

PIONEER

NATURAL RESOURCES

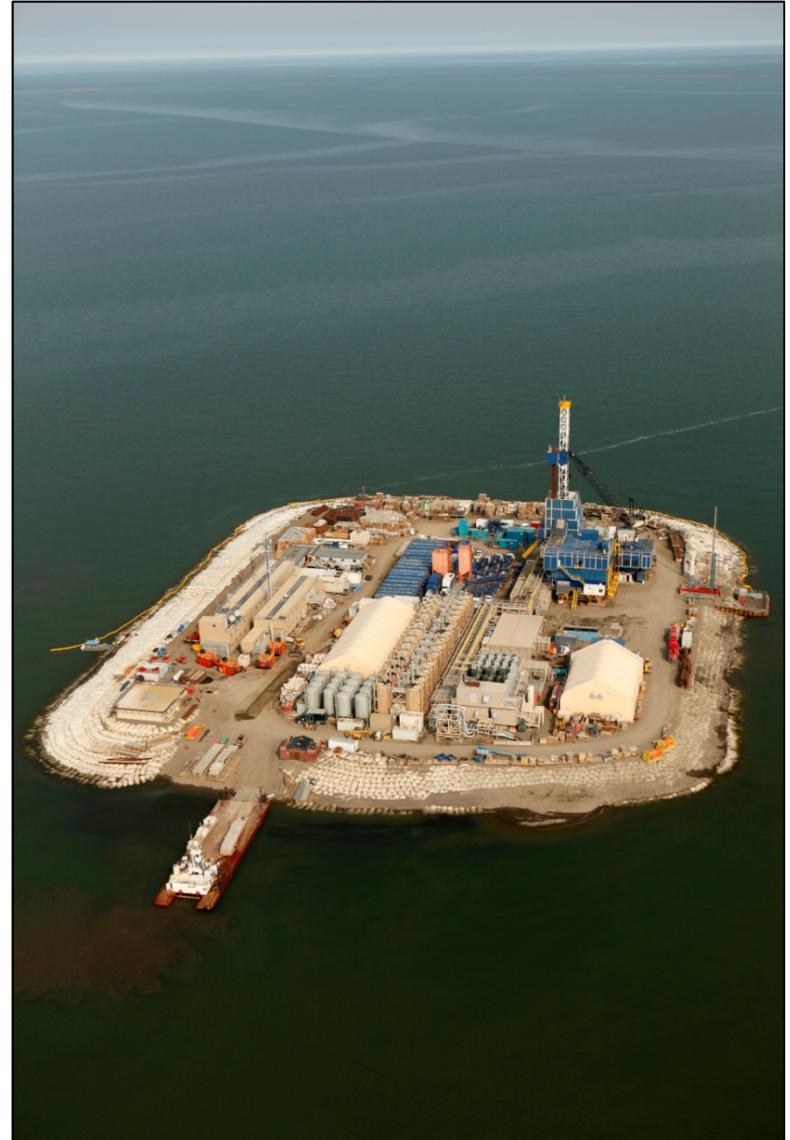
House Resources Committee
Testimony re: CSHB110(RES)
March 23, 2011

