

PIONEER

NATURAL RESOURCES

Permian Investor Presentation March 2012



Confidential

NYSE: PXD
www.pxd.com

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- **PXD Overview** **Scott Sheffield**
- **Spraberry Overview** **Chris Cheatwood**
- **Spraberry Geology** **Chris Cheatwood**
- **Spraberry Operations** **Danny Kellum**
- **Horizontal Wolfcamp Shale** **Chris Cheatwood**

PXD Overview

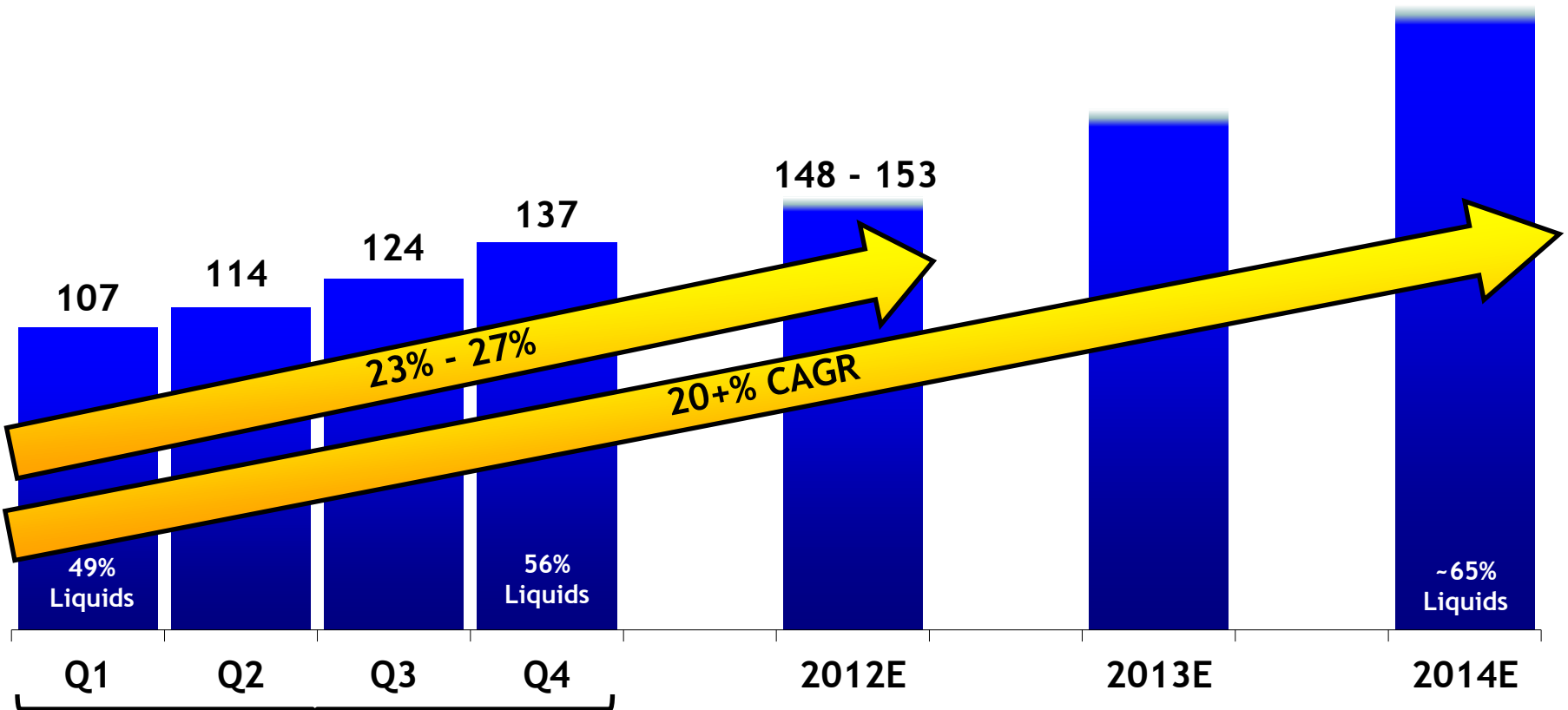
- U.S. asset base
- 3rd largest driller in the U.S. with 2012 drilling program focused in four liquids and resource rich plays in Texas
 - Spraberry Vertical
 - Horizontal Wolfcamp Shale
 - Eagle Ford Shale
 - Barnett Shale Combo
- Forecasting 20+% compound annual production growth and 25+% compound annual operating cash flow growth through 2014¹
 - FY 2012 production expected to be up 23% to 27% vs. FY 2011
- Vertical integration substantially improving returns
- Attractive derivative positions protect margins; 80% coverage for oil and 90% coverage for gas in 2012
- Strong financial position

1) Commodity prices of \$100/bbl oil and \$3/mcf gas in 2012 and \$100/bbl oil and \$4/mcf gas in 2013 and 2014

2) Excludes discontinued operations related to the planned sale of South Africa (4 MBOEPD)

Production Growth Targets

MBOEPD



2011

120 MBOEPD Average

Up 16% vs. 2010

Tunisia and South Africa reflected as discontinued operations

2012E Capital Spending and Cash Flow¹

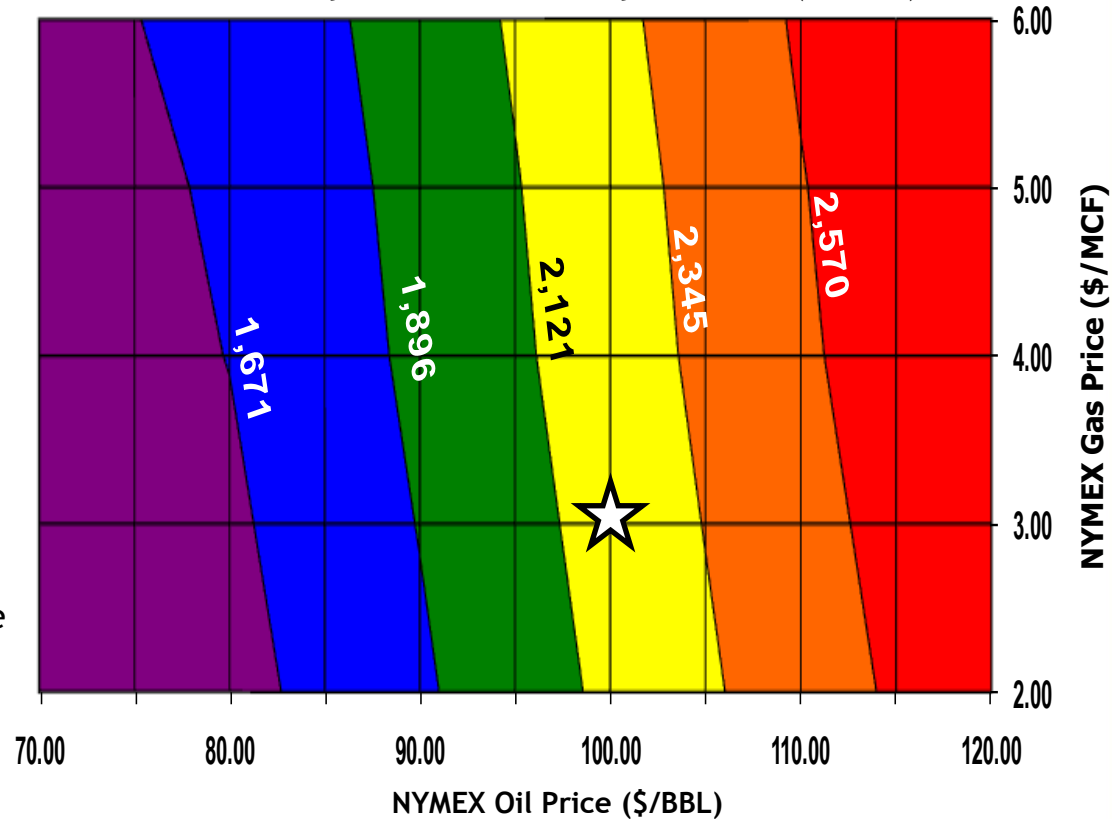
Capital program includes:

- Drilling capital: \$2.4 B
 - \$1,525 MM Spraberry Vertical
 - Includes \$100 MM for infrastructure
 - \$275 MM Horizontal Wolfcamp Shale
 - Includes \$25 MM for seismic and coring
 - \$130 MM Eagle Ford Shale (net of carry)
 - \$215 MM Barnett Shale Combo
 - \$135 MM Alaska
 - \$120 MM Other (includes land capital for existing assets)
- Vertical integration and facilities: \$0.4 B
 - \$300 MM sand mine
 - \$100 MM pressure pumping and well service equipment

Capital program funded from:

- Operating cash flow of \$2.2 B
- Equity offering proceeds of \$0.5 B
- Inventory reduction of \$0.1 B

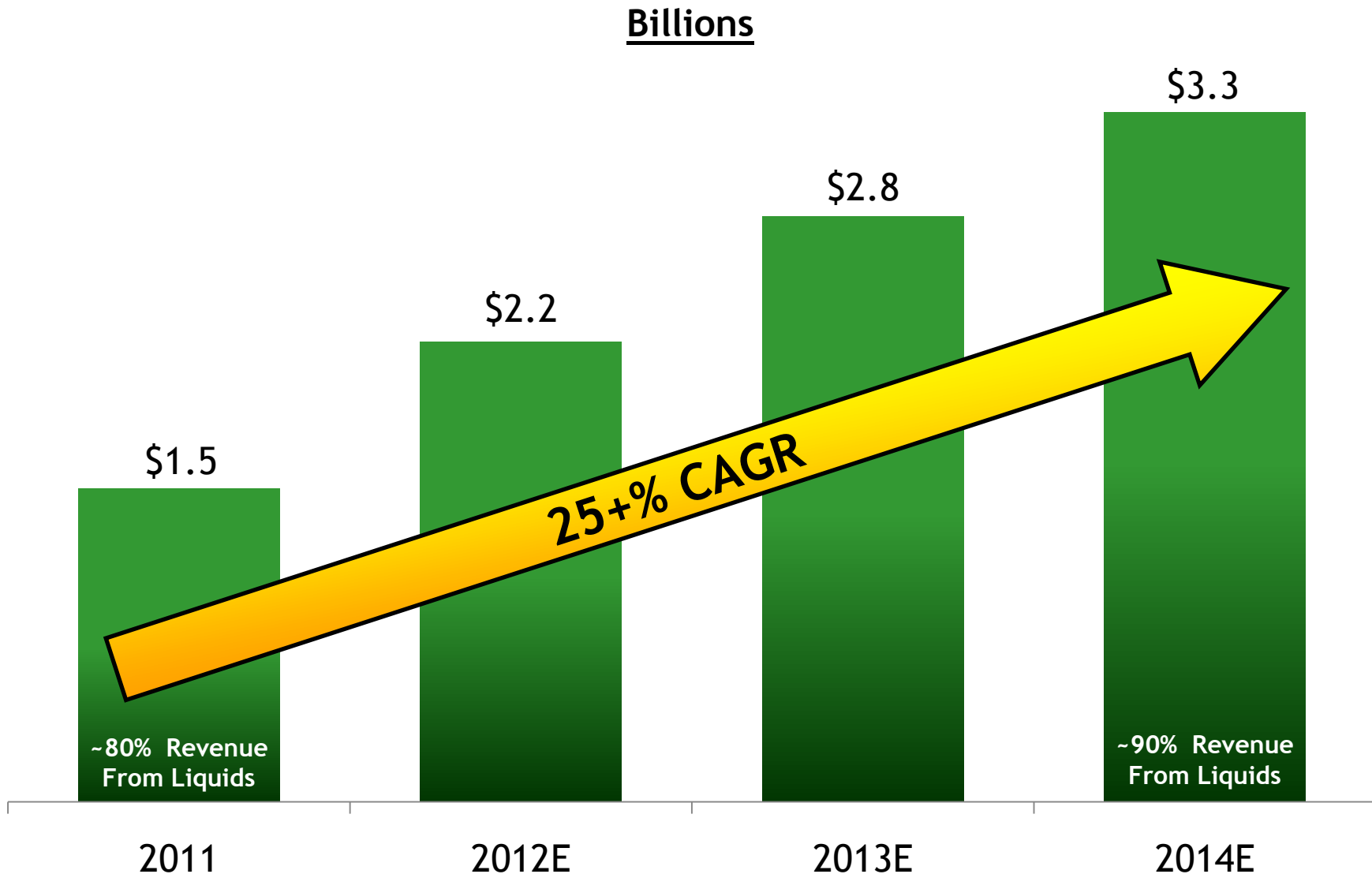
Sensitivity to Commodity Prices (\$ MM)



☆ \$100/bbl oil and \$3/mcf gas

1) Capital spending excludes acquisitions, asset retirement obligations, capitalized interest and G&G G&A

Substantial Operating Cash Flow Growth¹



1) Based on commodity prices of \$100/bbl oil and \$3/mcf gas for 2012 and \$100/bbl oil and \$4/mcf gas for 2013 and 2014

Pioneer's Liquids-Rich Growth Areas

Spraberry Vertical

~90% Liquids
900,000 Gross Acres
609 MMBOE Proved
20,000+ Drilling Locations
53 MBOEPD Q4 Net Production
41 Rigs Running

