




PIONEER

NATURAL RESOURCES



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

NYSE: PXD
www.pxd.com

Forward Looking Statements

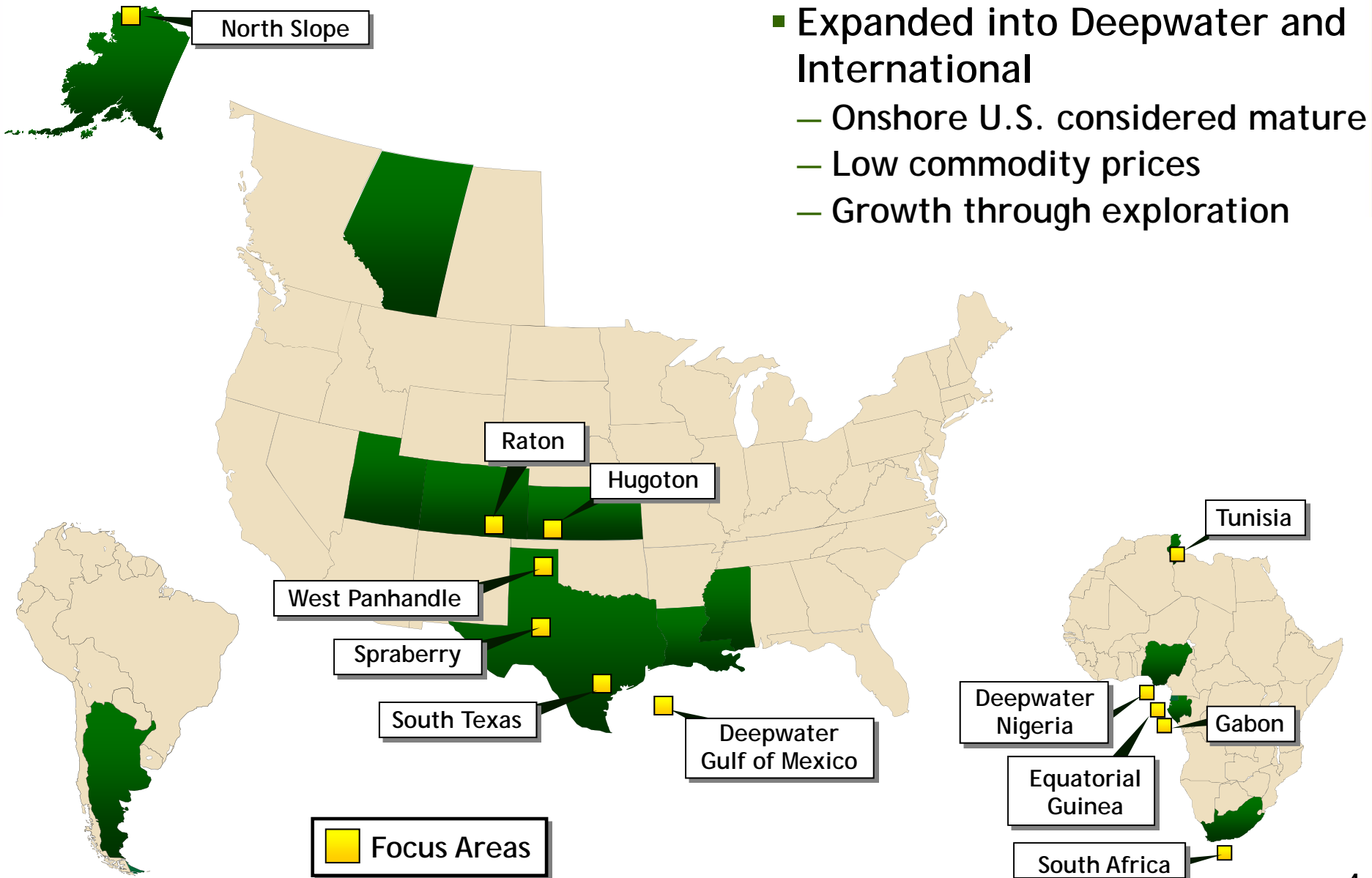
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- Anchorage headquarters
- 60+ full-time AK employees
- ~120 AK contract workers
- World class Oooguruk project
- 1st independent operator on NS
- ~\$1B capital investment
- 120-150MMBO resource potential (net)
- 2010 Production ~10MBOPD (gross)
-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