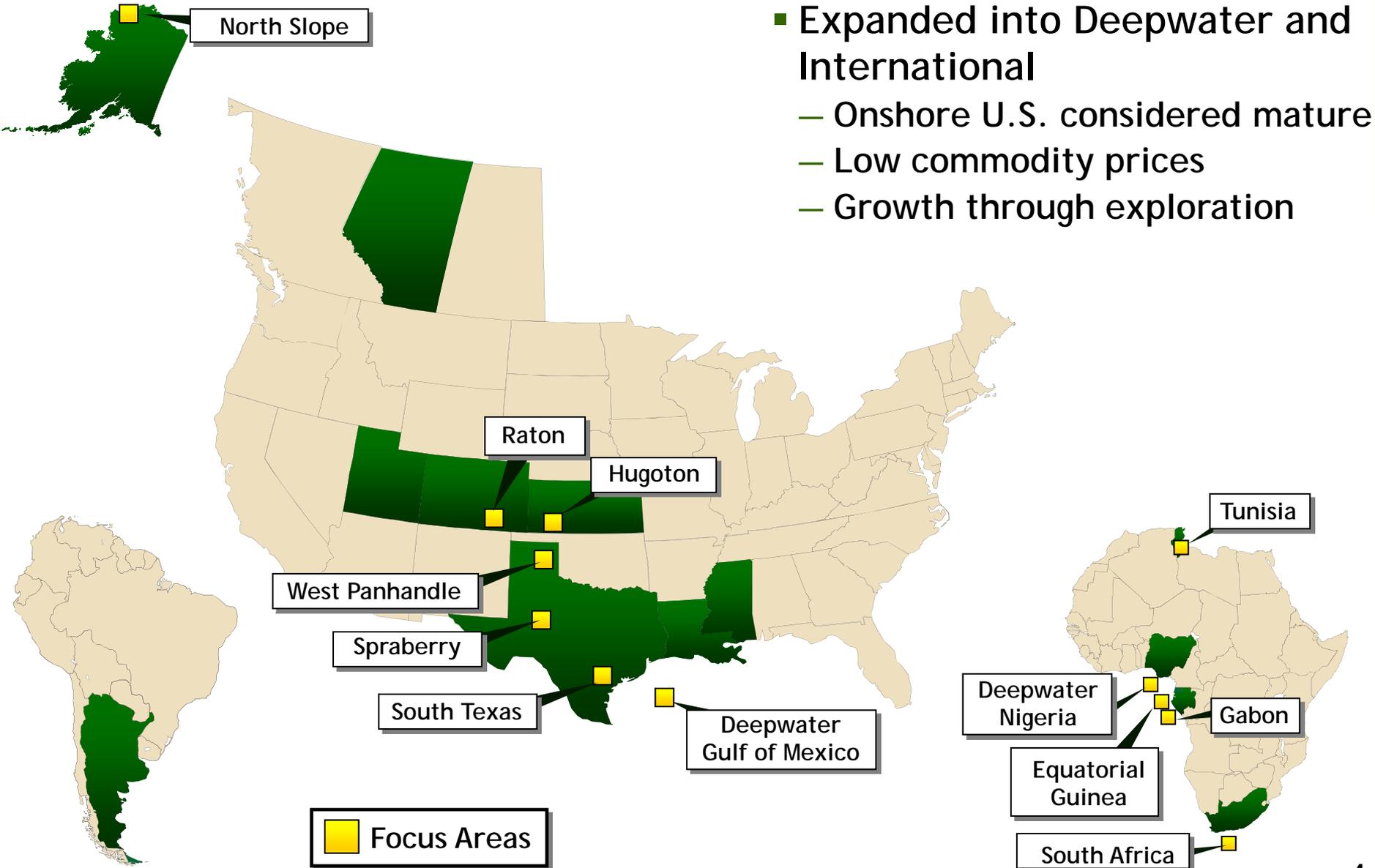
NYSE: PXD
www.pxd.com

Forward Looking Statements

Except for historical information contained herein, the statements, charts and graphs in this presentation are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and the business prospects of Pioneer are subject to a number of risks and uncertainties that may cause Pioneer's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity prices, product supply and demand, competition, the ability to obtain environmental and other permits and the timing thereof, other government regulation or action, the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms, international operations and associated international political and economic instability, litigation, the costs and results of drilling and operations, availability of equipment, services and personnel required to complete the Company's operating activities, access to and availability of transportation, processing and refining facilities, Pioneer's ability to replace reserves, implement its business plans or complete its development activities as scheduled, access to and cost of capital, the financial strength of counterparties to Pioneer's credit facility and derivative contracts and the purchasers of Pioneer's oil, NGL and gas production, uncertainties about estimates of reserves and resource potential and the ability to add proved reserves in the future, the assumptions underlying production forecasts, quality of technical data, environmental and weather risks, including the possible impacts of climate change, and acts of war or terrorism. These and other risks are described in Pioneer's 10-K and 10-Q Reports and other filings with the Securities and Exchange Commission. In addition, Pioneer may be subject to currently unforeseen risks that may have a materially adverse impact on it. Pioneer undertakes no duty to publicly update these statements except as required by law.

- Anchorage headquarters
- 60+ full-time AK employees
- ~120 AK contract workers
- World class Oooguruk project
- 1st independent operator on NS
- ~\$1B capital investment
- 120-150MMBO resource potential (net)
- 2010 Production ~10MBOPD (gross)
- State and NS producer support