Barnett Shale Combo

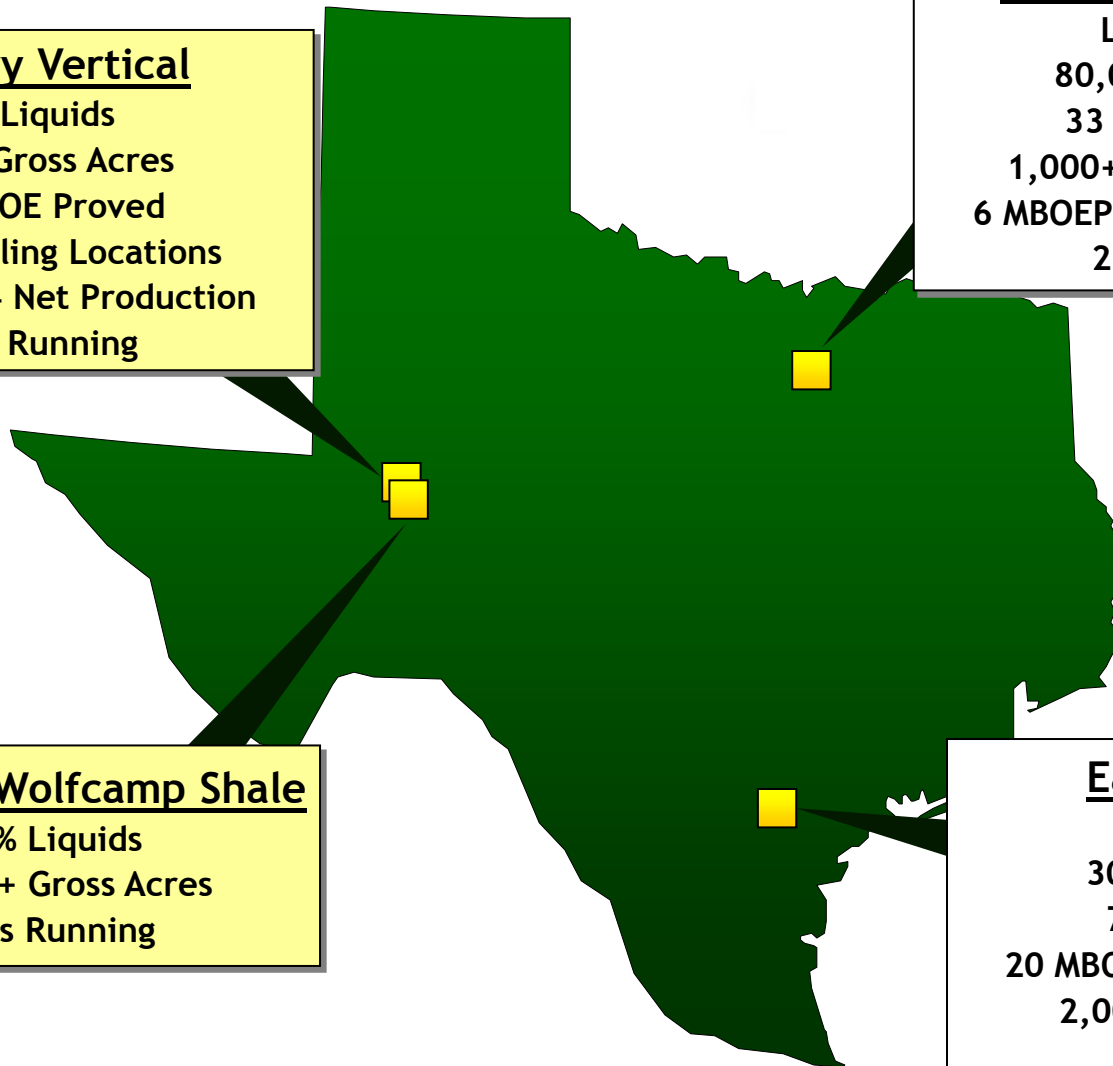
Liquids & Gas
80,000 Gross Acres
33 MMBOE Proved
1,000+ Drilling Locations
6 MBOEPD Q4 Net Production
2 Rigs Running

Horizontal Wolfcamp Shale

~90% Liquids
400,000+ Gross Acres
3 Rigs Running

Eagle Ford Shale

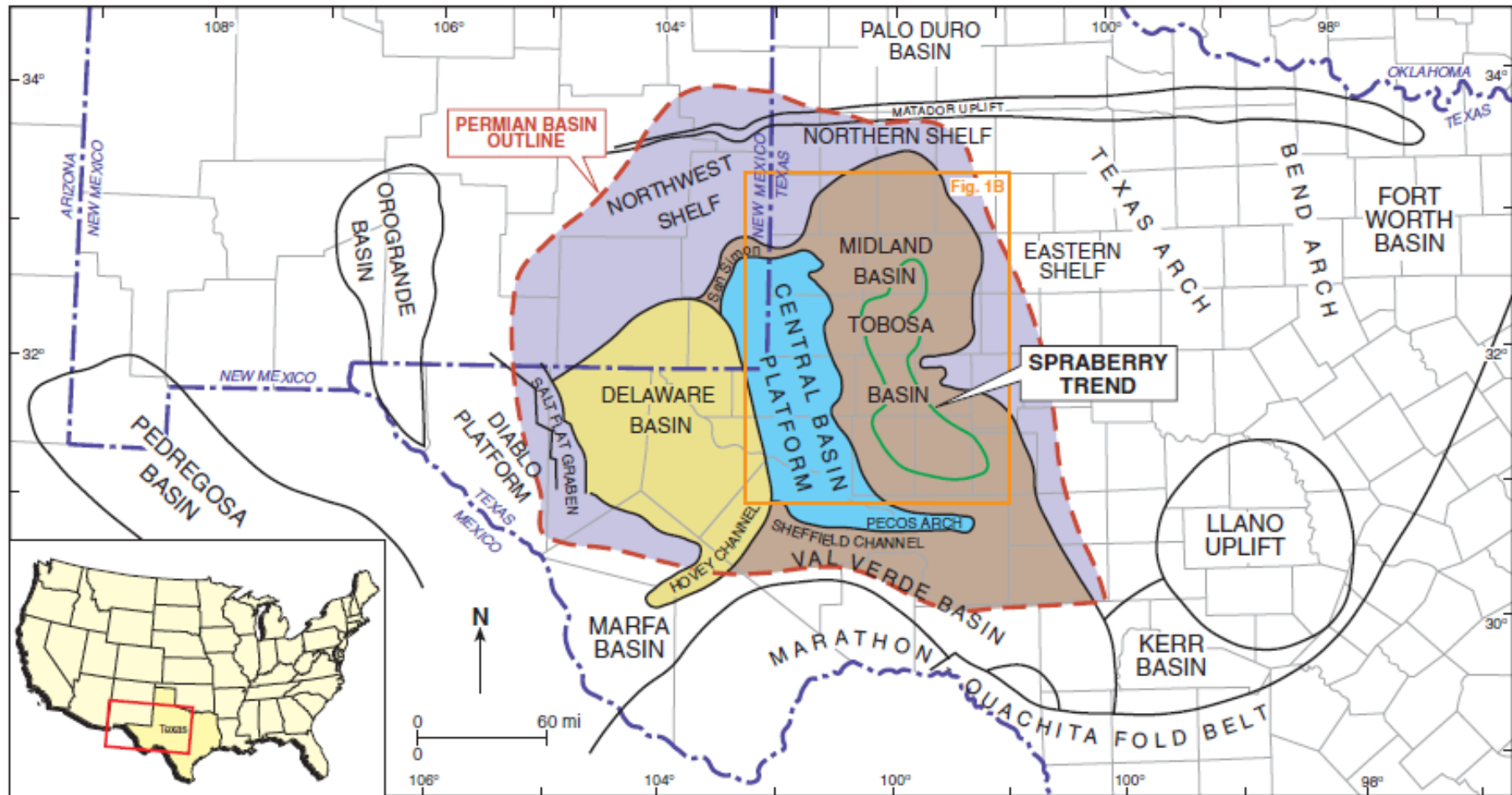
Liquids & Gas
300,000 Gross Acres
70 MMBOE Proved
20 MBOEPD Q4 Net Production
2,000 Drilling Locations
12 Rigs Running

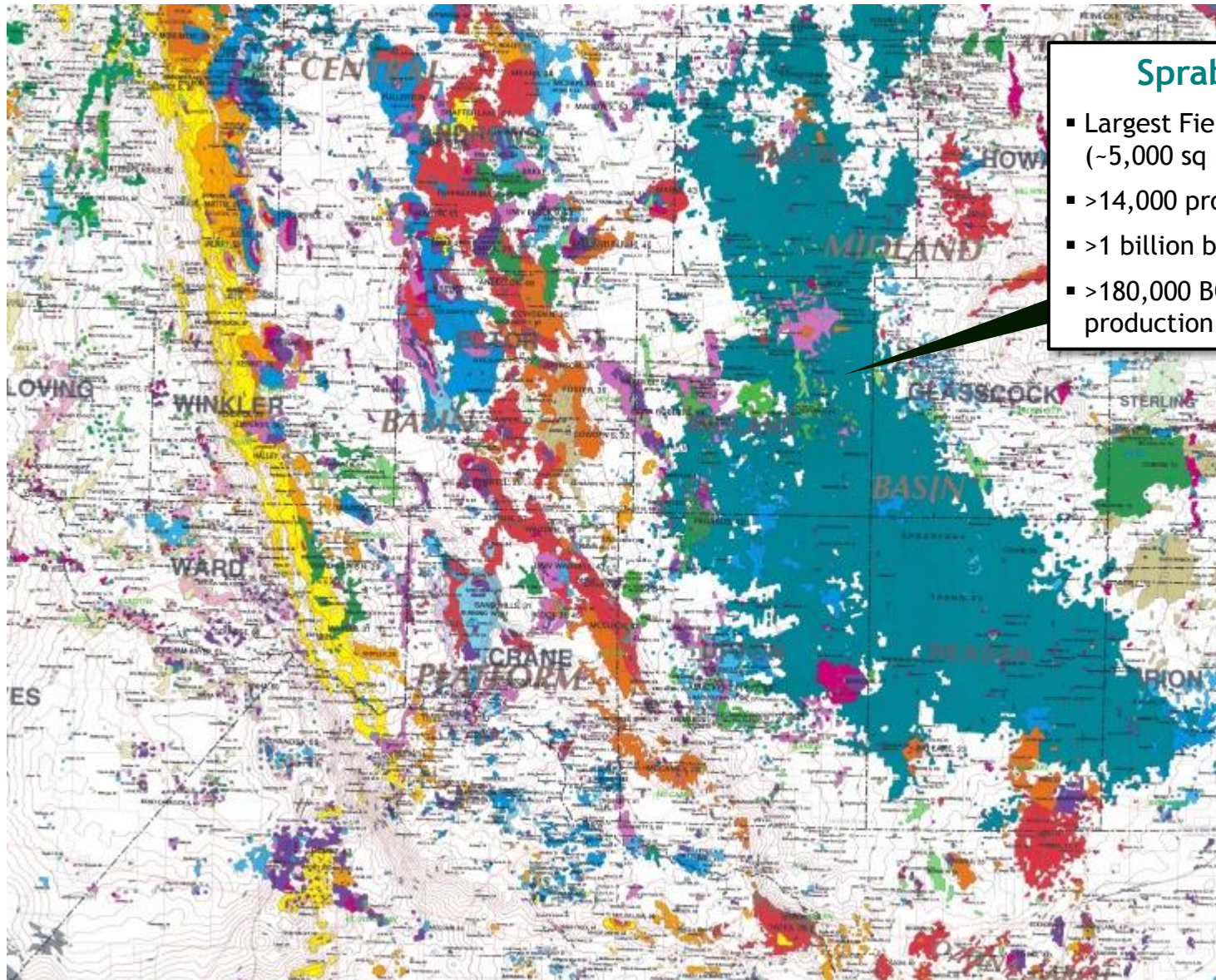


Spraberry Overview

Spraberry Trend Overview

- The Spraberry Trend is located in the Midland Basin of the Permian Basin, West Texas
- It was discovered in 1948 and commenced production in 1949
- It contains 40 BBO in-place in Spraberry-Dean interval
 - Much more oil in-place in deeper zones of Wolfcamp, Strawn, Atoka and Mississippian



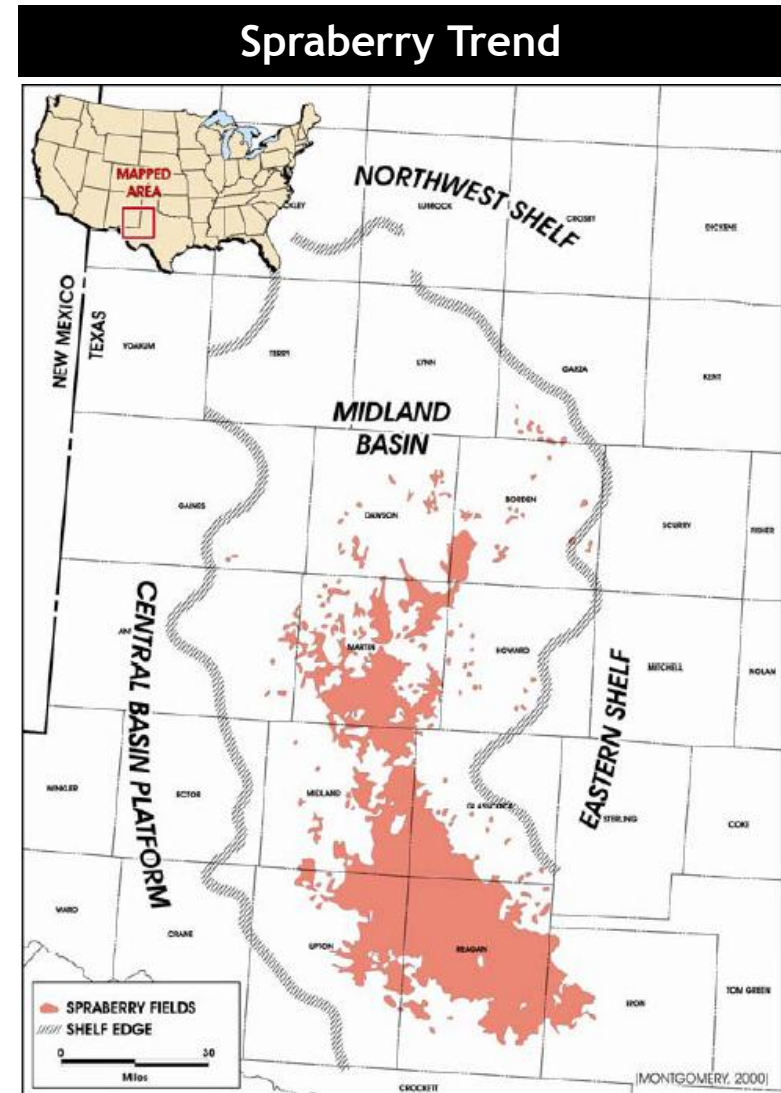


Spraberry Trend

- Largest Field in Midland Basin (~5,000 sq miles)
- >14,000 producing wells
- >1 billion barrels produced
- >180,000 BOPD current production

