Signatures Follow]*

Executed as of this day of .

**EMPLOYEE:**

_____

**PARSLEY ENERGY OPERATIONS, LLC**

By: _____

**Exhibit 10.13**

# INDEMNIFICATION AGREEMENT

This Indemnification Agreement (" Agreement ") is made as of April 1, 2016, by and between Parsley Energy, Inc., a Delaware corporation (the " Corporation "), and Stephanie Reed (" Indemnitee ").

RECITALS:

WHEREAS, directors, officers and other persons in service to corporations or business enterprises are subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Corporation or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve as directors, officers or in other capacities unless they are provided with adequate protection through insurance and adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Corporation (the " Board ") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Corporation and its stockholders and that the Corporation should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, (i) the Amended and Restated Bylaws of the Corporation (as may be amended, the " Bylaws ") require indemnification of the officers and directors of the Corporation, (ii) Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (" DGCL ") and (iii) the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive and thereby contemplate that contracts may be entered into between the Corporation and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and the Amended and Restated Certificate of Incorporation of the Corporation (as may be amended, the " Certificate of Incorporation ") and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, (i) Indemnitee does not regard the protection available under the Bylaws and insurance as adequate in the present circumstances, (ii) Indemnitee may not be willing to serve or continue to serve as a director or officer of the Corporation without adequate protection, (iii) the Corporation desires Indemnitee to serve in such capacity, and (iv) Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Corporation on the condition that he be so indemnified.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions . (i) As used in this Agreement:

" Affiliate " of any specified Person shall mean any other Person controlling, controlled by or under common control with such specified Person.

" Corporate Status " describes the status of a person who is or was a director, officer, employee or agent of (i) the Corporation or (ii) any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

" Disinterested Director " shall mean a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

" Enterprise " shall mean the Corporation and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Corporation as a director, officer, employee, agent or fiduciary.

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended.

" Expenses " shall mean all reasonable costs, expenses, fees and charges, including, without limitation, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include, without limitation, (i) expenses incurred in connection with any appeal resulting from, incurred by Indemnitee in connection with, arising out of, or in respect of or relating to, any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent, (ii) for purposes of Section 12(d) hereof only, expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise, (iii) any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, and (iv) any interest, assessments or other charges in respect of the foregoing. "Expenses" shall not include "Liabilities."

" Indemnity Obligations " shall mean all obligations of the Corporation to Indemnitee under this Agreement, including the Corporation's obligations to provide indemnification to Indemnitee and advance Expenses to Indemnitee under this Agreement.

" Independent Counsel " shall mean a law firm of fifty (50) or more attorneys, or a member of a law firm of fifty (50) or more attorneys, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder; *provided* , *however* , that the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

" Liabilities " shall mean all claims, liabilities, damages, losses, judgments, orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

" Person " shall mean any individual, corporation, partnership, limited partnership, limited liability company, trust, governmental agency or body or any other legal entity.

" Proceeding " shall mean any threatened, pending or completed action, claim, suit, arbitration, alternate dispute resolution mechanism, formal or informal hearing, inquiry or investigation, litigation, inquiry, administrative hearing or any other actual, threatened or completed judicial, administrative or arbitration proceeding (including, without limitation, any such proceeding under the Securities Act of 1933, as amended, or the Exchange Act or any other federal law, state law, statute or regulation), whether brought in the right of the Corporation or otherwise, and whether of a civil, criminal, administrative or investigative nature, in each case, in which Indemnitee was, is or will be, or is threatened to be, involved as a party, witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Corporation, by reason of any actual or alleged action taken by Indemnitee or of any action on Indemnitee's part while acting as director or officer of the Corporation, or by reason of the fact that he is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement can be provided under this Agreement

(a) For the purpose hereof, references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a Person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

Section 2. Indemnity in Third-Party Proceedings. The Corporation shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or reasonably incurred (and, in the case of retainers, reasonably expected to be incurred) by Indemnitee or on Indemnitee's behalf in connection with any Proceeding (other than any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor), or any claim, issue or matter therein.