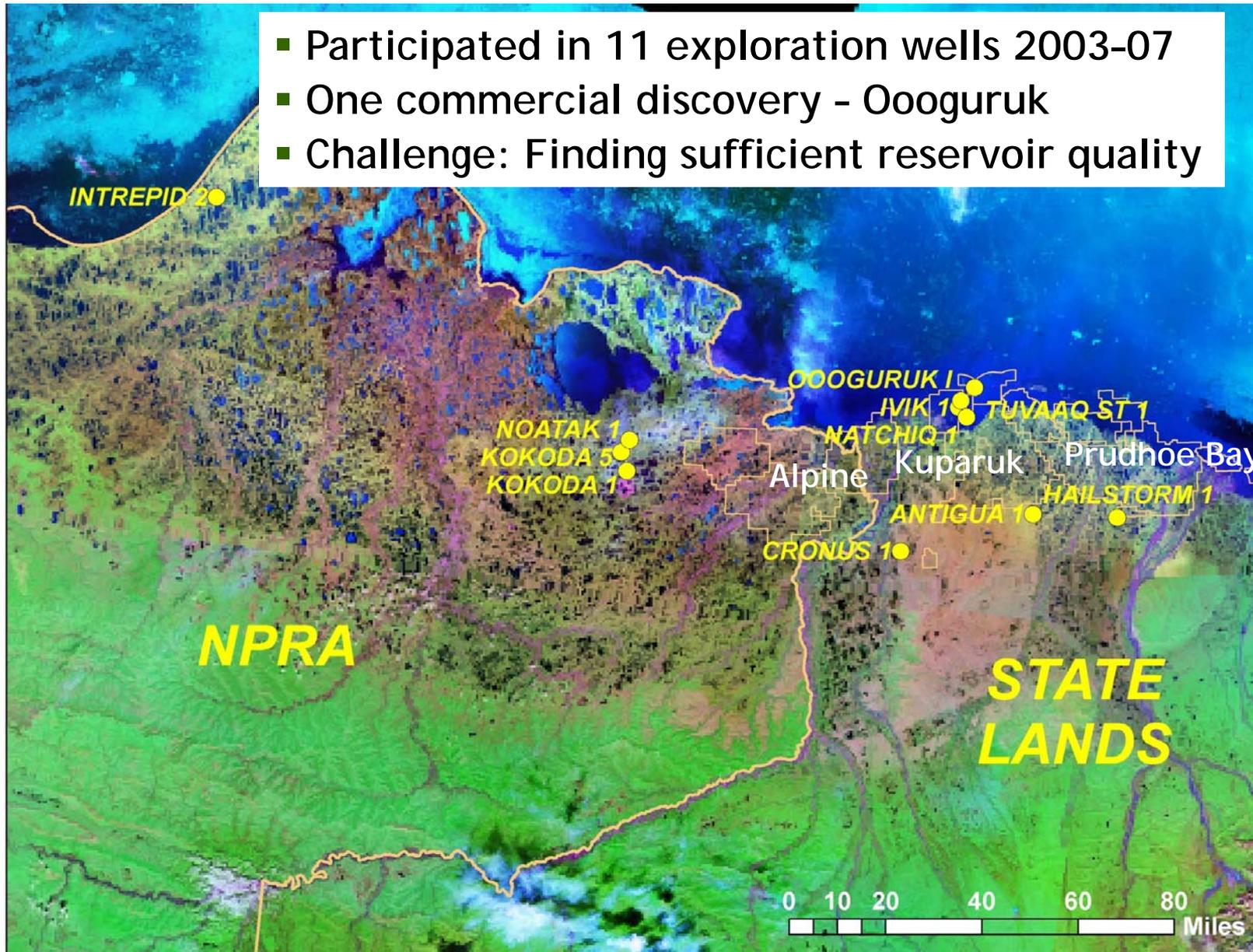




- Worldwide exploration focus
- Alaska - large, oil resource potential in the U.S.
- Limited competition for resources
- State actively courting independents
 - Exploration credits, low severance tax (ELF)
 - Available acreage at a low cost
- Independent mindset
 - Quick decision making
 - Lower cost structure

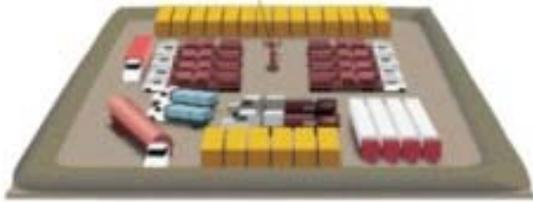
North Slope Exploration History

- Participated in 11 exploration wells 2003-07
- One commercial discovery - Oooguruk
- Challenge: Finding sufficient reservoir quality