Spraberry Trend - Midland Basin, West Texas

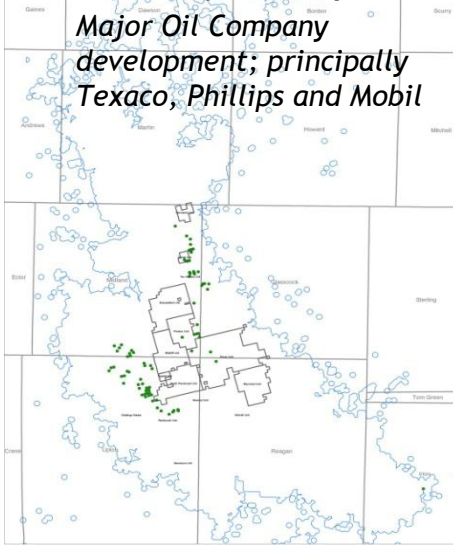
- The Spraberry Trend is a large stratigraphic trap along a regional updip pinchout of the sands
 - Growing play covers ~1.7 MM acres over eight counties in the Midland Basin
- Sandstones within the Permian-age Spraberry Trend have produced oil for many years
 - Spraberry sandstones are fine grained, low permeability, siltstone and sandstone, deposited in basin-floor submarine fan systems
 - New technology now permits access to huge reserves trapped in non-traditional siltstone and shale intervals that had previously been bypassed
- Produces sweet crude and gas from reservoir depths from 6,000 to 11,000 feet from interbedded sandstone, siltstone, shale and carbonate
 - Extensive natural fracture system with porosity of 5% to 18%, permeability of 0.05 millidarcy to 3 millidarcy
- Abundant well control in this well-understood basin supports low risk, “manufacturing” type operation



Progression of Field Development¹

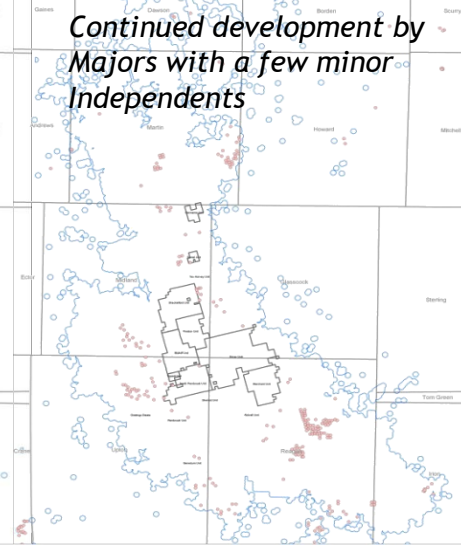
1950s - Early Development

Major Oil Company development; principally *Texaco, Phillips and Mobil*



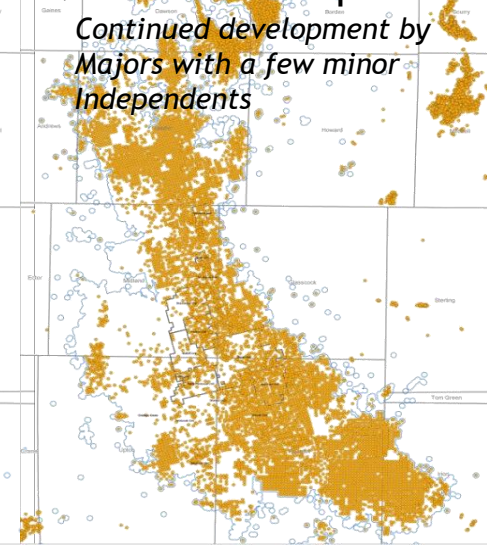
1960s - Field extension

Continued development by *Majors with a few minor Independents*



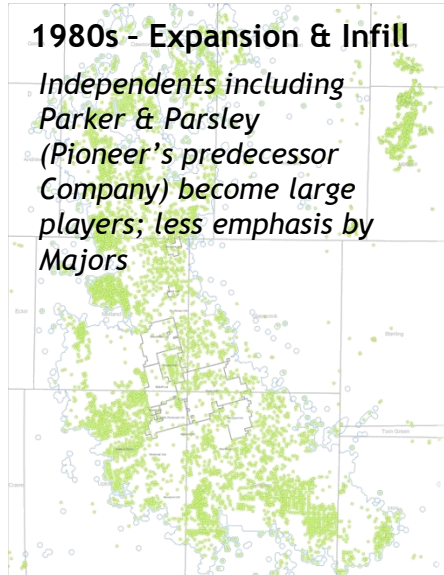
1970s - Dramatic expansion

Continued development by *Majors with a few minor Independents*



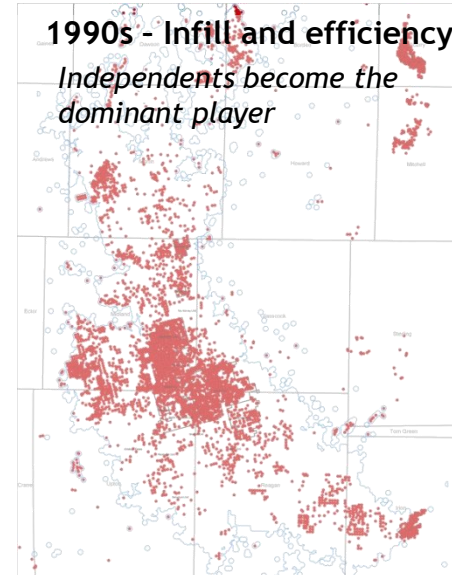
1980s - Expansion & Infill

Independents including Parker & Parsley (Pioneer's predecessor Company) become large players; less emphasis by Majors



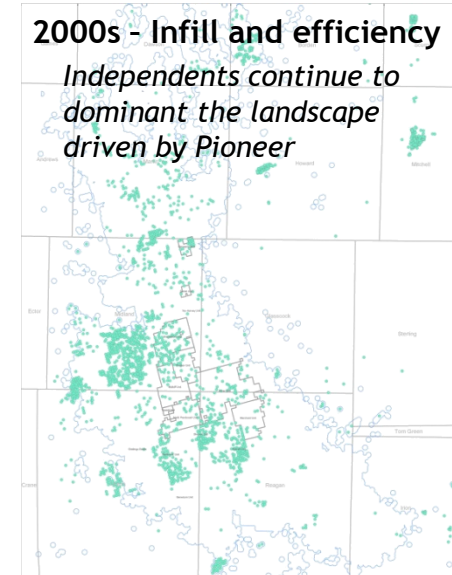
1990s - Infill and efficiency

Independents become the dominant player



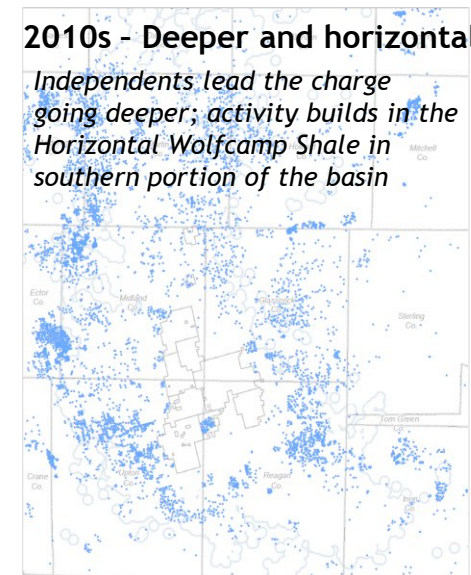
2000s - Infill and efficiency

Independents continue to dominate the landscape driven by Pioneer



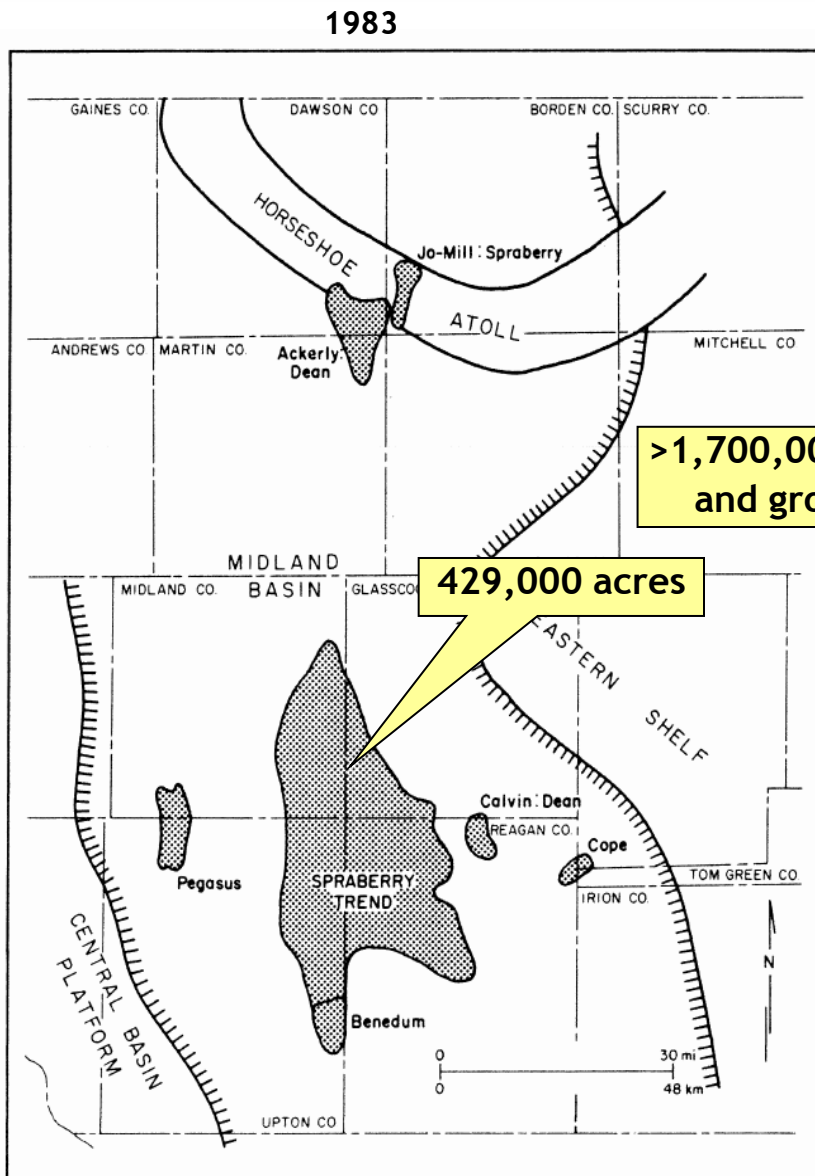
2010s - Deeper and horizontals

Independents lead the charge going deeper; activity builds in the Horizontal Wolfcamp Shale in southern portion of the basin