Pioneer: 1997 - 2005 Deepwater / International Focus

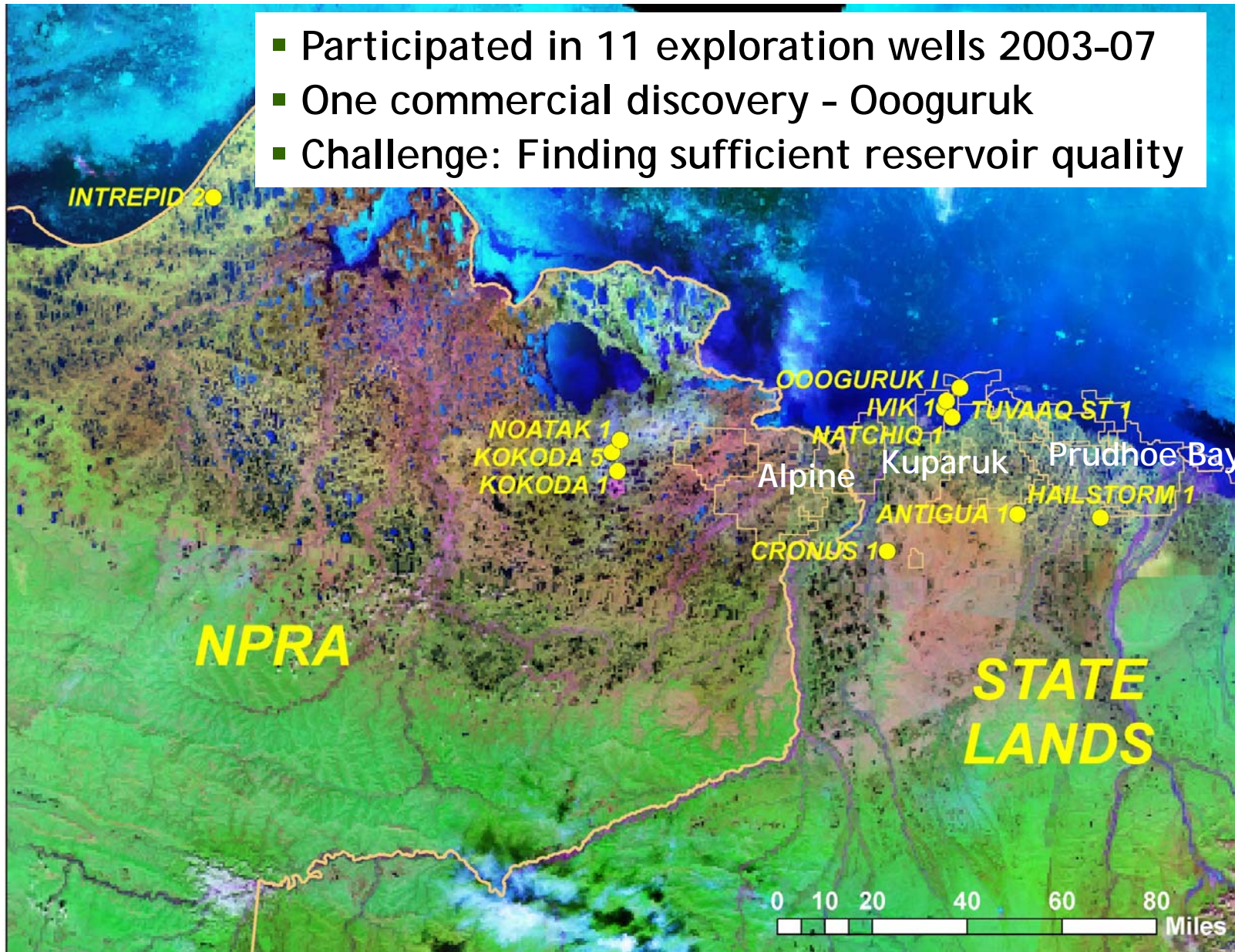
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- Worldwide exploration focus
- Alaska - large, oil resource potential in the U.S.
- Limited competition for resources
- State actively courting independents
 - Exploration credits, low severance tax (ELF)
 - Available acreage at a low cost
- Independent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