Section 3. Indemnity in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor, or any claim, issue or matter therein. No indemnification for Liabilities and Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Corporation, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to such indemnification.

Section 4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, and without limiting the rights of Indemnitee under any other provision hereof, including any rights to indemnification pursuant to Sections 2 or 3 hereof, to the fullest extent permitted by applicable law, to the extent that Indemnitee is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved Proceeding, claim, issue or matter. For purposes of this Section 4 and without limitation, the termination of any Proceeding or claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 5. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or otherwise a participant in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses suffered or incurred (or, in the case of retainers, reasonably expected to be incurred) by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 6. Additional Indemnification. Notwithstanding any limitation in Sections 2, 3 or 4 hereof, the Corporation shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Corporation to procure a judgment in its favor) against all Liabilities and Expenses suffered or reasonably incurred by Indemnitee in connection with such Proceeding, including but not limited to:

(a) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(b) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 7. Exclusions. Notwithstanding any provision in this Agreement, the Corporation shall not be obligated under this Agreement to indemnify or hold harmless Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy obtained by the Corporation except with respect to any excess beyond the amount paid under such insurance policy;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) except as provided in Section 12(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Corporation or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law; or

(d) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

Section 8. Advancement. In accordance with the pre-existing requirements of the Bylaws, and notwithstanding any provision of this Agreement to the contrary, the Corporation shall advance, to the extent not prohibited by applicable law, the Expenses reasonably incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Corporation of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all Expenses reasonably incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Corporation to support the advances claimed. Indemnitee shall qualify for advances upon the execution and delivery to the Corporation of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to repay the amounts advanced to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Corporation. This Section 8 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 7 hereof.

Section 9. Procedure for Notification and Defense of Claim .

(a) Indemnitee shall promptly notify the Corporation in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement hereunder following the receipt by Indemnitee of written notice thereof. The written notification to the Corporation shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Any delay or failure by Indemnitee to notify the Corporation hereunder will not relieve the Corporation from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay or failure in so notifying the Corporation shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) In the event Indemnitee is entitled to indemnification and/or advancement with respect to any Proceeding, Indemnitee may, at Indemnitee's option, (i) retain counsel selected by Indemnitee and approved by the Corporation to defend Indemnitee in such Proceeding, at the sole expense of the Corporation (which approval shall not be unreasonably withheld, conditioned or delayed), or (ii) have the Corporation assume the defense of Indemnitee in such Proceeding, in which case the Corporation shall assume the defense of such Proceeding with counsel selected by the Corporation and approved by Indemnitee (which approval shall not be unreasonably withheld, conditioned or delayed) within ten (10) days of the Corporation's receipt of written notice of Indemnitee's election to cause the Corporation to do so. If the Corporation is required to assume the defense of any such Proceeding, it shall engage legal counsel for such defense, and the Corporation shall be solely responsible for all fees and expenses of such legal counsel and otherwise of such defense. Such legal counsel may represent both Indemnitee and the Corporation (and any other party or parties entitled to be indemnified by the Corporation with respect to such matter) unless, in the reasonable opinion of legal counsel to Indemnitee, there is a conflict of interest between Indemnitee and the Corporation (or any other such party or parties) or there are legal defenses available to Indemnitee that are not available to the Corporation (or any such other party or parties). Notwithstanding either party's assumption of responsibility for defense of a Proceeding, each party shall have the right to engage separate counsel at its own expense. The party having responsibility for defense of a Proceeding shall provide the other party and its counsel with all copies of pleadings and material correspondence relating to the Proceeding. Indemnitee and the Corporation shall reasonably cooperate in the defense of any Proceeding with respect to which indemnification is sought hereunder, regardless of whether the Corporation or Indemnitee assumes the defense thereof. Indemnitee may not settle or compromise any Proceeding without the prior written consent of the Corporation, which consent shall not be unreasonably withheld, conditioned or delayed. The Corporation may not settle or compromise any Proceeding without the prior written consent of Indemnitee.