1) Source: IHS - Well location data prior to 1970 is limited

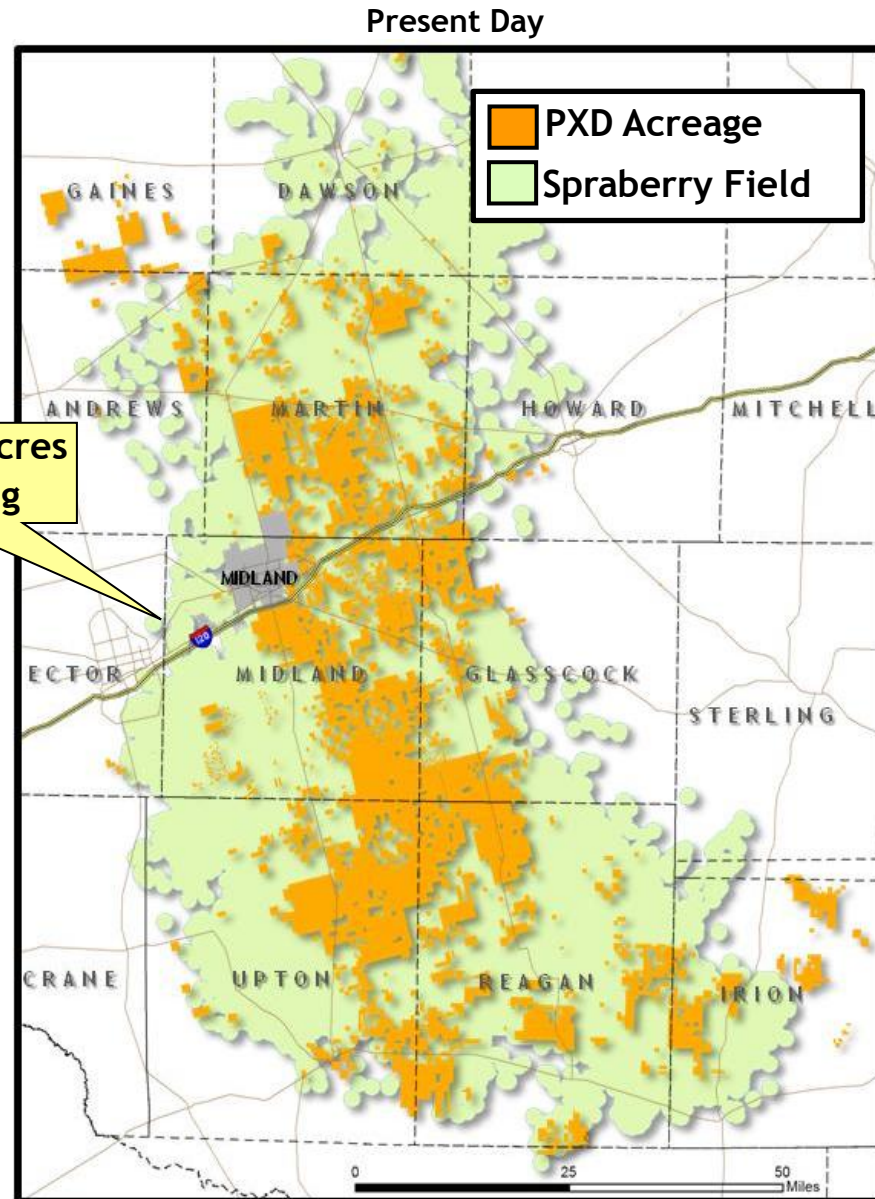
Evolution of Spraberry Trend Area



> 1,700,000 acres and growing

429,000 acres

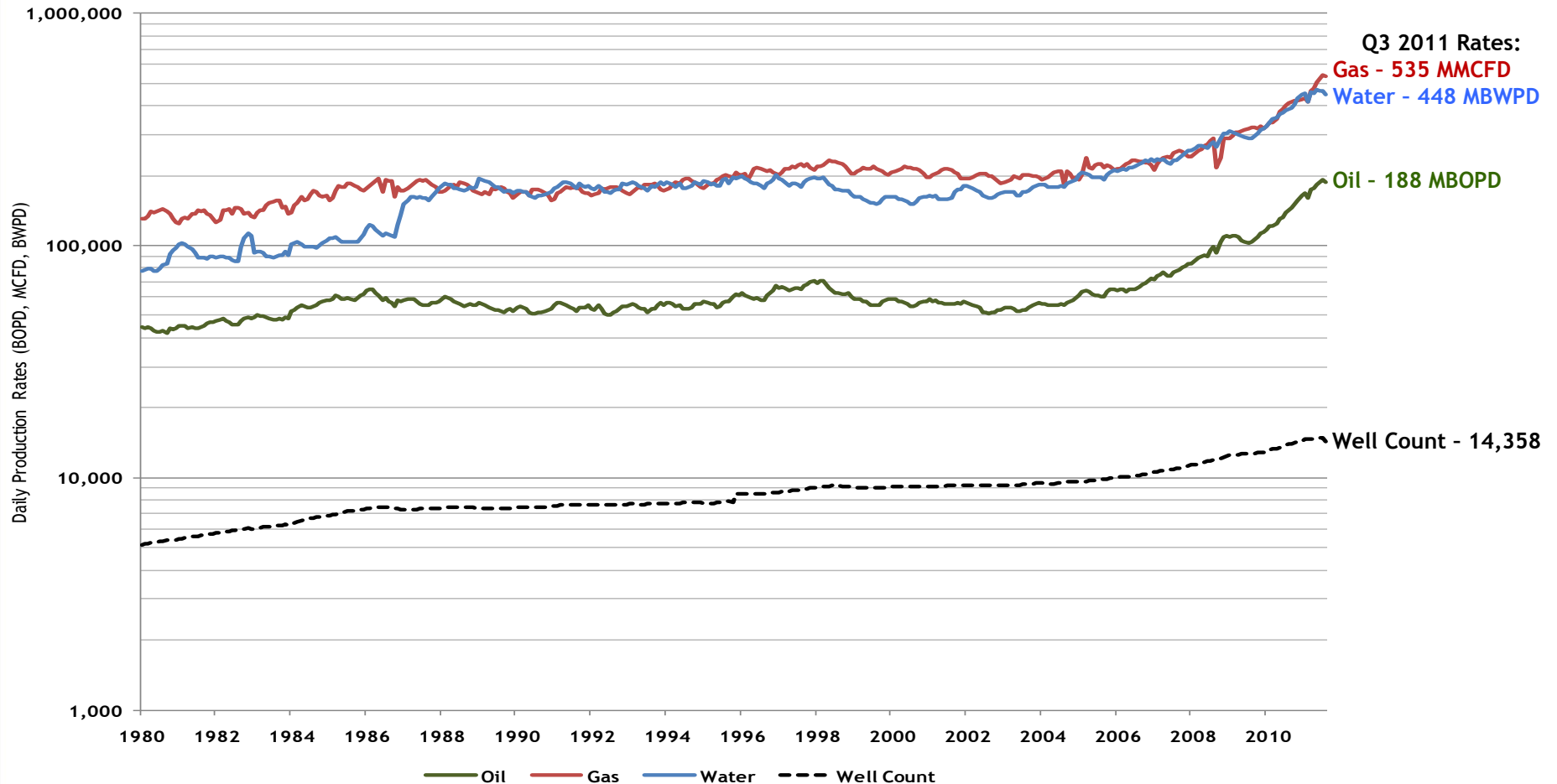
Source: Bureau of Economic Geology



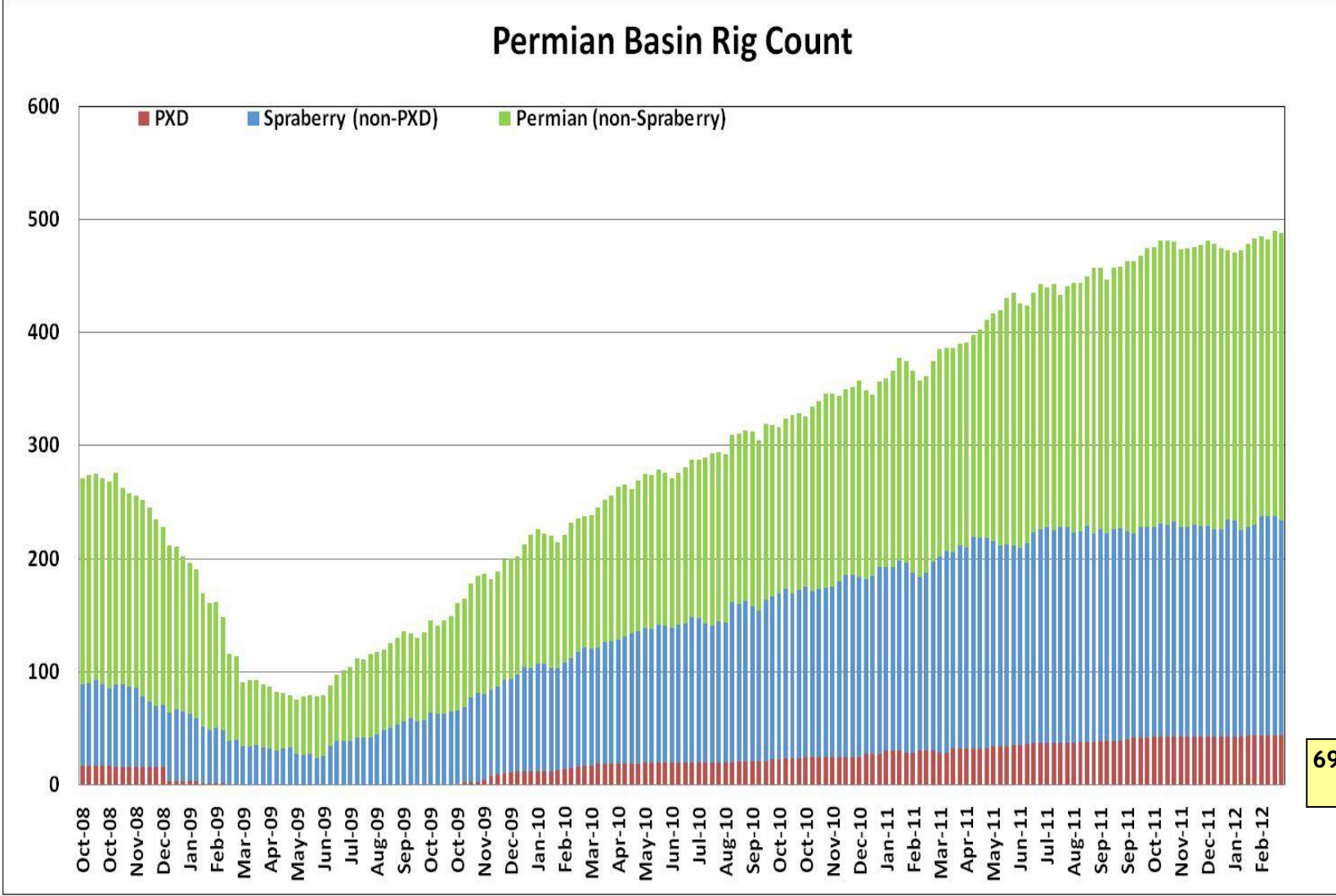
Source: PXD

Spraberry Trend - Production History

Spraberry Trend Production

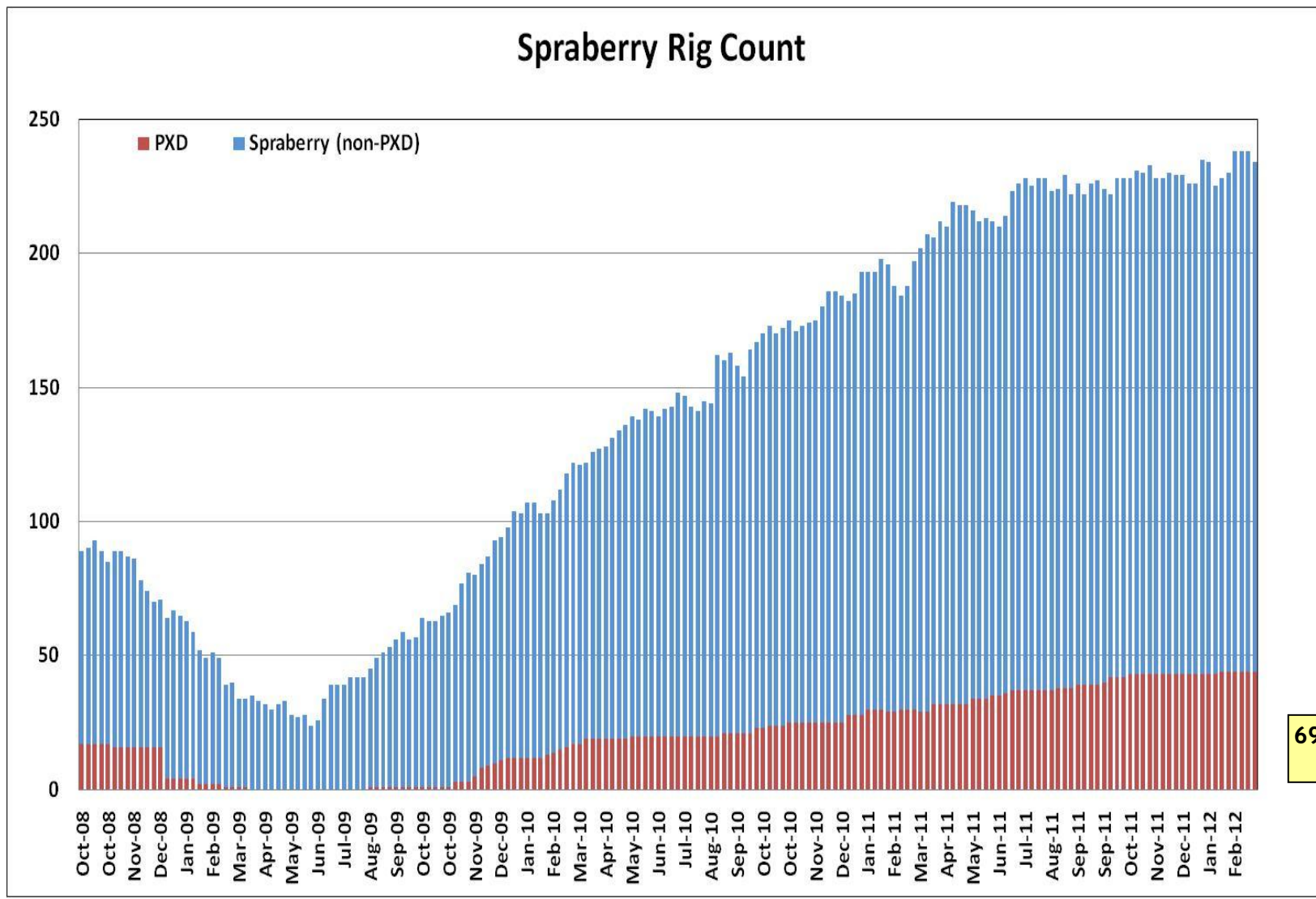


Permian Rig Count Increased 5X Since 2009



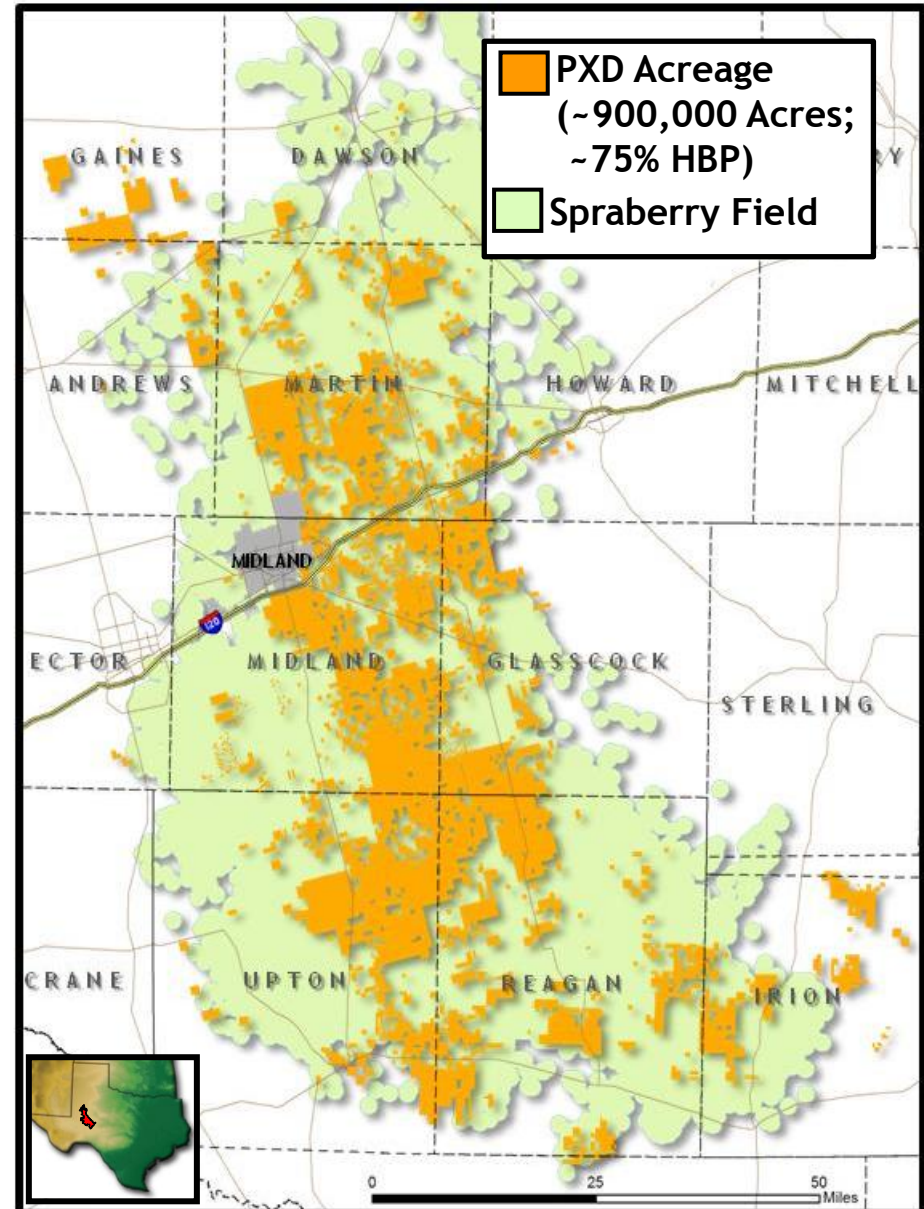
690 PXD wells
in 2011

Spraberry Trend Rig Count Increased 9X Since 2009

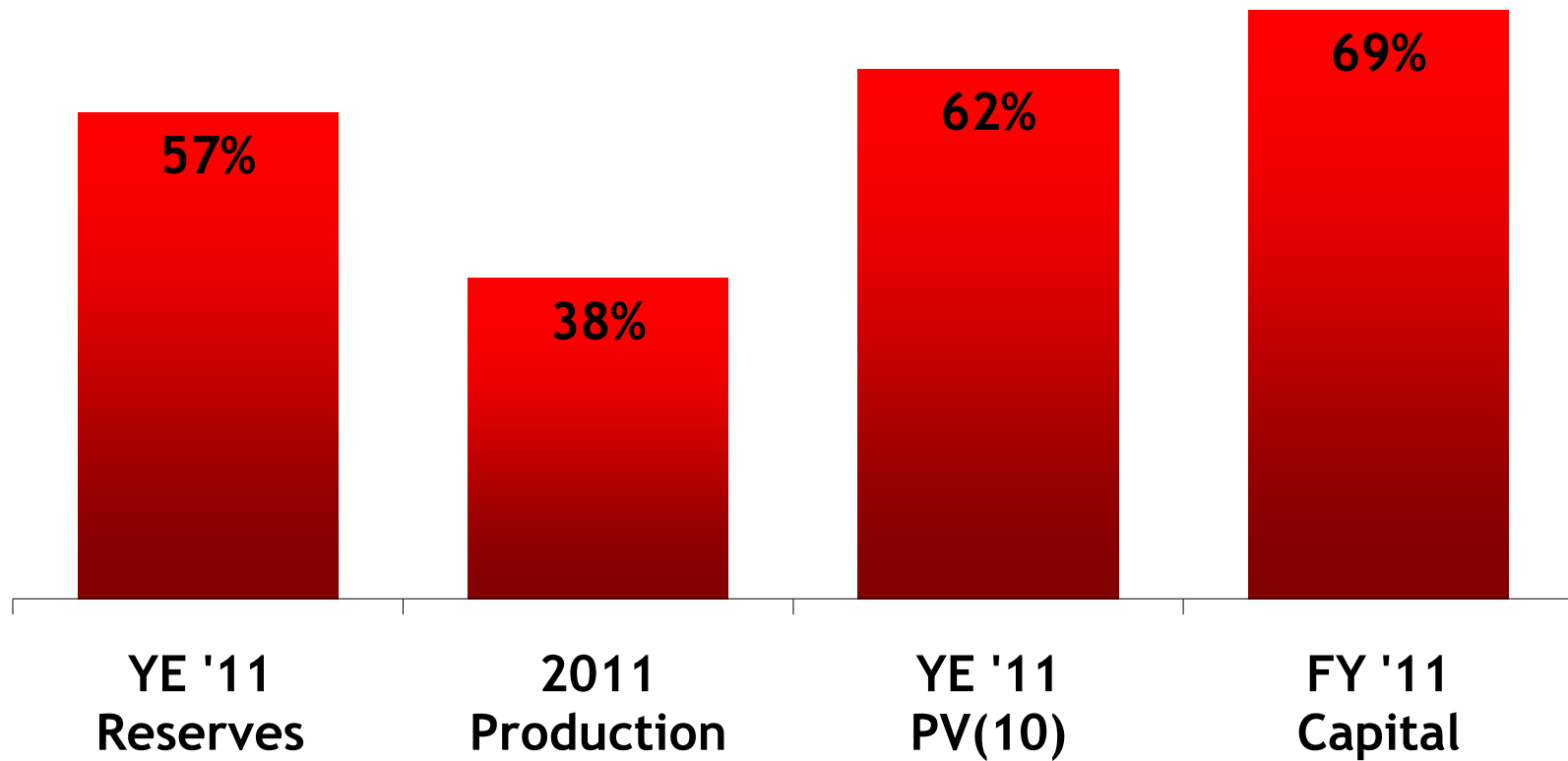


690 PXD wells in 2011

- PXD leasehold represents ~50% of total Spraberry acreage
- ~75% of PXD leasehold held by production
- ~7,000 operated wells
- Drilling locations:
 - >20,000 vertical (central and northern parts of the field)