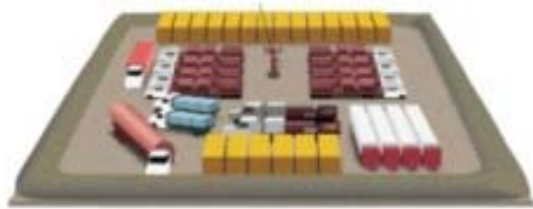
North Slope Exploration History

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

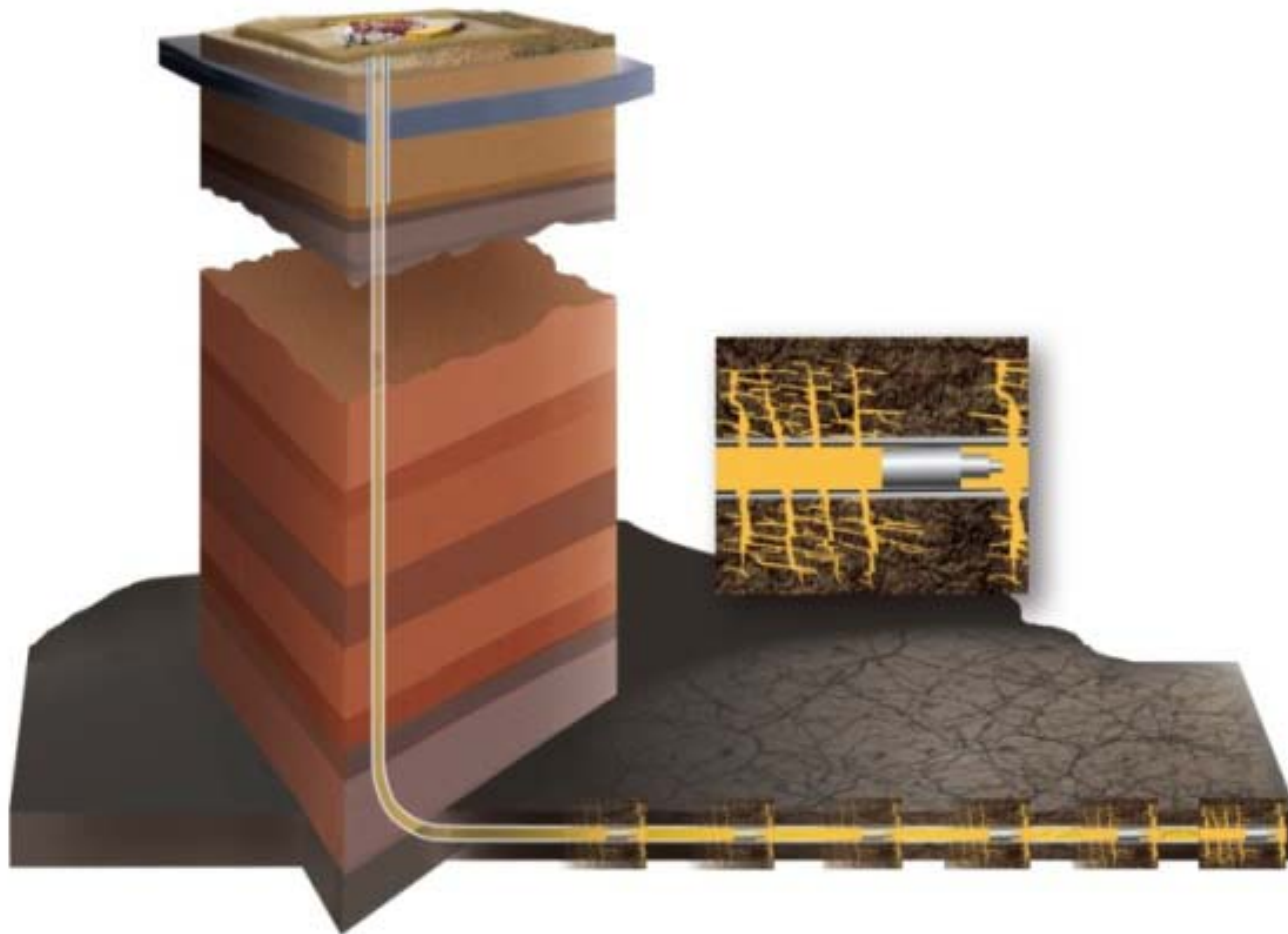