Section 10. Procedure Upon Application for Indemnification .

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a) hereof, if any determination by the Corporation is required by applicable law with respect to Indemnitee's entitlement thereto, such determination shall be made (i) if Indemnitee shall request such determination be made by Independent Counsel, by Independent Counsel, and (ii) in all other circumstances, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Corporation; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Corporation will not deny any written request for indemnification hereunder made in good faith by Indemnitee unless a determination as to Indemnitee's entitlement to such indemnification described in this Section 10(a) has been made. The Corporation agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Liabilities and Expenses arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a) hereof, (i) the Independent Counsel shall be selected by the Corporation within ten (10) days of the Submission Date (the cost of such Independent Counsel to be paid by the Corporation), (ii) the Corporation shall give written notice to Indemnitee advising it of the identity of the Independent Counsel so selected and (iii) Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Corporation Indemnitee's written objection to such selection. Such objection by Indemnitee may be asserted only on the ground that the Independent Counsel selected does not meet the requirements of "Independent Counsel" as defined in this Agreement. If such written objection is made and substantiated, the Independent Counsel selected shall not serve as Independent Counsel unless and until Indemnitee withdraws the objection or a court has determined that such objection is without merit. Absent a timely objection, the person so selected shall act as Independent Counsel. If no Independent Counsel shall have been selected and not objected to before the later of (i) thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof (the " Submission Date ") and (ii) ten (10) days after the final disposition of the Proceeding, each of the Corporation and Indemnitee shall select a law firm or member of a law firm meeting the qualifications to serve as Independent Counsel, and such law firms or members

of law firms shall select the Independent Counsel. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings .

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by applicable law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Corporation shall, to the fullest extent not prohibited by applicable law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Corporation (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 12(e) hereof, if the person, persons or entity empowered or selected under Section 10 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Corporation of the request therefore, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by applicable law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent a prohibition of such indemnification under applicable law; *provided* , *however* , that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if (i) the determination is to be made by Independent Counsel and Indemnitee objects to the Corporation's selection of Independent Counsel and (ii) the Independent Counsel ultimately selected requires such additional time for the obtaining or evaluating of documentation or information relating thereto; *provided further, however* , that such 60-day period may also be extended for a reasonable time, not to exceed an additional sixty (60) days, if the determination of entitlement to indemnification is to be made by the stockholders of the Corporation.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) Reliance as Safe Harbor . For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied

to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others . The knowledge or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee .

(a) Subject to Section 12(e) hereof, in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within ninety (90) days after receipt by the Corporation of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 4 or 5 or the last sentence of Section 10(a) of this Agreement within ten (10) days after receipt by the Corporation of a written request therefor, (v) payment of indemnification pursuant to Sections 2, 3 or 6 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Corporation or any other Person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of Indemnitee's entitlement to such indemnification or advancement. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12 the Corporation shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a prohibition of such indemnification under applicable law.

(d) The Corporation shall, to the fullest extent not prohibited by applicable law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement. It is the intent of the Corporation that Indemnitee not be required to incur Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. The Corporation shall indemnify Indemnitee against any and all such Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Corporation of a written request therefore) advance, to the extent not prohibited by applicable law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Corporation under this Agreement or under any directors' and officers' liability insurance policies maintained by the Corporation, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement or insurance recovery, as the case may be.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; *provided* that, in absence of any such determination with respect to such Proceeding, the Corporation shall advance Expenses with respect to such Proceeding.

Section 13. Non-Exclusivity; Survival of Rights; Insurance; Subrogation .