 - >2,000 horizontal Wolfcamp (central and southern parts of the field)
- Most active driller in Permian Basin with 44 rigs currently

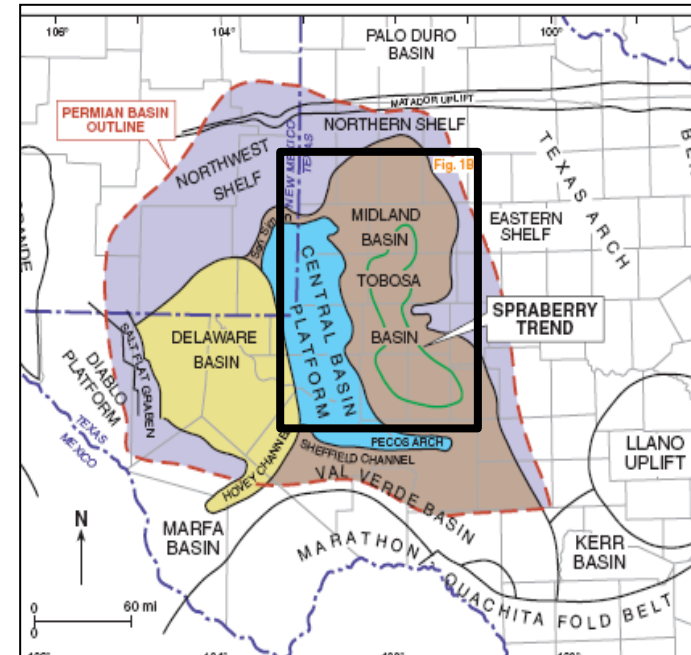
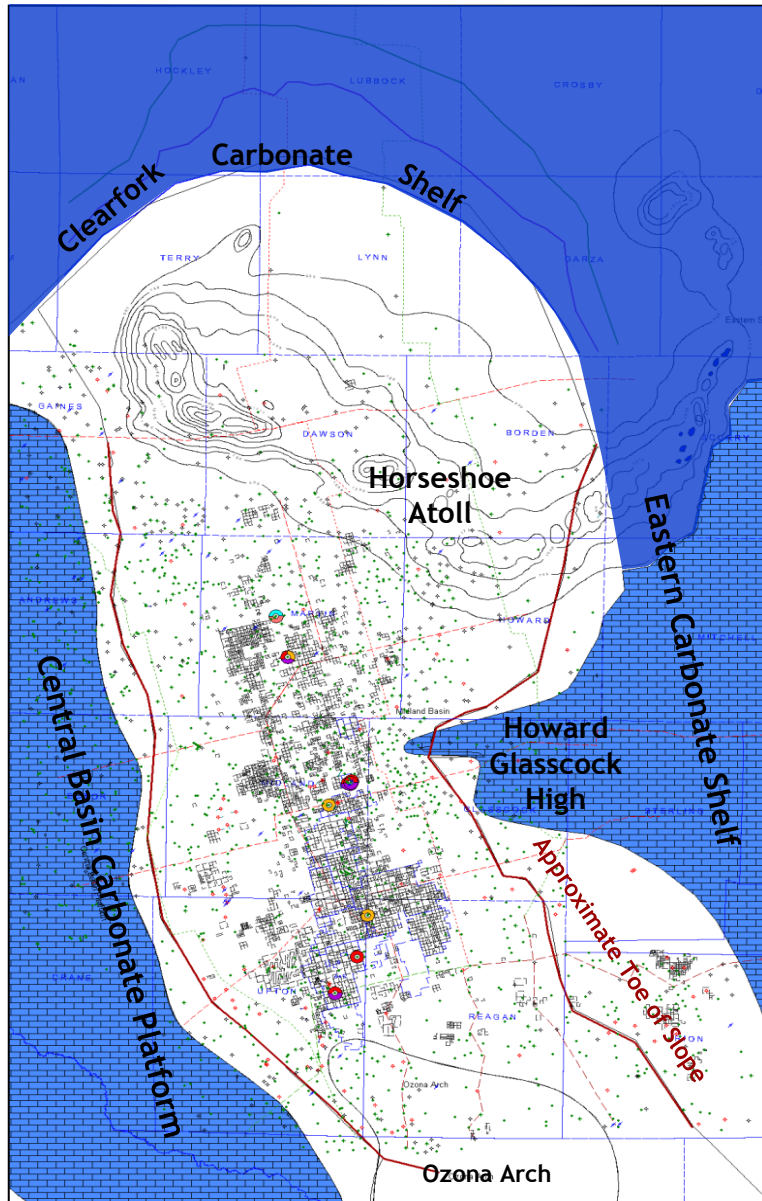


% of Total Company - 2011



Spraberry Geology

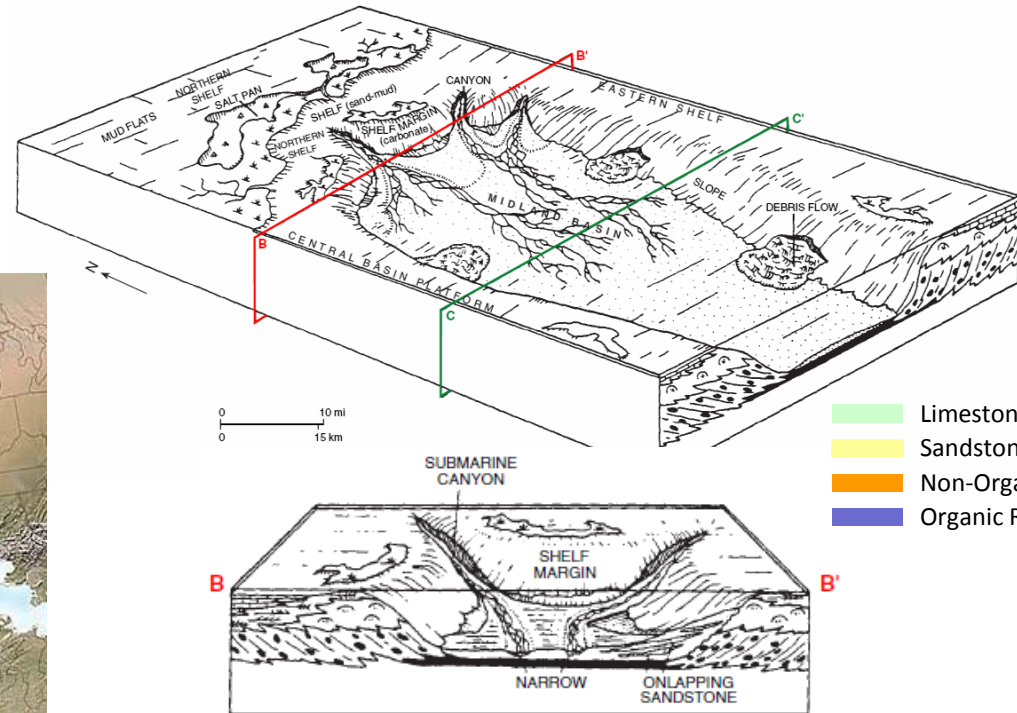
Midland Basin Formation and Trap



- Midland Basin was surrounded by structural highs during Spraberry deposition
 - Bounded to north by Horseshoe Atoll, to south by Ozona Arch, to the east by Eastern Shelf and west Central Basin Platform
- Northern sourced deep-marine clastic gravity flows funneled through atoll lows into basin during Pennsylvanian through Permian time
- Laterally extensive stratigraphic trap
 - Updip and lateral depositional pinchout of submarine fan sandstones provide trapping mechanism