8 Years Later – What has Changed?

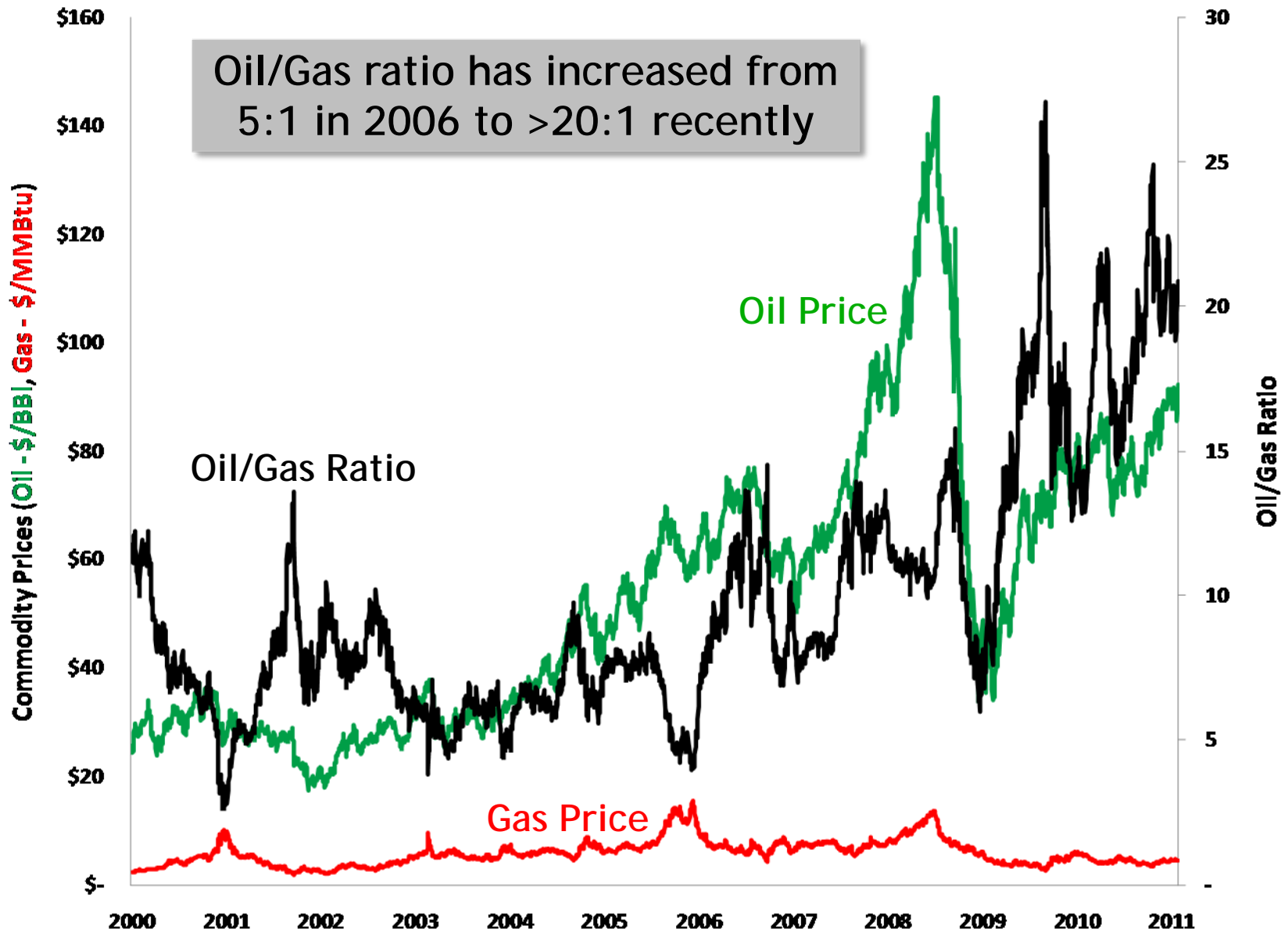
- Technology
- Oil and gas prices
- Resource play development
- Alaska's severance tax system