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Corporation hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement and insurance provided by one or more Persons with whom or which Indemnitee may be associated. The Corporation hereby acknowledges and agrees that (i) the Corporation shall be the indemnitor of first resort with respect to any Proceeding, Expense, Liability or matter that is the subject of the Indemnity Obligations, (ii) the Corporation shall be

primarily liable for all Indemnity Obligations and any indemnification afforded to Indemnitee in respect of any Proceeding, Expense, Liability or matter that is the subject of Indemnity Obligations, whether created by applicable law, organizational or constituent documents, contract (including this Agreement) or otherwise, (iii) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee or advance Expenses or Liabilities to Indemnitee in respect of any Proceeding shall be secondary to the obligations of the Corporation hereunder, (iv) the Corporation shall be required to indemnify Indemnitee and advance Expenses or Liabilities to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person and (v) the Corporation irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss which is the subject of any Indemnity Obligation owed by the Corporation or payable under any Corporation insurance policy, the payor shall have a right of subrogation against the Corporation or its insurer or insurers for all amounts so paid which would otherwise be payable by the Corporation or its insurer or insurers under this Agreement. In no event will payment of an Indemnity Obligation by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Corporation hereunder or shift primary liability for any Indemnity Obligation to any other Person with whom or which Indemnitee may be associated. Any indemnification, insurance or advancement provided by any other Person with whom or which Indemnitee may be associated with respect to any Liability arising as a result of Indemnitee's Corporate Status or capacity as an officer or director of any Person is specifically in excess over any Indemnity Obligation of the Corporation or any collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Corporation under this Agreement.

(c) To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Corporation or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies and such policies shall provide for and recognize that the insurance policies are primary to any rights to indemnification, advancement or insurance proceeds to which Indemnitee may be entitled from one or more Persons with whom or which Indemnitee may be associated to the same extent as the Corporation's indemnification and advancement obligations set forth in this Agreement. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Corporation has director and officer liability insurance in effect, the Corporation shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Corporation shall not be subrogated to the rights of recovery of Indemnitee, including rights of indemnification provided

to Indemnitee from any other person or entity with whom Indemnitee may be associated; *provided* , *however* , that the Corporation shall be subrogated to the extent of any such payment of all rights of recovery of Indemnitee under insurance policies of the Corporation or any of its subsidiaries.

(e) The indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee.

Section 14. Duration of Agreement; Not Employment Contract . This Agreement shall continue until and terminate upon the latest of: (i) ten (10) years after the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Corporation or any other Enterprise and (ii) the date of final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. This Agreement shall not be deemed an employment contract between the Corporation (or any of its subsidiaries or any other Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Corporation (or any of its subsidiaries or any other Enterprise), if any, is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Corporation (or any of its subsidiaries or any other Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director of the Corporation, by the Certificate of Incorporation, the Bylaws or the DGCL.

Section 15. Severability . If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by applicable law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement .

(a) The Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer, employee or agent of the Corporation, and the Corporation acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Corporation.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided* , *however* , that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and shall not be deemed a substitute therefore, nor diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

Section 18. Notices . All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Corporation.

(b) If to the Corporation to:

Parsley Energy, Inc.
303 Colorado Street, Suite 3000
Austin, Texas 78701
Attention: Board of Directors

or to any other address as may have been furnished to Indemnitee by the Corporation.

Section 19. Contribution . To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Corporation, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for Liabilities or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Corporation and Indemnitee as a result of the event(s) and transaction(s) giving cause to such Proceeding; and (ii) the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and transaction(s).

Section 20. Applicable Law and Consent to Jurisdiction . This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the

Corporation and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the " Delaware Court "), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 21. Counterparts . This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 22. Miscellaneous . Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

*[Signatures Follow]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

PARSLEY ENERGY, INC.

By: /s/ Colin Roberts
Name: Colin Roberts
Title: Vice President—General Counsel

INDEMNITEE

By: /s/ Stephanie Reed
Name: Stephanie Reed
Title: Vice President—Land

**Exhibit 10.14**

# INDEMNIFICATION AGREEMENT

This Indemnification Agreement (" Agreement ") is made as of July 26, 2016, by and between Parsley Energy, Inc., a Delaware corporation (the " Corporation "), and Larry Parnell (" Indemnitee ").