Midland Basin Depositional Setting and Source

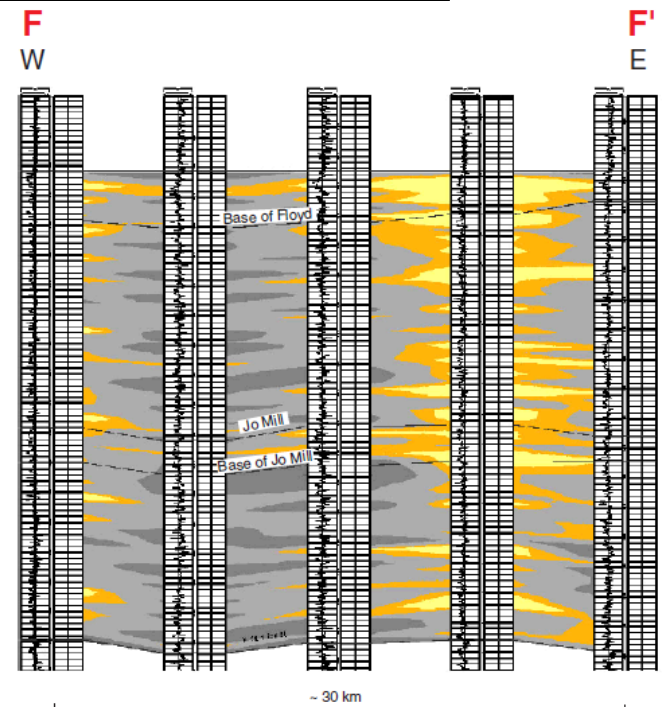
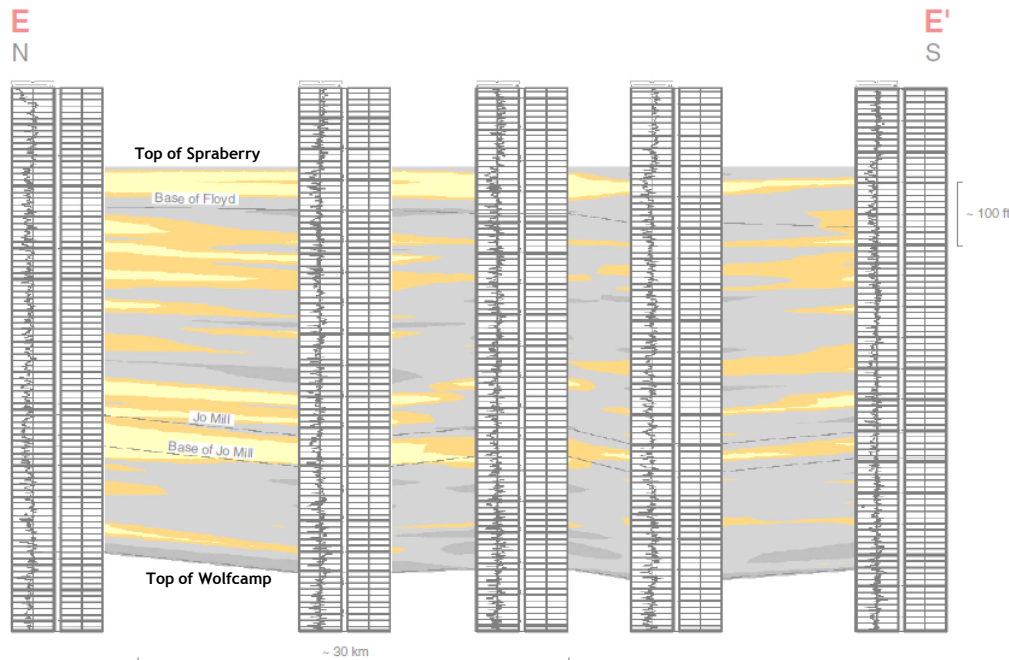
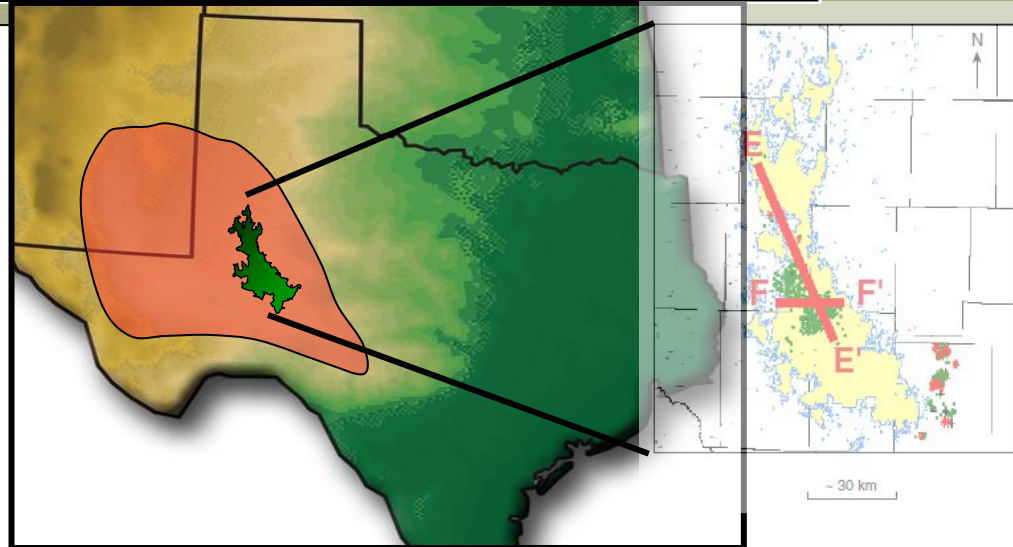
- Submarine fans of Dean and Spraberry were deposited during relative sea-level fall via submarine canyons cut mainly in Northern Shelf
 - Spilled into main depocentre to south forming distal fans
 - Saddles between atoll mounds acted as conduits for clastics
- Spraberry formation was a mud-rich fan complex
 - High transport efficiencies allowed extensive network of muds, silts and very fine sands over 150 miles
- Main productive interval in Spraberry Trend is the middle-upper Spraberry Formation
 - Subordinate production Dean and Wolfcamp
 - Sourced from Spraberry shales and basal shales



Spraberry Trend Cross-Section

- North/South cross-section E-E' and West/East cross-section F-F' through the Spraberry Trend show:
 - Southward decreasing sand/silt content
 - Decreasing sand/silt content away from the axis of the Midland Basin

Source: (Cheatwood and Guzman, 2002)

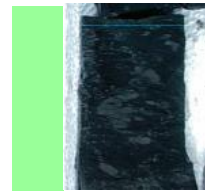


Eolian/
Background sedimentation



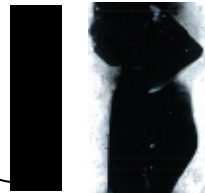
Laminated Silts

Laminated silt and shale (various concentrations of silt and mud)
Eolian/wind blown silt and background pelagic sedimentation.



Bioturbated Silts

May have been originally deposited as eolian/wind blown silt and as background pelagic sedimentation, but then chewed up by permian bugs.



Shale

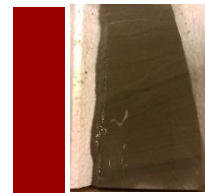
Pelagic/black ground sedimentation.

Flow deposit/
Episodic deposition



Massive Silt

Massive silt with no clear sedimentary features.
Sediment gravity flow.



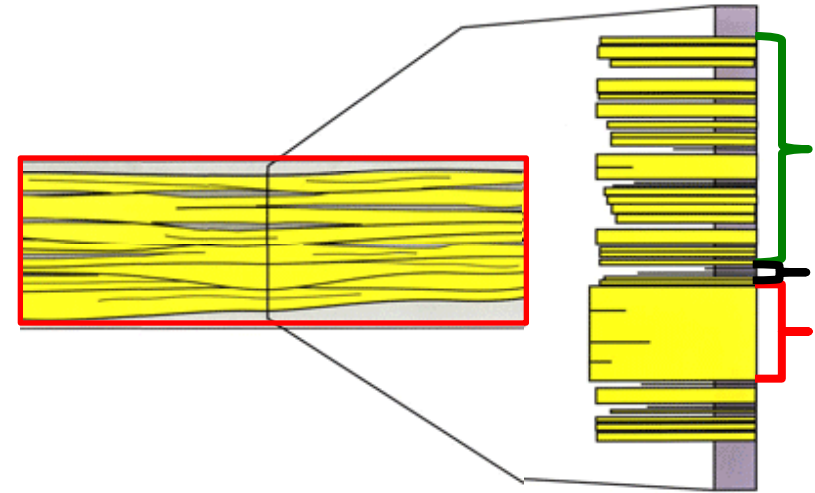
Cross-Bedded Silt

Cross-bedded silt.
Sediment gravity flow.



Deformed Beds (Silts)

Intraclasts, flooded beds, soft sediment deformation, "Graded" beds
Slump deposit