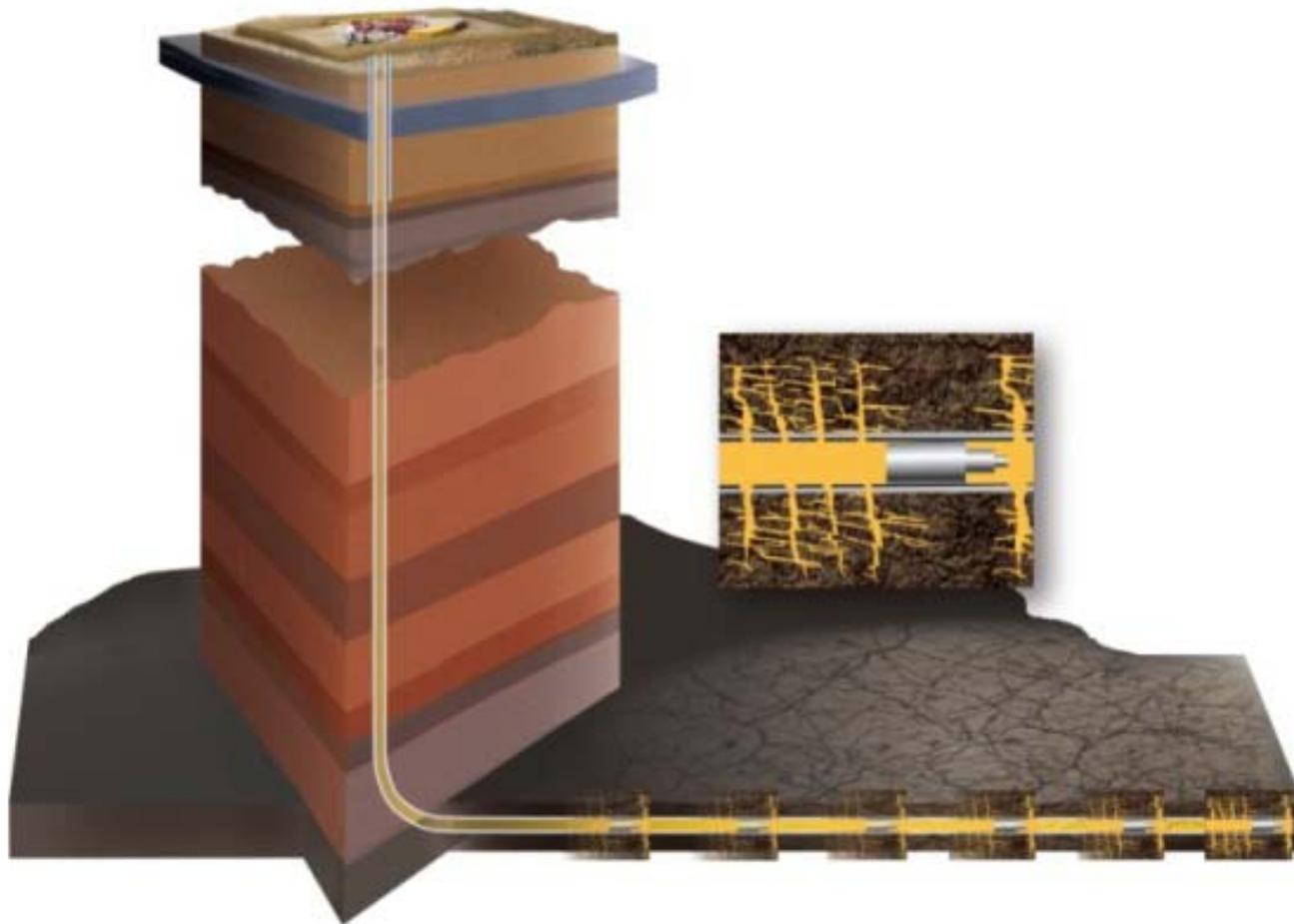


8 Years Later - What has Changed?

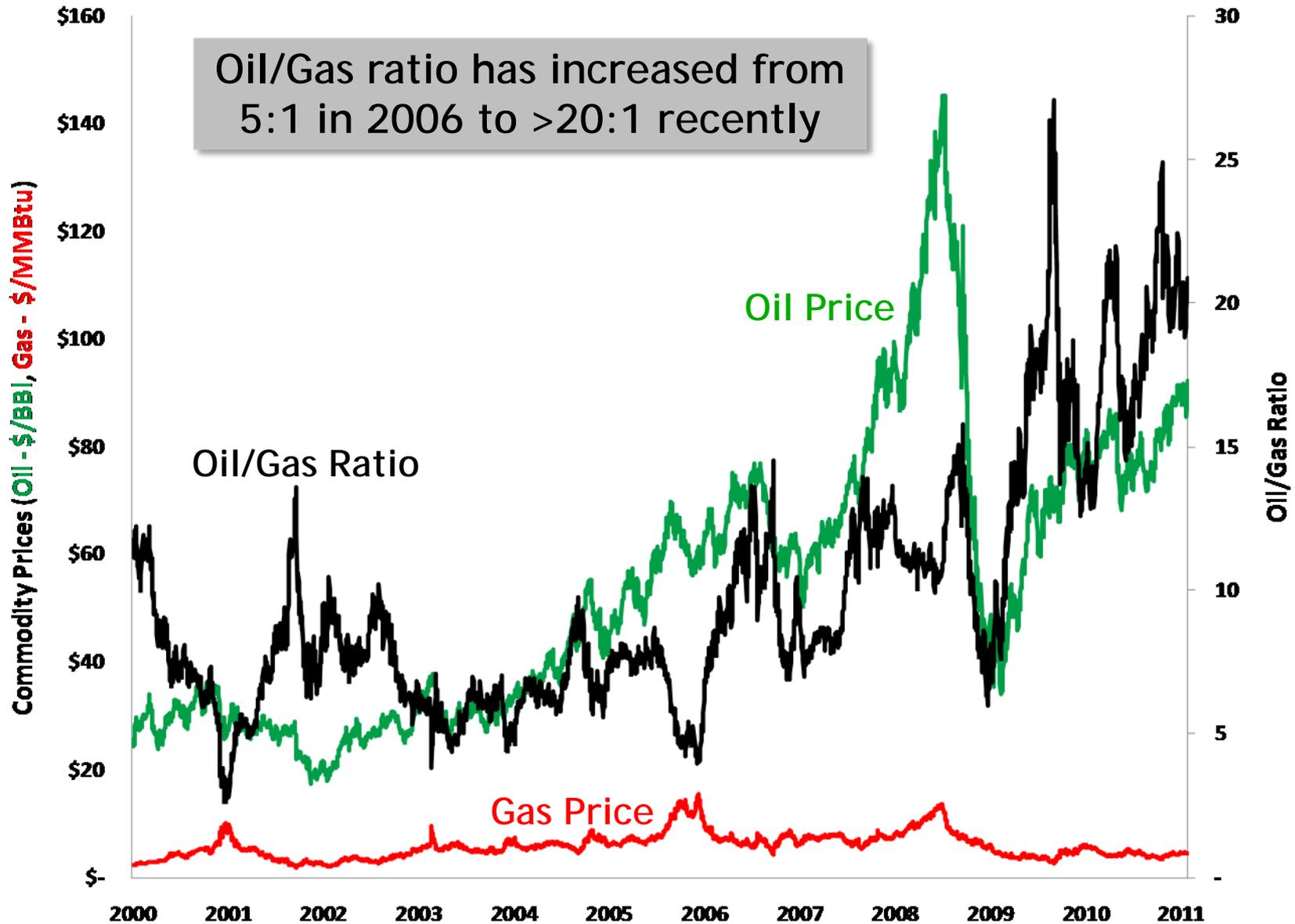
- Technology
- Oil and gas prices
- Resource play development
- Alaska's severance tax system