RECITALS:

WHEREAS, directors, officers and other persons in service to corporations or business enterprises are subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Corporation or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve as directors, officers or in other capacities unless they are provided with adequate protection through insurance and adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Corporation (the " Board ") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Corporation and its stockholders and that the Corporation should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, (i) the Amended and Restated Bylaws of the Corporation (as may be amended, the " Bylaws ") require indemnification of the officers and directors of the Corporation, (ii) Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (" DGCL ") and (iii) the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive and thereby contemplate that contracts may be entered into between the Corporation and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and the Amended and Restated Certificate of Incorporation of the Corporation (as may be amended, the " Certificate of Incorporation ") and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, (i) Indemnitee does not regard the protection available under the Bylaws and insurance as adequate in the present circumstances, (ii) Indemnitee may not be willing to serve or continue to serve as a director or officer of the Corporation without adequate protection, (iii) the Corporation desires Indemnitee to serve in such capacity, and (iv) Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Corporation on the condition that he be so indemnified.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions . (i) As used in this Agreement:

" Affiliate " of any specified Person shall mean any other Person controlling, controlled by or under common control with such specified Person.

" Corporate Status " describes the status of a person who is or was a director, officer, employee or agent of (i) the Corporation or (ii) any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

" Disinterested Director " shall mean a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

" Enterprise " shall mean the Corporation and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Corporation as a director, officer, employee, agent or fiduciary.

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended.

" Expenses " shall mean all reasonable costs, expenses, fees and charges, including, without limitation, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include, without limitation, (i) expenses incurred in connection with any appeal resulting from, incurred by Indemnitee in connection with, arising out of, or in respect of or relating to, any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent, (ii) for purposes of Section 12(d) hereof only, expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise, (iii) any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, and (iv) any interest, assessments or other charges in respect of the foregoing. "Expenses" shall not include "Liabilities."

" Indemnity Obligations " shall mean all obligations of the Corporation to Indemnitee under this Agreement, including the Corporation's obligations to provide indemnification to Indemnitee and advance Expenses to Indemnitee under this Agreement.

" Independent Counsel " shall mean a law firm of fifty (50) or more attorneys, or a member of a law firm of fifty (50) or more attorneys, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification

hereunder; *provided* , *however* , that the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

" Liabilities " shall mean all claims, liabilities, damages, losses, judgments, orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

" Person " shall mean any individual, corporation, partnership, limited partnership, limited liability company, trust, governmental agency or body or any other legal entity.

" Proceeding " shall mean any threatened, pending or completed action, claim, suit, arbitration, alternate dispute resolution mechanism, formal or informal hearing, inquiry or investigation, litigation, inquiry, administrative hearing or any other actual, threatened or completed judicial, administrative or arbitration proceeding (including, without limitation, any such proceeding under the Securities Act of 1933, as amended, or the Exchange Act or any other federal law, state law, statute or regulation), whether brought in the right of the Corporation or otherwise, and whether of a civil, criminal, administrative or investigative nature, in each case, in which Indemnitee was, is or will be, or is threatened to be, involved as a party, witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Corporation, by reason of any actual or alleged action taken by Indemnitee or of any action on Indemnitee's part while acting as director or officer of the Corporation, or by reason of the fact that he is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement can be provided under this Agreement

(a) For the purpose hereof, references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a Person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

Section 2. Indemnity in Third-Party Proceedings . The Corporation shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or reasonably incurred (and, in the case of retainers, reasonably expected to be incurred) by Indemnitee or on Indemnitee's behalf in connection with any Proceeding (other than any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor), or any claim, issue or matter therein.

Section 3. Indemnity in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor, or any claim, issue or matter therein. No indemnification for Liabilities and Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Corporation, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to such indemnification.