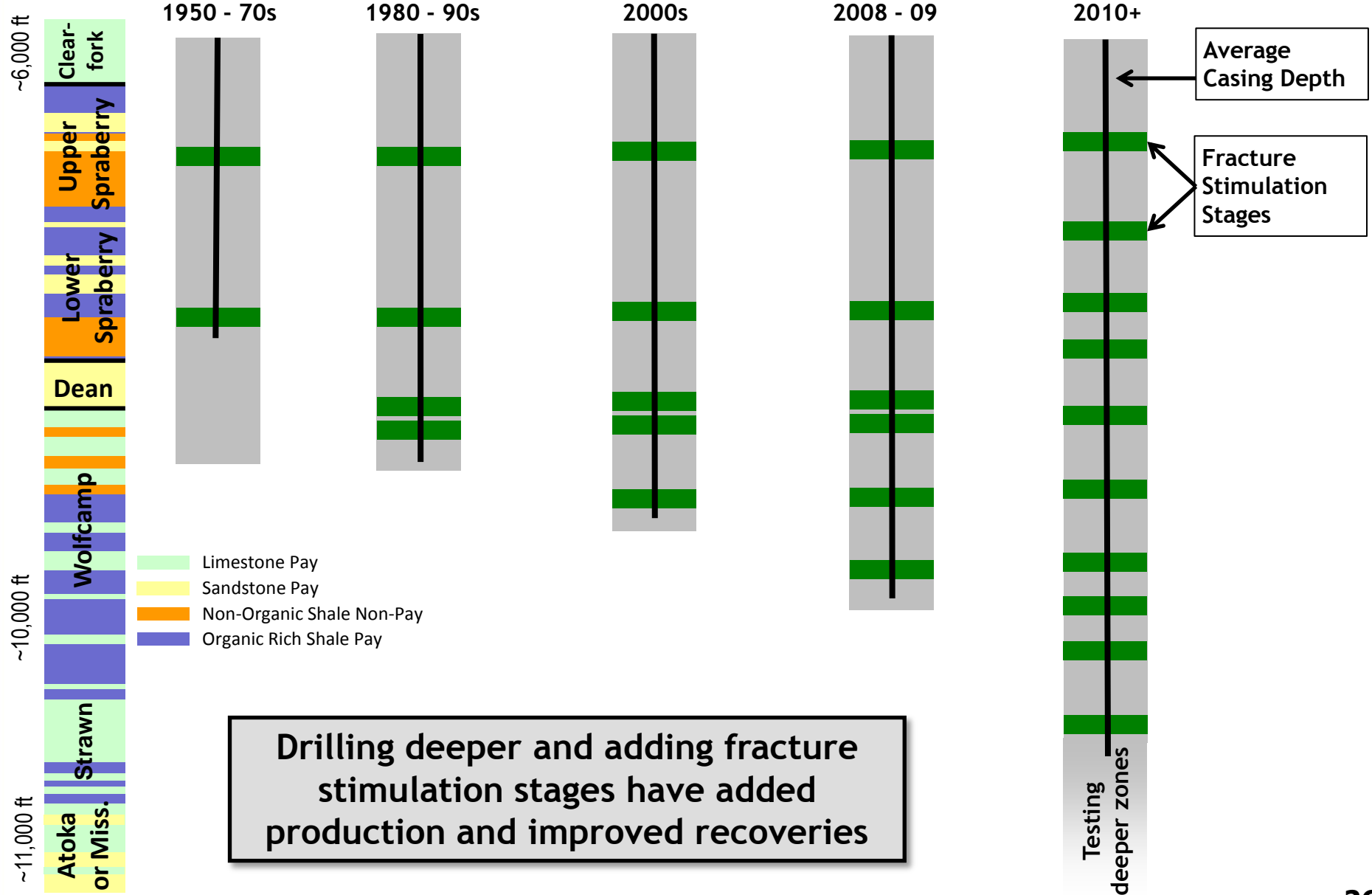


Eolian Deposition: Laminated facies

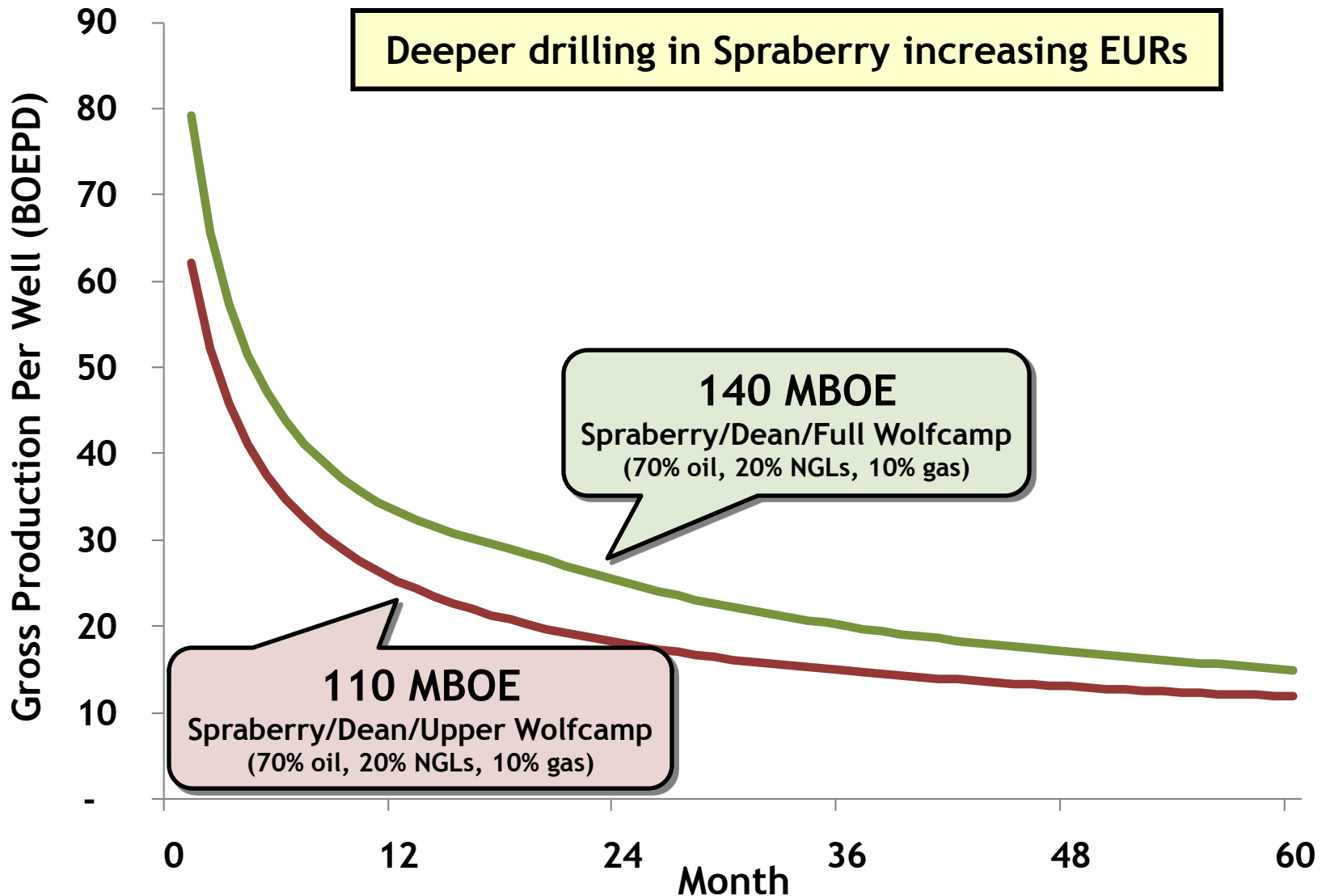
Pelagic Sedimentation: Marine Shale

Low Stand: Sediment Gravity Flows
Massive Silts

History of Spraberry Trend Completions



140 MBOE Spraberry 40-Acre Type Curve



Strawn / Atoka / Mississippian Potential Not Included

Spraberry Vertical Deeper Drilling Results

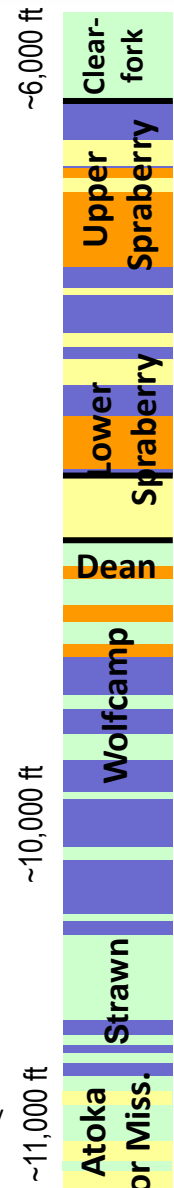
2011 Strawn Results

- 246 vertical wells completed in the Strawn interval during 2011
- 25+% increase in cumulative production during first 12 months compared to offset Lower Wolfcamp wells
- Production data supports 30 MBOE incremental EUR for wells completed in the Strawn (70% oil, 20% NGLs, 10% gas)
- Strawn interval prospective on 50% - 60% of PXD's acreage

2011 Atoka / Mississippian Results

	Wells Completed In 2011	Potential Incremental EUR (MBOE)	Prospective PXD Acreage
Atoka	18	50 - 70	25% - 50%
Mississippian	4	15 - 40	20%

- Limestone Pay
- Sandstone Pay
- Non-Organic Shale Non-Pay
- Organic Rich Shale Pay

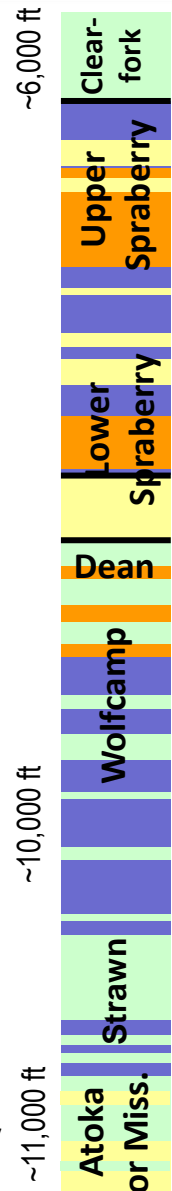
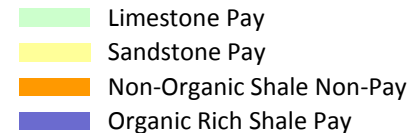


Spraberry Vertical Drilling Program

2012 Vertical Drilling Program (~750 Wells)

Deepest Interval Completed	% of Program	Current Blended Well Cost (\$MM)	Before Tax IRR ¹
Wolfcamp	50%	\$1.6 - \$1.7	~40%
Strawn	20%	\$1.65 - \$1.75	~50%
Atoka ²	20%	\$1.9 - \$2.0	50% - 60%
Mississippian ²	10%	\$1.9 - \$2.0	40% - 50%

Average Well Cost: \$1.7 MM - \$1.8 MM
Average Before Tax IRR: 45% - 50%



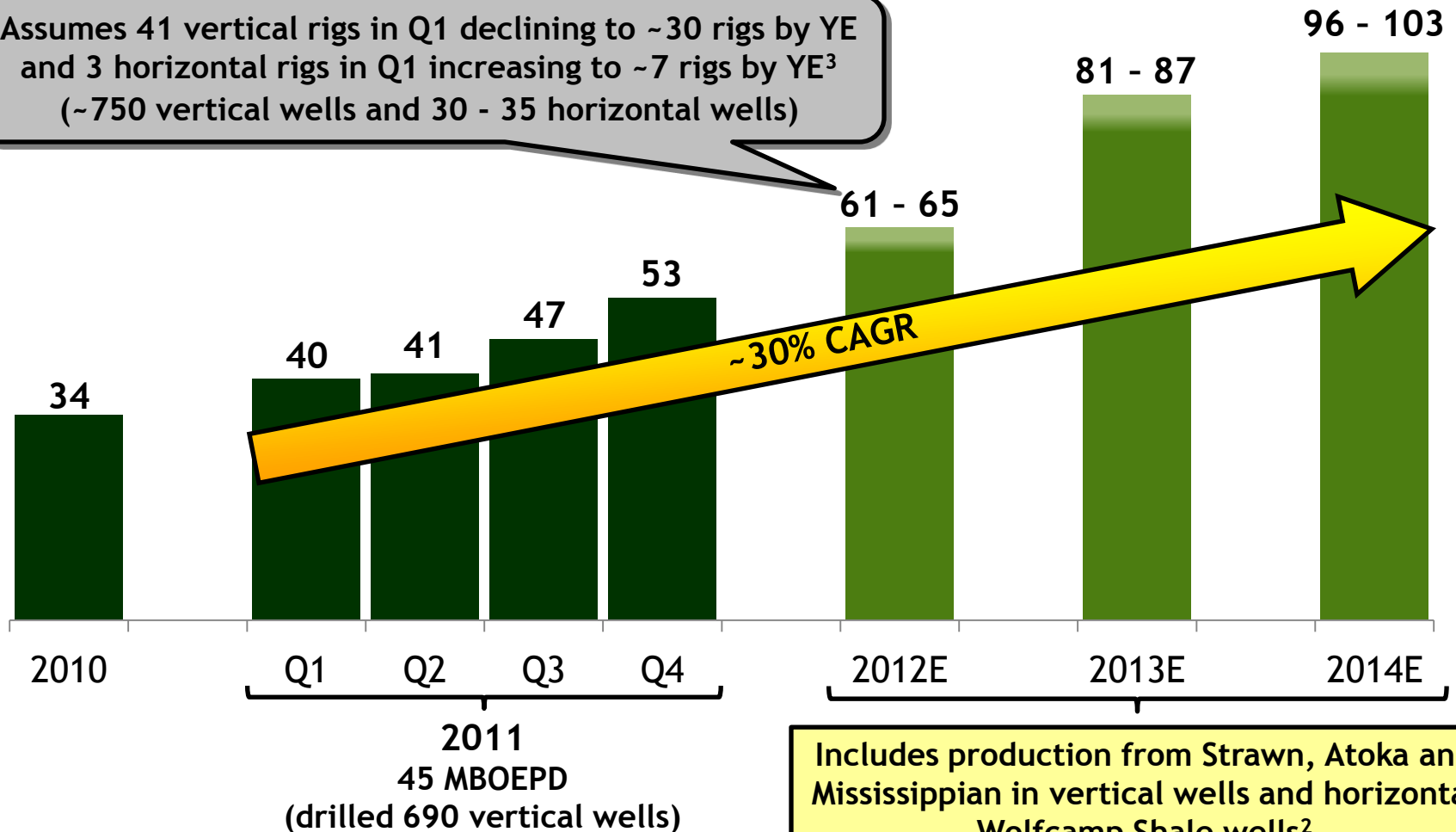
1) Assuming flat commodity prices of \$100/bbl oil and \$4/mcf gas
2) May include a completion in the Strawn interval

Spraberry Operations

Continuing to Successfully Grow Spraberry Production

Spraberry Net Production¹ (MBOEPD)

Assumes 41 vertical rigs in Q1 declining to ~30 rigs by YE and 3 horizontal rigs in Q1 increasing to ~7 rigs by YE³ (~750 vertical wells and 30 - 35 horizontal wells)



1) Includes expiration of VPP commitments (3 MBOEPD @ YE 2010 and 4 MBOEPD @ YE 2012)

2) Production from horizontal Wolfcamp Shale forecast at ~2 MBOEPD in 2012

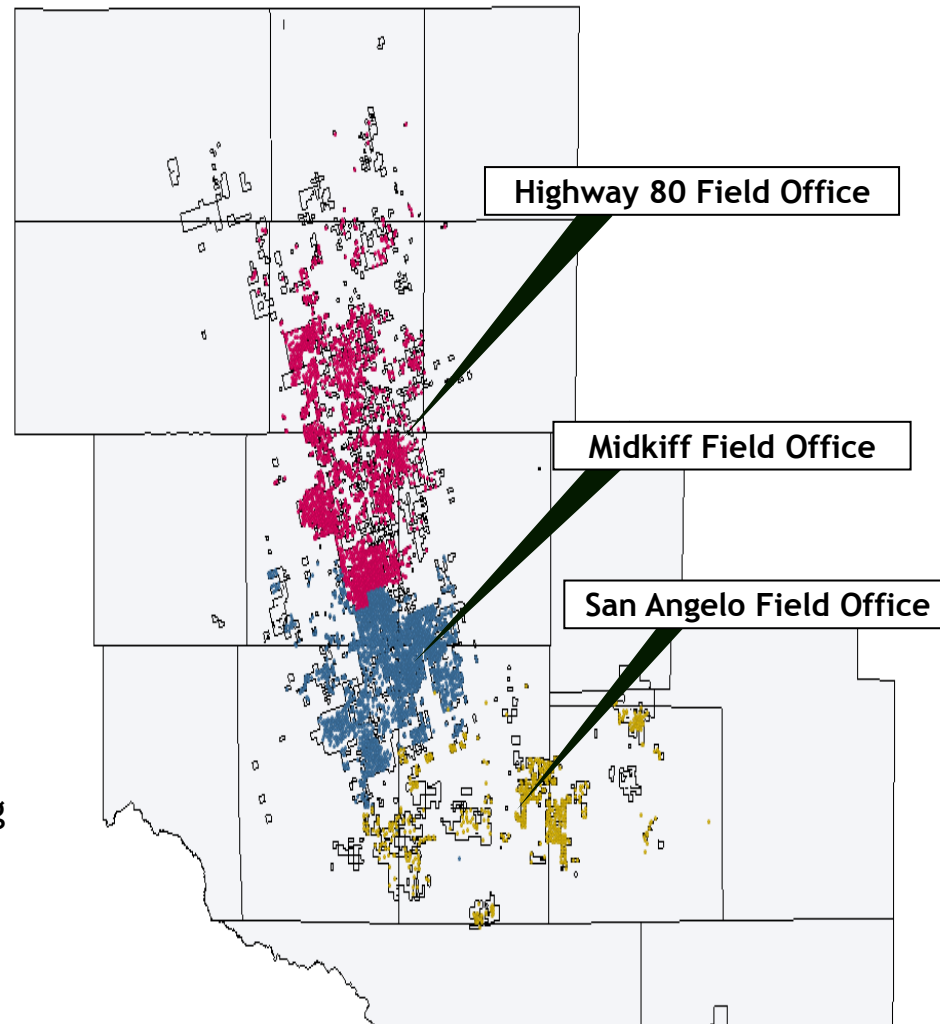
3) Production forecast for 2013 and 2014 assumes the vertical rig count remains at ~30 rigs and the horizontal rig count increases to ~10 rigs