- Horizontal well improvements
- Fracture stimulation

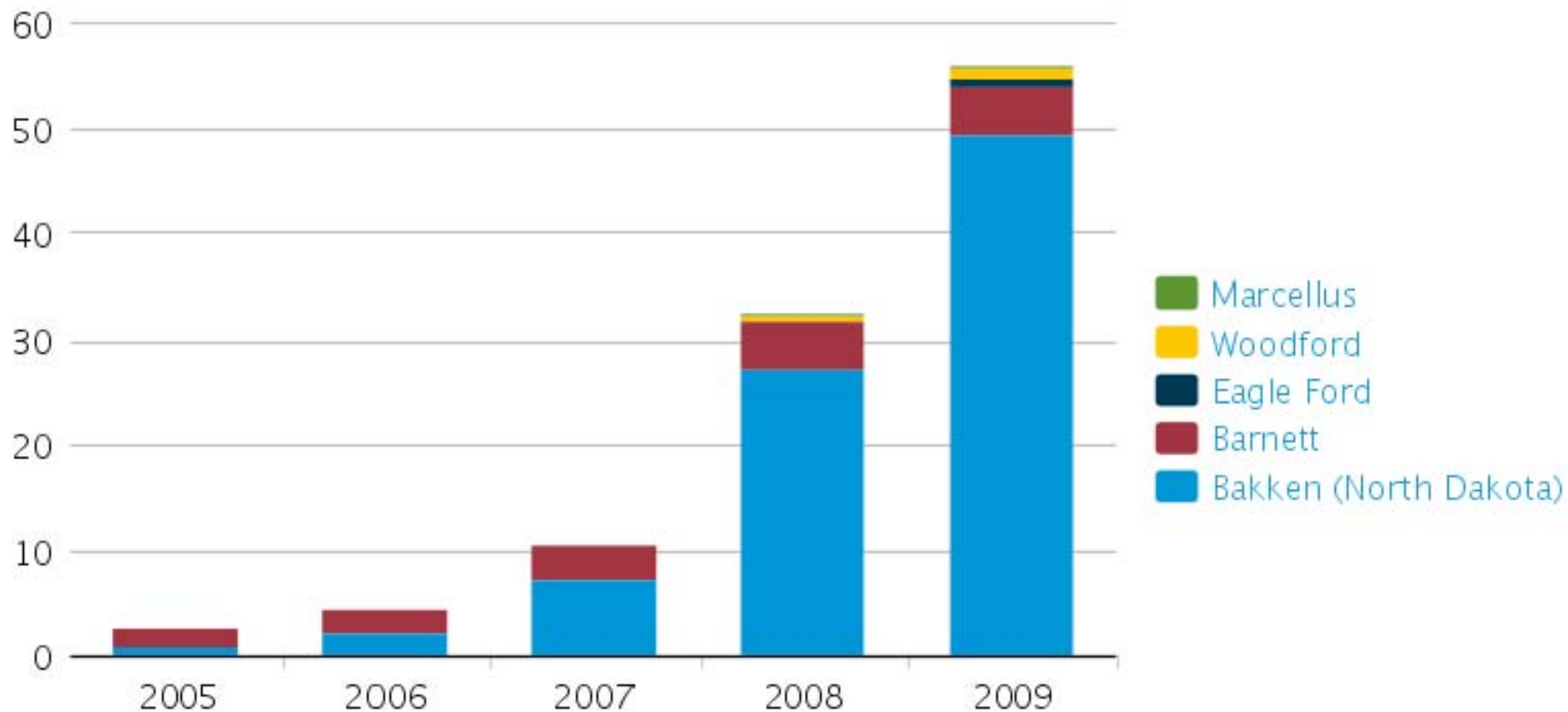


Oil and Gas Price History



U.S. Shale Liquids Production

Shale liquids production
million barrels

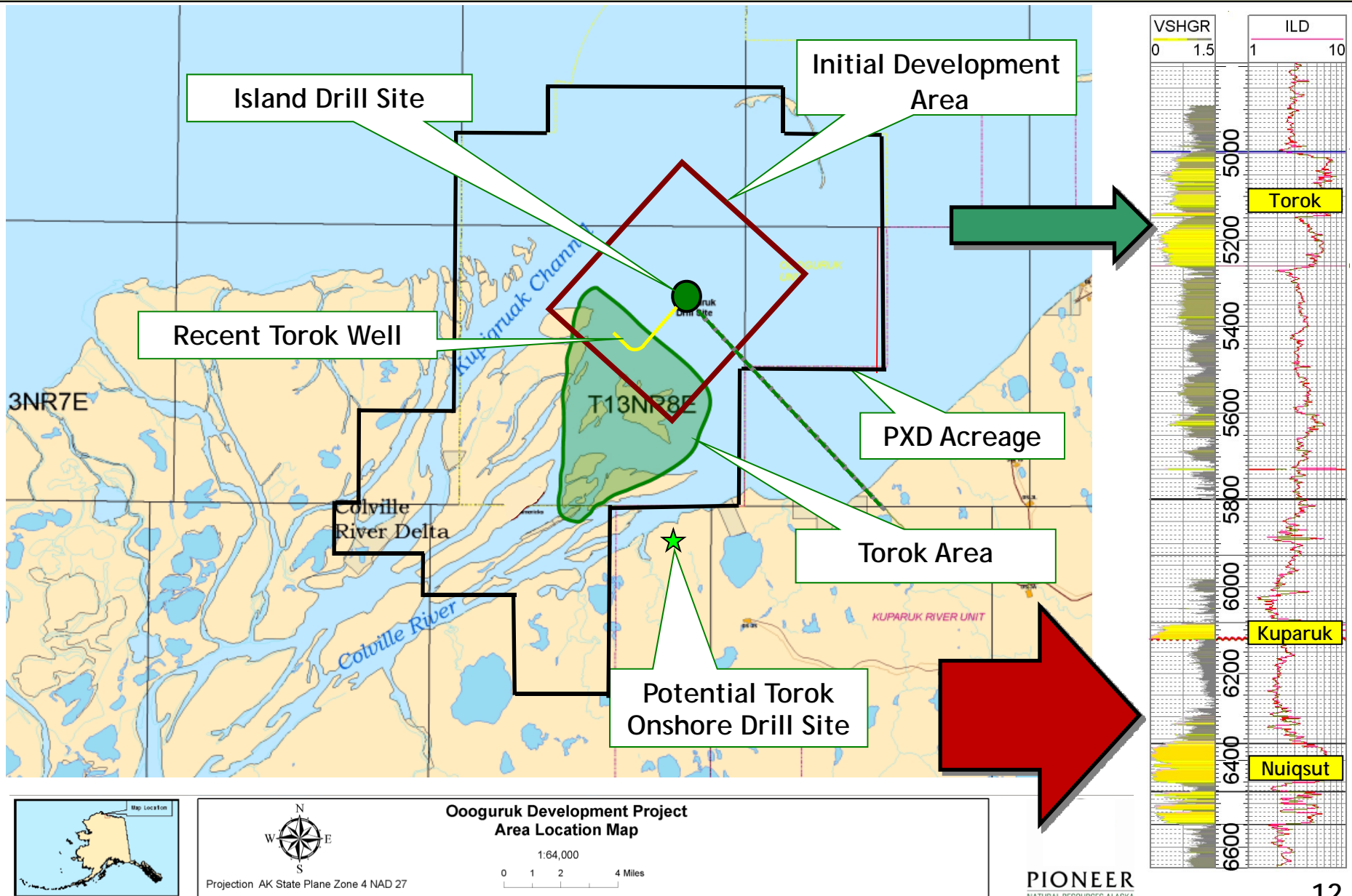


Source: HPDI, LLC

Published by: U.S. Energy Information Administration

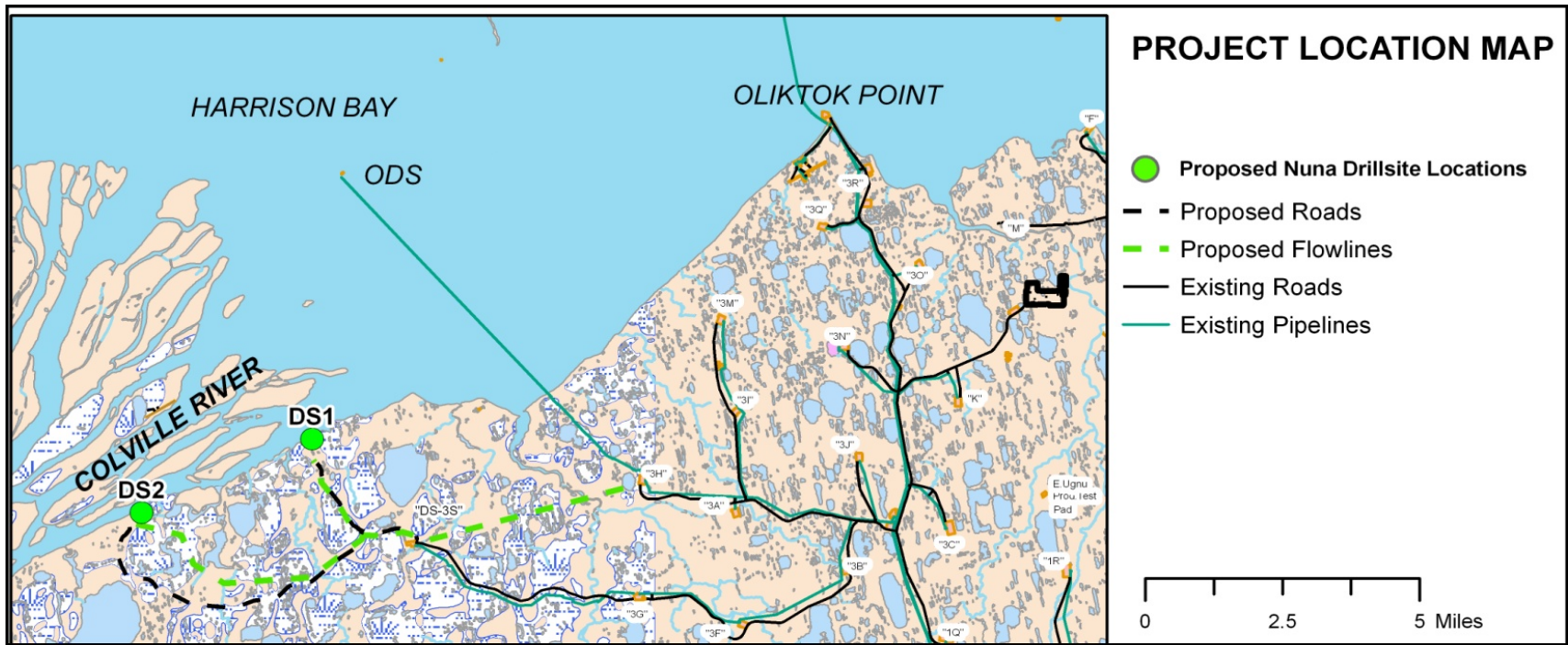
- Pre 2007: ELF (Oooguruk project sanction)
 - Low rate fields - no severance tax
- 2007: PPT (Oooguruk construction)
 - 20% investment tax credit
 - 22.5% net profits tax
 - Moderate progressivity
- 2008: ACES (Oooguruk first production)
 - 20% investment tax credit
 - 25% base tax rate
 - Aggressive 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"