Section 4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, and without limiting the rights of Indemnitee under any other provision hereof, including any rights to indemnification pursuant to Sections 2 or 3 hereof, to the fullest extent permitted by applicable law, to the extent that Indemnitee is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved Proceeding, claim, issue or matter. For purposes of this Section 4 and without limitation, the termination of any Proceeding or claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 5. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or otherwise a participant in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses suffered or incurred (or, in the case of retainers, reasonably expected to be incurred) by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 6. Additional Indemnification. Notwithstanding any limitation in Sections 2, 3 or 4 hereof, the Corporation shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Corporation to procure a judgment in its favor) against all Liabilities and Expenses suffered or reasonably incurred by Indemnitee in connection with such Proceeding, including but not limited to:

(a) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(b) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 7. Exclusions . Notwithstanding any provision in this Agreement, the Corporation shall not be obligated under this Agreement to indemnify or hold harmless Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy obtained by the Corporation except with respect to any excess beyond the amount paid under such insurance policy;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) except as provided in Section 12(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Corporation or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law; or

(d) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

Section 8. Advancement . In accordance with the pre-existing requirements of the Bylaws, and notwithstanding any provision of this Agreement to the contrary, the Corporation shall advance, to the extent not prohibited by applicable law, the Expenses reasonably incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Corporation of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all Expenses reasonably incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Corporation to support the advances claimed. Indemnitee shall qualify for advances upon the execution and delivery to the Corporation of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to repay the amounts advanced to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Corporation. This Section 8 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 7 hereof.

Section 9. Procedure for Notification and Defense of Claim .

(a) Indemnitee shall promptly notify the Corporation in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement hereunder following the receipt by Indemnitee of written notice thereof. The written notification to the Corporation shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information

as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Any delay or failure by Indemnitee to notify the Corporation hereunder will not relieve the Corporation from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay or failure in so notifying the Corporation shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) In the event Indemnitee is entitled to indemnification and/or advancement with respect to any Proceeding, Indemnitee may, at Indemnitee's option, (i) retain counsel selected by Indemnitee and approved by the Corporation to defend Indemnitee in such Proceeding, at the sole expense of the Corporation (which approval shall not be unreasonably withheld, conditioned or delayed), or (ii) have the Corporation assume the defense of Indemnitee in such Proceeding, in which case the Corporation shall assume the defense of such Proceeding with counsel selected by the Corporation and approved by Indemnitee (which approval shall not be unreasonably withheld, conditioned or delayed) within ten (10) days of the Corporation's receipt of written notice of Indemnitee's election to cause the Corporation to do so. If the Corporation is required to assume the defense of any such Proceeding, it shall engage legal counsel for such defense, and the Corporation shall be solely responsible for all fees and expenses of such legal counsel and otherwise of such defense. Such legal counsel may represent both Indemnitee and the Corporation (and any other party or parties entitled to be indemnified by the Corporation with respect to such matter) unless, in the reasonable opinion of legal counsel to Indemnitee, there is a conflict of interest between Indemnitee and the Corporation (or any other such party or parties) or there are legal defenses available to Indemnitee that are not available to the Corporation (or any such other party or parties). Notwithstanding either party's assumption of responsibility for defense of a Proceeding, each party shall have the right to engage separate counsel at its own expense. The party having responsibility for defense of a Proceeding shall provide the other party and its counsel with all copies of pleadings and material correspondence relating to the Proceeding. Indemnitee and the Corporation shall reasonably cooperate in the defense of any Proceeding with respect to which indemnification is sought hereunder, regardless of whether the Corporation or Indemnitee assumes the defense thereof. Indemnitee may not settle or compromise any Proceeding without the prior written consent of the Corporation, which consent shall not be unreasonably withheld, conditioned or delayed. The Corporation may not settle or compromise any Proceeding without the prior written consent of Indemnitee.

Section 10. Procedure Upon Application for Indemnification .