- Horizontal well improvements
- Fracture stimulation

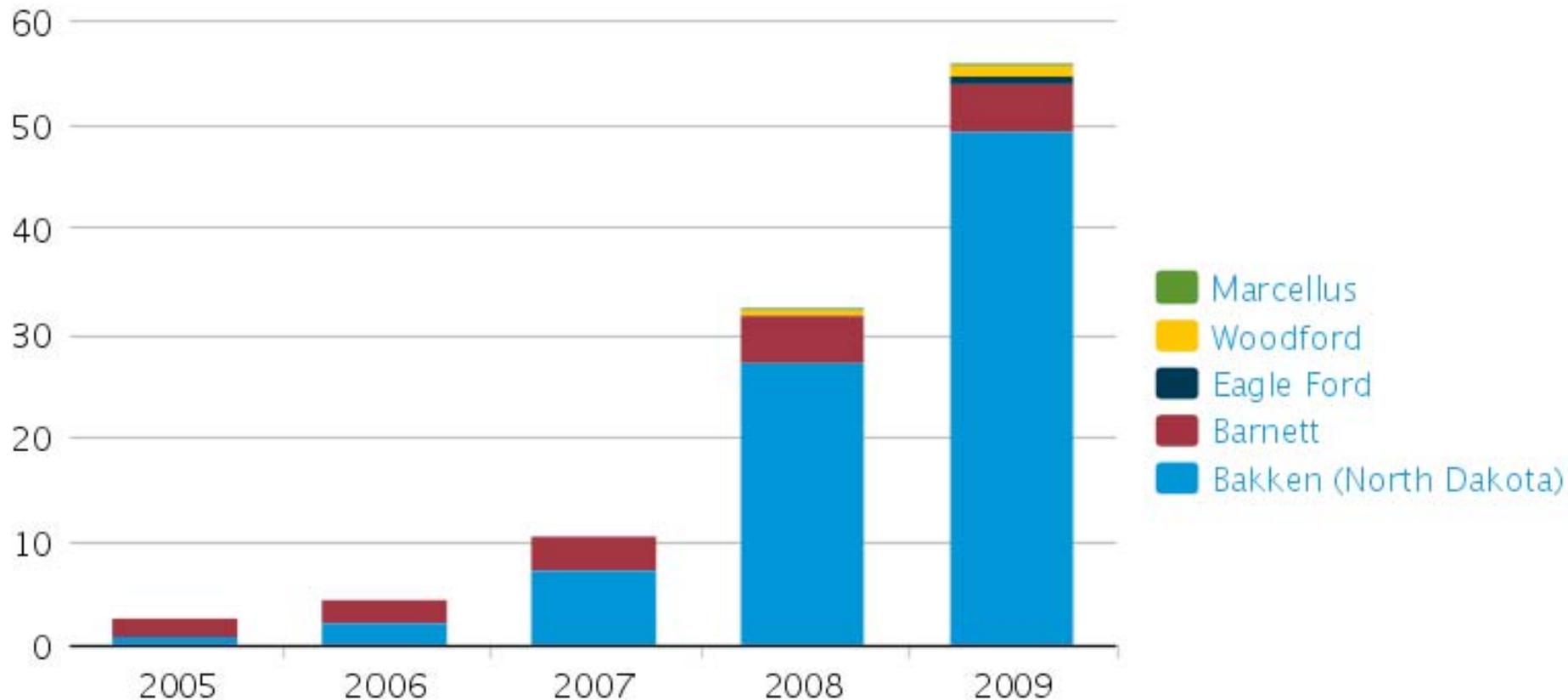


Oil and Gas Price History



U.S. Shale Liquids Production

Shale liquids production
million barrels

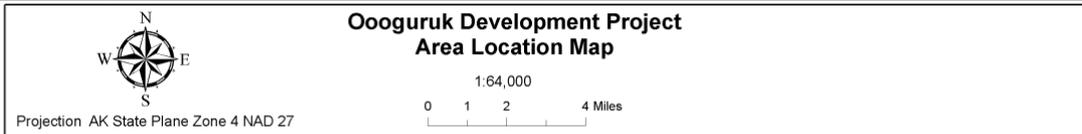
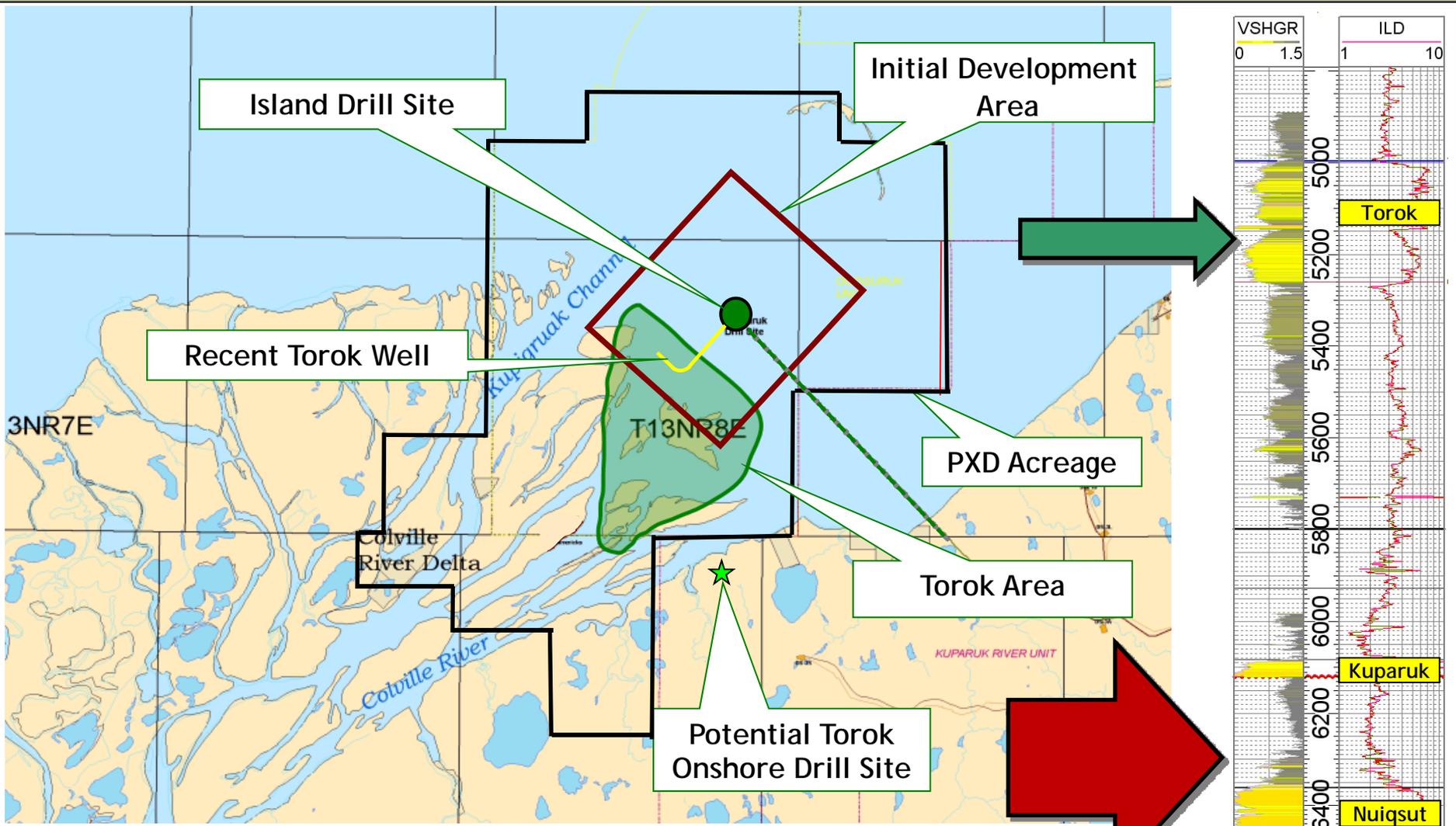


Source: HPDI, LLC

Published by: U.S. Energy Information Administration

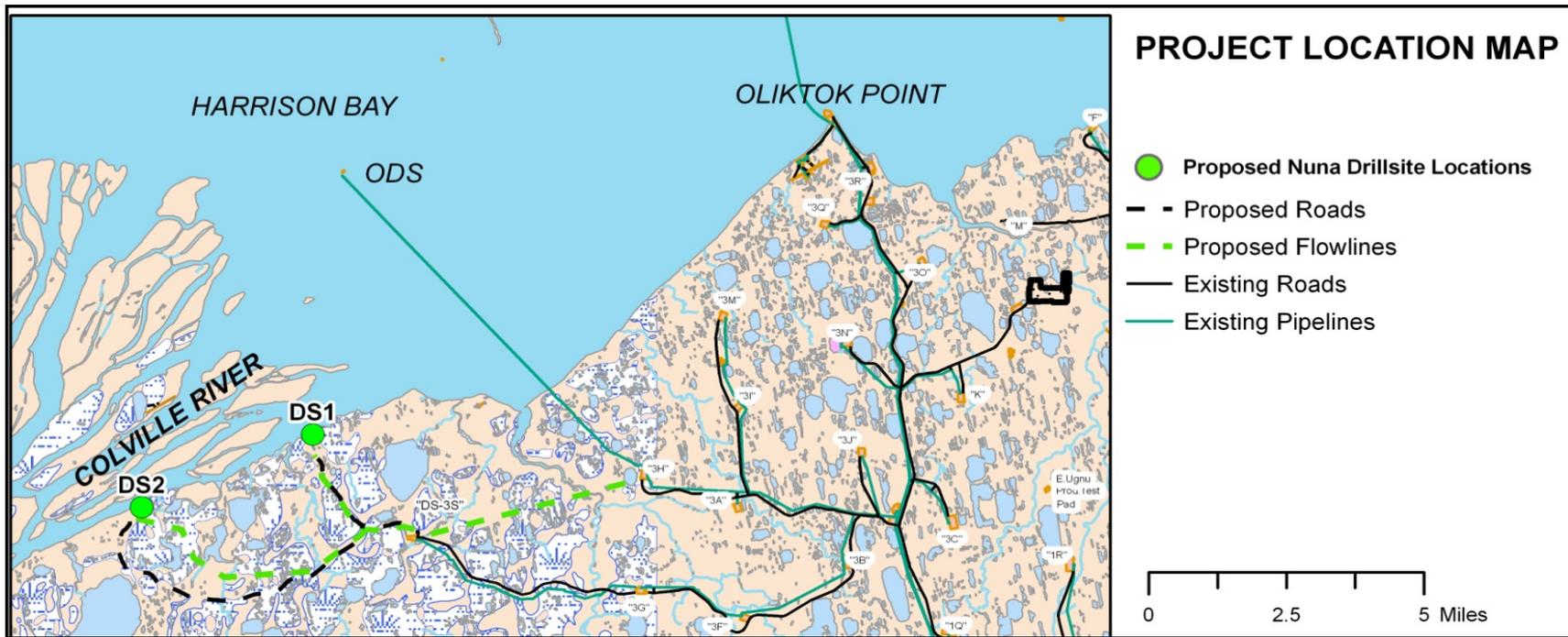
- **Pre 2007: ELF (Oooguruk project sanction)**
 - Low rate fields - no severance tax
- **2007: PPT (Oooguruk construction)**
 - 20% investment tax credit
 - 22.5% net profits tax
 - Moderate progressivity
- **2008: ACES (Oooguruk first production)**
 - 20% investment tax credit
 - 25% base tax rate
 - Aggressive progressivity (not indexed)
 - Maximum tax rate = 75%