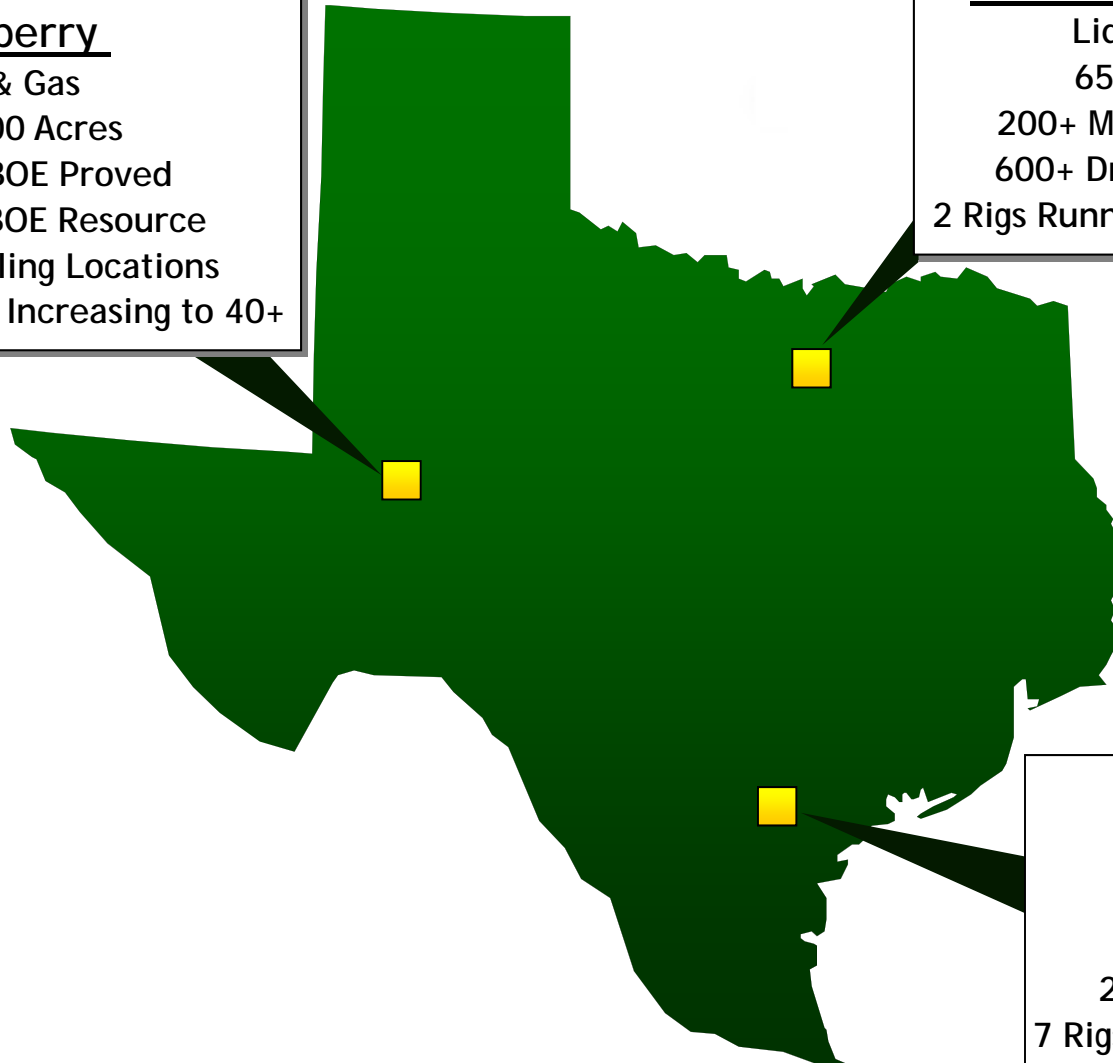
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Spraberry