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a) hereof, if any determination by the Corporation is required by applicable law with respect to Indemnitee's entitlement thereto, such determination shall be made (i) if Indemnitee shall request such determination be made by Independent Counsel, by Independent Counsel, and (ii) in all other circumstances, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such

Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Corporation; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Corporation will not deny any written request for indemnification hereunder made in good faith by Indemnitee unless a determination as to Indemnitee's entitlement to such indemnification described in this Section 10(a) has been made. The Corporation agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Liabilities and Expenses arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a) hereof, (i) the Independent Counsel shall be selected by the Corporation within ten (10) days of the Submission Date (the cost of such Independent Counsel to be paid by the Corporation), (ii) the Corporation shall give written notice to Indemnitee advising it of the identity of the Independent Counsel so selected and (iii) Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Corporation Indemnitee's written objection to such selection. Such objection by Indemnitee may be asserted only on the ground that the Independent Counsel selected does not meet the requirements of "Independent Counsel" as defined in this Agreement. If such written objection is made and substantiated, the Independent Counsel selected shall not serve as Independent Counsel unless and until Indemnitee withdraws the objection or a court has determined that such objection is without merit. Absent a timely objection, the person so selected shall act as Independent Counsel. If no Independent Counsel shall have been selected and not objected to before the later of (i) thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof (the " Submission Date ") and (ii) ten (10) days after the final disposition of the Proceeding, each of the Corporation and Indemnitee shall select a law firm or member of a law firm meeting the qualifications to serve as Independent Counsel, and such law firms or members of law firms shall select the Independent Counsel. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings .

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not

prohibited by applicable law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Corporation shall, to the fullest extent not prohibited by applicable law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Corporation (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 12(e) hereof, if the person, persons or entity empowered or selected under Section 10 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Corporation of the request therefore, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by applicable law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent a prohibition of such indemnification under applicable law; *provided* , *however* , that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if (i) the determination is to be made by Independent Counsel and Indemnitee objects to the Corporation's selection of Independent Counsel and (ii) the Independent Counsel ultimately selected requires such additional time for the obtaining or evaluating of documentation or information relating thereto; *provided further, however* , that such 60-day period may also be extended for a reasonable time, not to exceed an additional sixty (60) days, if the determination of entitlement to indemnification is to be made by the stockholders of the Corporation.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) Reliance as Safe Harbor . For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others . The knowledge or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee .

(a) Subject to Section 12(e) hereof, in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within ninety (90) days after receipt by the Corporation of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 4 or 5 or the last sentence of Section 10(a) of this Agreement within ten (10) days after receipt by the Corporation of a written request therefor, (v) payment of indemnification pursuant to Sections 2, 3 or 6 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Corporation or any other Person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of Indemnitee's entitlement to such indemnification or advancement. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12 the Corporation shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a prohibition of such indemnification under applicable law.

(d) The Corporation shall, to the fullest extent not prohibited by applicable law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement. It is the intent of the Corporation that Indemnitee not be required to incur Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee

hereunder. The Corporation shall indemnify Indemnitee against any and all such Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Corporation of a written request therefore) advance, to the extent not prohibited by applicable law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Corporation under this Agreement or under any directors' and officers' liability insurance policies maintained by the Corporation, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement or insurance recovery, as the case may be.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; *provided* that, in absence of any such determination with respect to such Proceeding, the Corporation shall advance Expenses with respect to such Proceeding.

Section 13. Non-Exclusivity; Survival of Rights; Insurance; Subrogation .

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Corporation hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement and insurance provided by one or more Persons with whom or which Indemnitee may be associated. The Corporation hereby acknowledges and agrees that (i) the Corporation shall be the indemnitor of first resort with respect to any Proceeding, Expense, Liability or matter that is the subject of the Indemnity Obligations, (ii) the Corporation shall be primarily liable for all Indemnity Obligations and any indemnification afforded to Indemnitee in respect of any Proceeding, Expense, Liability or matter that is the subject of Indemnity Obligations, whether created by applicable law, organizational or constituent documents, contract (including this Agreement) or otherwise, (iii) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee or advance Expenses or Liabilities to Indemnitee in respect of any Proceeding shall be secondary to the obligations of the Corporation hereunder, (iv) the Corporation shall be required to indemnify Indemnitee and advance Expenses or Liabilities to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee

may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person and (v) the Corporation irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss which is the subject of any Indemnity Obligation owed by the Corporation or payable under any Corporation insurance policy, the payor shall have a right of subrogation against the Corporation or its insurer or insurers for all amounts so paid which would otherwise be payable by the Corporation or its insurer or insurers under this Agreement. In no event will payment of an Indemnity Obligation by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Corporation hereunder or shift primary liability for any Indemnity Obligation to any other Person with whom or which Indemnitee may be associated. Any indemnification, insurance or advancement provided by any other Person with whom or which Indemnitee may be associated with respect to any Liability arising as a result of Indemnitee's Corporate Status or capacity as an officer or director of any Person is specifically in excess over any Indemnity Obligation of the Corporation or any collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Corporation under this Agreement.

(c) To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Corporation or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies and such policies shall provide for and recognize that the insurance policies are primary to any rights to indemnification, advancement or insurance proceeds to which Indemnitee may be entitled from one or more Persons with whom or which Indemnitee may be associated to the same extent as the Corporation's indemnification and advancement obligations set forth in this Agreement. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Corporation has director and officer liability insurance in effect, the Corporation shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Corporation shall not be subrogated to the rights of recovery of Indemnitee, including rights of indemnification provided to Indemnitee from any other person or entity with whom Indemnitee may be associated; *provided* , *however* , that the Corporation shall be subrogated to the extent of any such payment of all rights of recovery of Indemnitee under insurance policies of the Corporation or any of its subsidiaries.

(e) The indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee.

Section 14. Duration of Agreement; Not Employment Contract . This Agreement shall continue until and terminate upon the latest of: (i) ten (10) years after the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Corporation or any other Enterprise and (ii) the date of final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. This Agreement shall not be deemed an employment contract between the Corporation (or any of its subsidiaries or any other Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Corporation (or any of its subsidiaries or any other Enterprise), if any, is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Corporation (or any of its subsidiaries or any other Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director of the Corporation, by the Certificate of Incorporation, the Bylaws or the DGCL.

Section 15. Severability . If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by applicable law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement .

(a) The Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer, employee or agent of the Corporation, and the Corporation acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Corporation.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided* , *however* , that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and shall not be deemed a substitute therefore, nor diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

Section 18. Notices . All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Corporation.

(b) If to the Corporation to:

Parsley Energy, Inc.
303 Colorado Street, Suite 3000
Austin, Texas 78701
Attention: Board of Directors

or to any other address as may have been furnished to Indemnitee by the Corporation.

Section 19. Contribution . To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Corporation, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for Liabilities or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Corporation and Indemnitee as a result of the event(s) and transaction(s) giving cause to such Proceeding; and (ii) the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and transaction(s).

Section 20. Applicable Law and Consent to Jurisdiction . This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Corporation and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the " Delaware Court "), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any

claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 22. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

*[Signatures Follow]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

PARSLEY ENERGY, INC.

By: /s/ Colin Roberts
Name: Colin Roberts
Title: Vice President—General Counsel

INDEMNITEE

By: /s/ Larry Parnell
Name: Larry Parnell
Title: Vice President—Engineering

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

**PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)**

**OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Bryan Sheffield, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Parsley Energy, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2016

By: /s/ Bryan Sheffield

Bryan Sheffield

Chairman, President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

**PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)**

**OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Ryan Dalton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Parsley Energy, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2016

By: /s/ Ryan Dalton

Ryan Dalton

Vice President—Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

**UNDER SECTION 906 OF THE**

**SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 of Parsley Energy, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryan Sheffield, Chairman of the Board of Directors, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2016

By: /s/ Bryan Sheffield

Bryan Sheffield

Chairman, President and Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

**UNDER SECTION 906 OF THE**

**SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 of Parsley Energy, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ryan Dalton, Vice President—Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2016

By: /s/ Ryan Dalton

Ryan Dalton

Vice President—Chief Financial Officer