What's Next? Oooguruk Expansion



Expansion Project Scope

- 1 or 2 onshore drillsites connected to Oooguruk tie-in pad
- ~25 development wells envisioned
- Large, but challenged oil resource
- Project contingent upon pilot waterflood success
- Must compete with low risk, high margin projects in L48



- Pioneer resource plays in Texas
 - Spraberry: West Texas
 - Eagle Ford shale: South Texas
 - Barnett shale: North Texas
- Investment characteristics
 - Low geologic and project execution risk
 - Short project cycle times and high margins
 - Year round operations and simple logistics
 - Low severance taxes - no progressivity
 - Much lower well and services costs
 - Flexibility to ramp up or ramp down activity

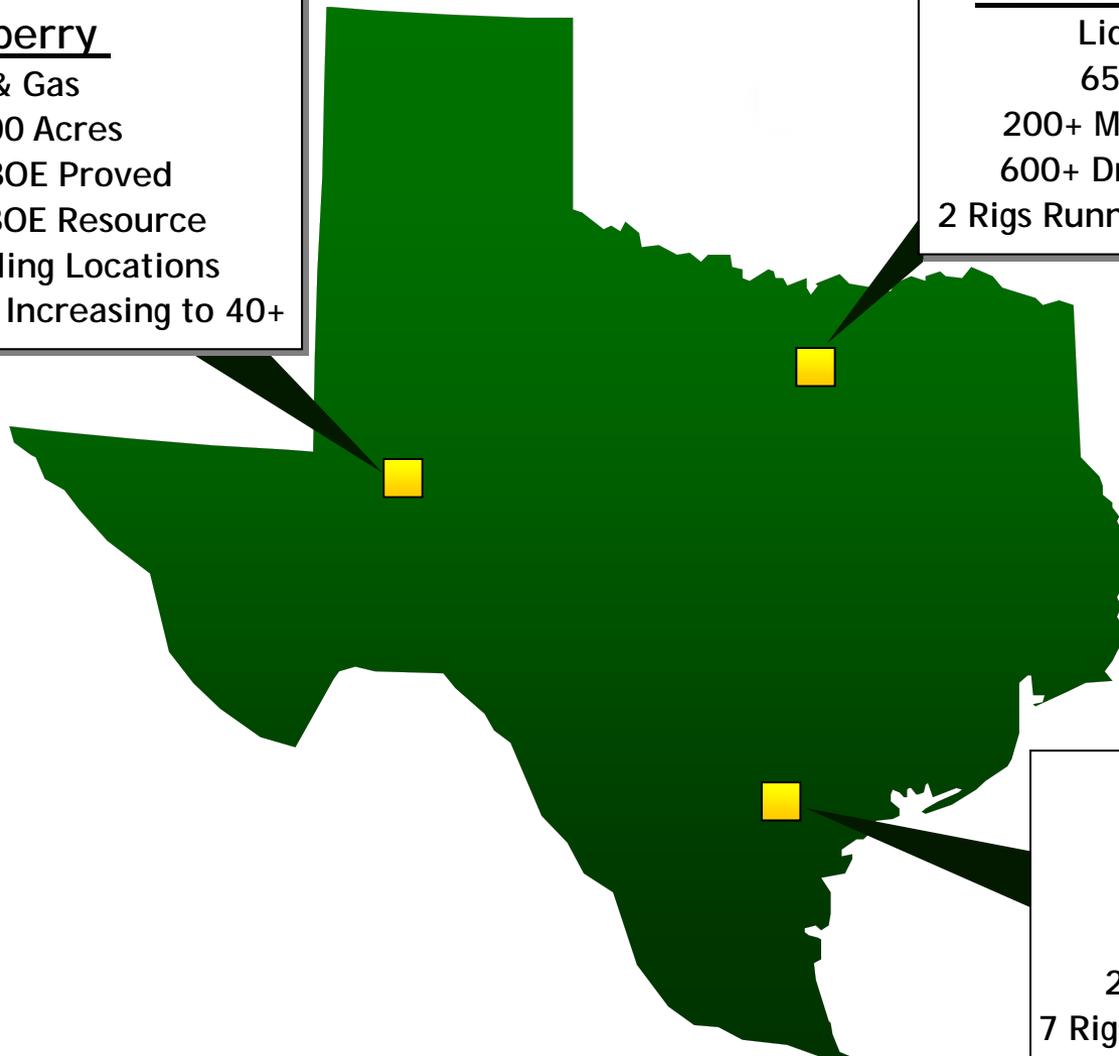
Pioneer: 2011 "Back to Our Roots"