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

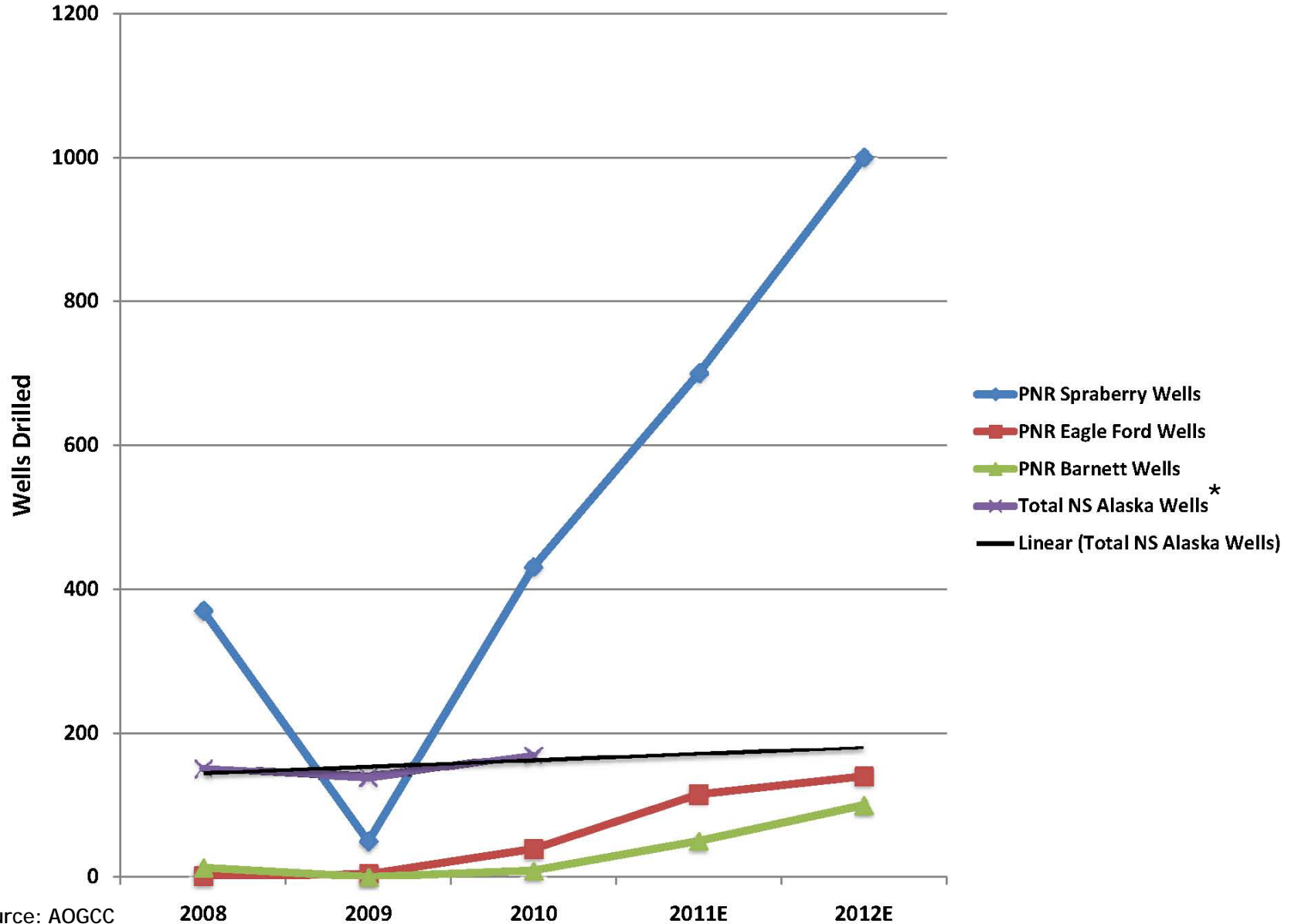
Liquids & Gas
65,000 Acres
200+ MMBOE Resource
600+ Drilling Locations
2 Rigs Running; Increasing to 4



Eagle Ford Shale

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

Competition for Capital



- **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