Spraberry

Oil & Gas
900,000 Acres
~500 MMBOE Proved
1,150+ MMBOE Resource
20,000+ Drilling Locations
30 Rigs Running; Increasing to 40+

Barnett Shale Combo

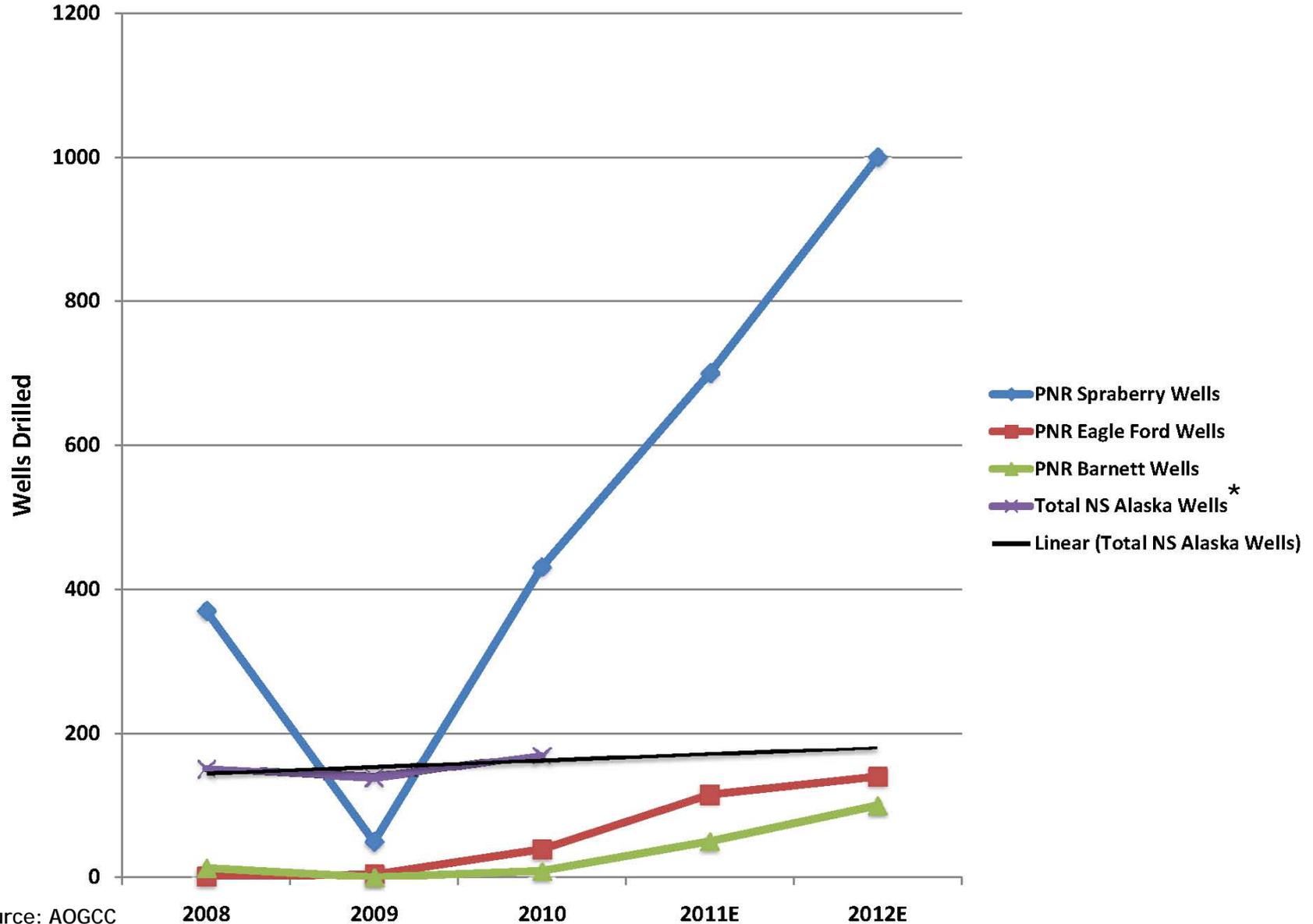
Liquids & Gas
65,000 Acres
200+ MMBOE Resource
600+ Drilling Locations
2 Rigs Running; Increasing to 4



Eagle Ford Shale

Liquids & Gas
300,000 Acres
700 MMBOE Resource
2,000 Drilling Locations
7 Rigs Running; Increasing to 19

Competition for Capital



* Source: AOGCC

- **Oooguruk expansion must compete with L48 resource plays with:**
 - Large resource potential in Pioneer's back yard
 - Short project cycle times and high margins
 - Very favorable fiscal terms
 - Much lower capital cost
- **Oooguruk expansion**
 - New project - new barrels in TAPS
 - Create ~500 construction jobs
 - Create ~100 development jobs
- **HB 110 will have a positive, material impact**
 - Increased investment credits for well related costs
 - Bracketing of progressivity
 - Provide administrative certainty