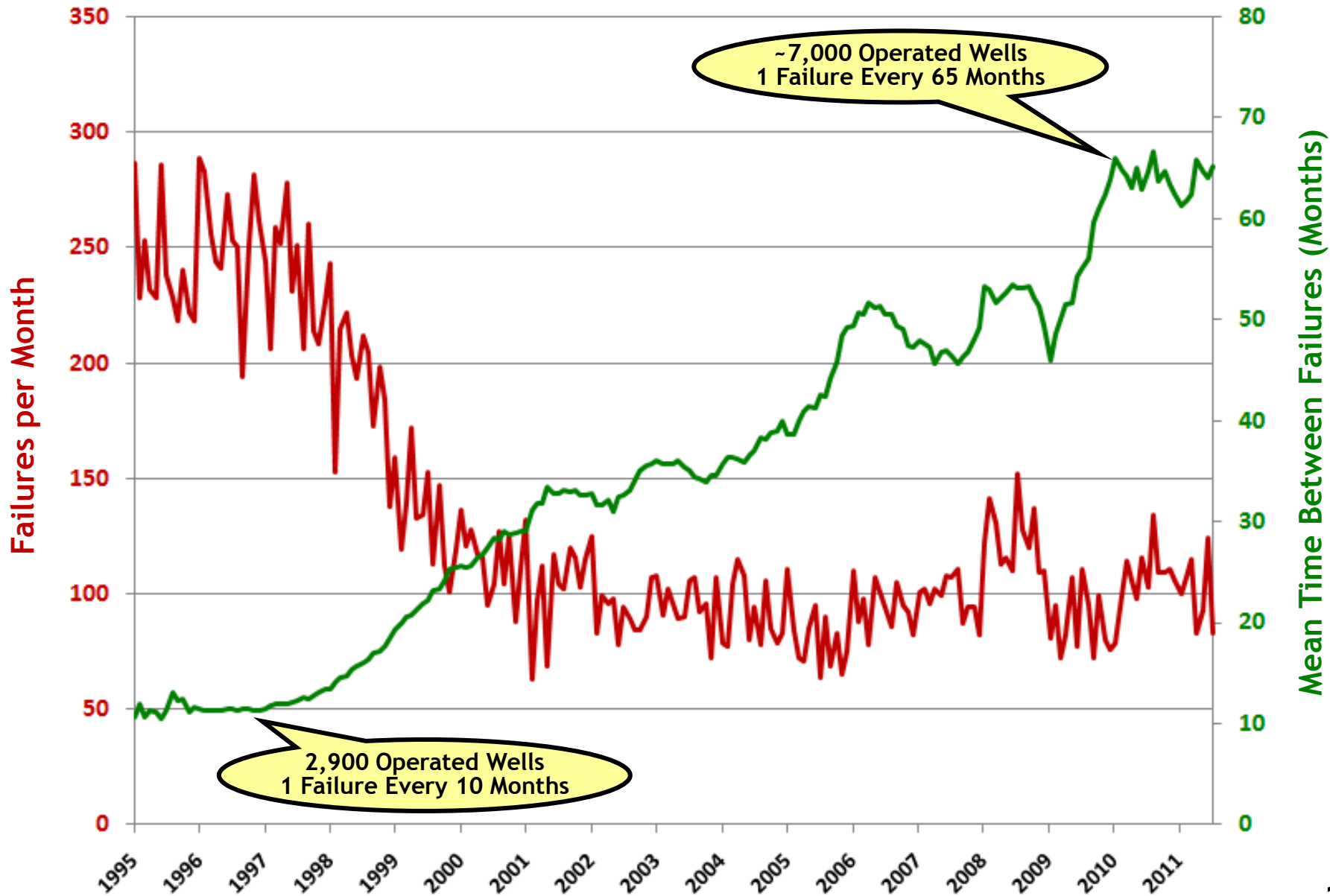
Example of Spraberry Development, NW Martin County

- Excellent operating environment
- PXD has long history of development in the area
- Large ownership stake in services that support operations
 - Drilling rigs, pulling units, reverse rigs, fishing tools, hot oilers, frac tanks, water trucks and construction equipment

- Currently operate ~7,000 wells
 - 1600+ well batteries/facilities
 - 3 field offices
- Growth and expansion
 - 700+ new wells per year (~ 2 wells/day)
 - Ongoing construction of new roads and tank batteries
- Manage growth and increased workload
 - Hire additional field personnel
 - Optimize field personnel workloads by becoming more efficient



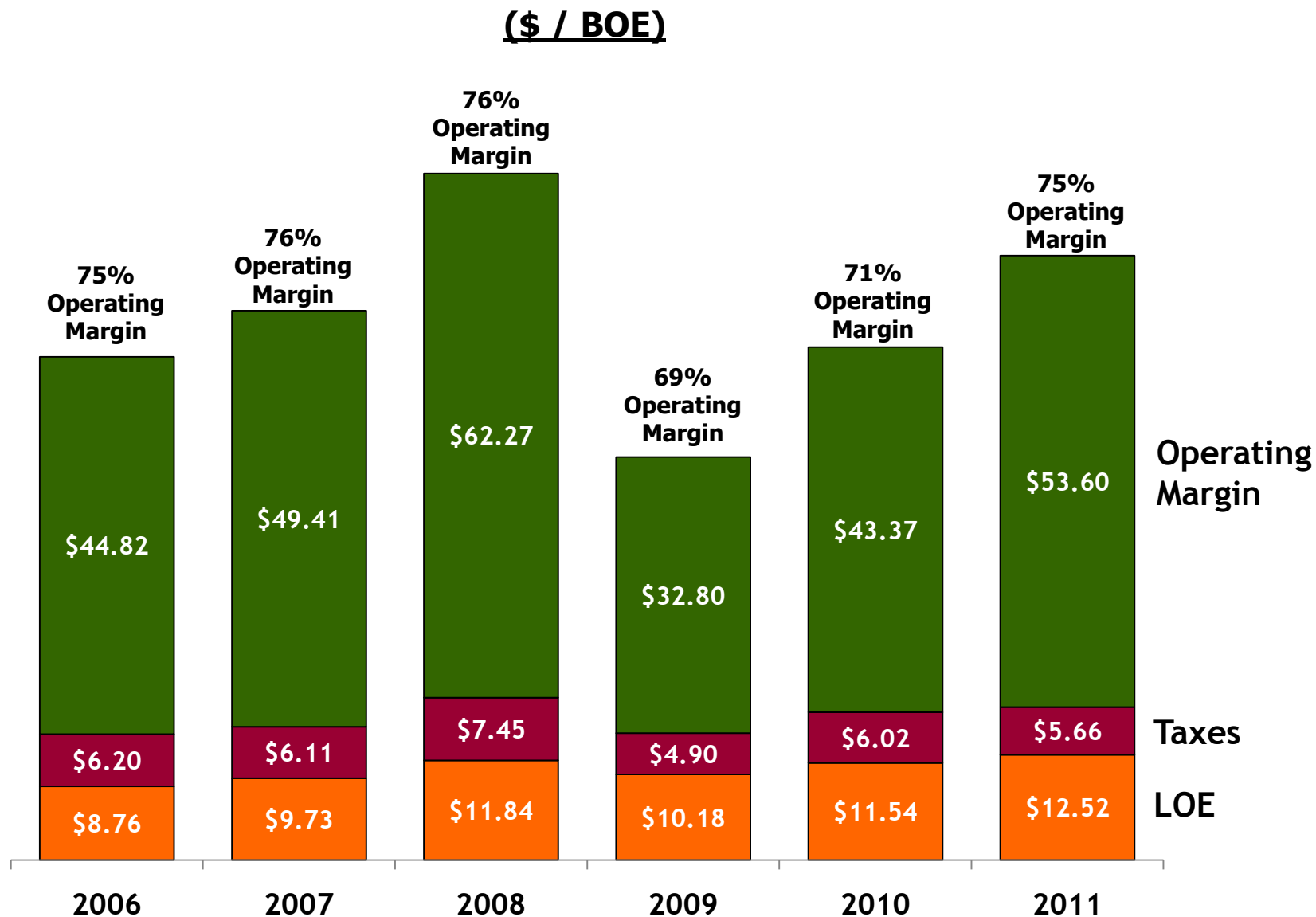
Production Optimization Pays Dividends



- XSPOC SCADA¹ System currently contains 5612 wells
- PXD's Permian Asset Team operates the largest XSPOC System in the US
- Adding advanced programmable logic controllers to disposal & injection wells
- Added monitoring for waterflood injection system
- Installing electronic gauging on tank batteries



PXD Historical Spraberry Operating Margins



Drilling, Pressure Pumping and Well Service Equipment

Spraberry

5 frac fleets (~20,000 HP each)
(adding 70,000 HP by mid-2012)
15 drilling rigs
Other service equipment¹

Eagle Ford Shale

2 frac fleets
1 coiled tubing units
(adding 2nd unit Q2 2012)

Barnett Shale Combo

1 frac fleet
1 coiled tubing unit

Year-End 2011

Total Vertical Integration Investment: \$440 MM²
Total Frac Horsepower: 225 M



1) Includes pulling units, frac tanks, hot oilers, water trucks, blowout preventers, construction equipment and fishing tools

2) Includes spending in 2011 for additional frac fleets to be delivered mid-2012

Vertical Integration Significantly Reduces Well Costs

Drilling, Pressure Pumping and Well Service Equipment

<u>Frac Fleets</u>	<u>Spraberry</u>	<u>Eagle Ford Shale</u>	<u>Barnett Shale Combo</u>
Current (225,000 HP)	5	2	1
% of Total Wells Fraced	~70%	~65%	~100%
Frac/Fleet/Year	~115	~55	~60
Savings Per Frac ¹	\$0.35 MM	\$1.70 MM	\$0.75 MM
Annual Savings ^{2,3}	\$200 MM	\$185 MM	\$45 MM
<u>Rigs and Other Services⁴</u>			
Annual Savings ¹	\$30 MM	-	-
Total Annualized Cash Savings At Year-End 2011 Run Rate	\$230 MM	\$185 MM	\$45 MM

Total Year-End 2011 Vertical Integration Investment: \$440 MM⁵
Total PXD Annualized Year-End 2011 Cash Savings: \$460 MM
Additional 70,000 HP frac capacity scheduled for delivery by mid-2012

1) Generally reflects current savings vs. longer-term contract rates

2) Excludes savings from frac fleets scheduled for delivery in mid-2012

3) Includes direct savings to PXD and charges to third-parties

4) Includes 15 rigs and other service equipment including pulling units, frac tanks, hot oilers, water trucks, blowout preventers, construction equipment and fishing tools

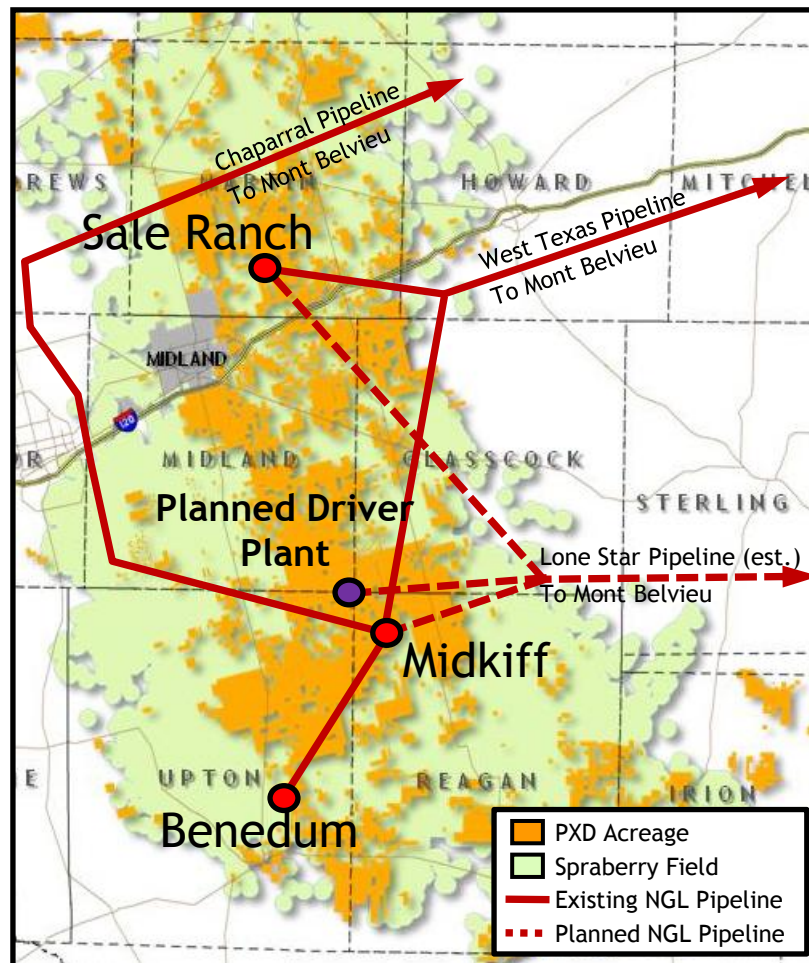
5) Includes spending in 2011 for additional frac fleets to be delivered mid-2012

Sand Mine Purchase Summary

- **PXD acquiring Carmeuse Industrial Sands (CIS) for \$297 MM, before normal closing adjustments**
 - Key asset is Brady, TX mine, largest source of Hickory frac sand (Brady Brown®) in the U.S. for industry and Pioneer
 - Strategic opportunity to secure high-quality, low-cost and logistically-advantaged brown sand supply for PXD's increasing fracture stimulation requirements in the Spraberry vertical, horizontal Wolfcamp Shale and Barnett Shale Combo plays
 - Complements PXD's vertical integration strategy to reduce execution risk and control costs
 - Secures brown sand supply in a tight market at below market prices for next 30+ years
 - Reduces annual capital spending by \$65 MM - \$70 MM based on estimated sand requirements and current market prices
- **Closing expected late Q1 or early Q2**
- **Acquisition funded from available cash**
- **Significant upside potential**
 - Double the capacity of the Brady mine from 1 MM tons per year to 2 MM tons per year
 - Would support Spraberry vertical, horizontal Wolfcamp Shale and Barnett Shale Combo drilling above current plans
 - Develop white sand mine in Wisconsin with a capacity up to 1 MM tons per year
- **CIS' highly experienced and technically proficient management team, with over 150 years of experience in the industrial sands business, has agreed to join PXD**

Gas Processing

- **Midkiff / Benedum**
 - Current capacity: 260 MMCFD¹
 - PXD production makes up ~40% of throughput
- **Sale Ranch**
 - Current capacity: 25 MMCFD¹
 - Mid-2012 expansion: +120 MMCFD¹
 - PXD production makes up ~40% of throughput
- **Planned Driver Plant**
 - Online 1Q 2013
 - Planned additional capacity: 200 MMCFD^{1,2}



Pipeline NGL Takeaway to Mont Belvieu

- **Chaparral & West Texas Pipelines**
 - PXD production throughput of ~12 MBPD in Q4 2011
 - Recent West Texas pipeline debottlenecking providing an additional 4 MBPD to PXD
- **New Lone Star Pipeline**
 - 4 MBPD to PXD in late-2012 increasing to 16 MBPD by 2020
 - Will connect to all PXD gas processing plants

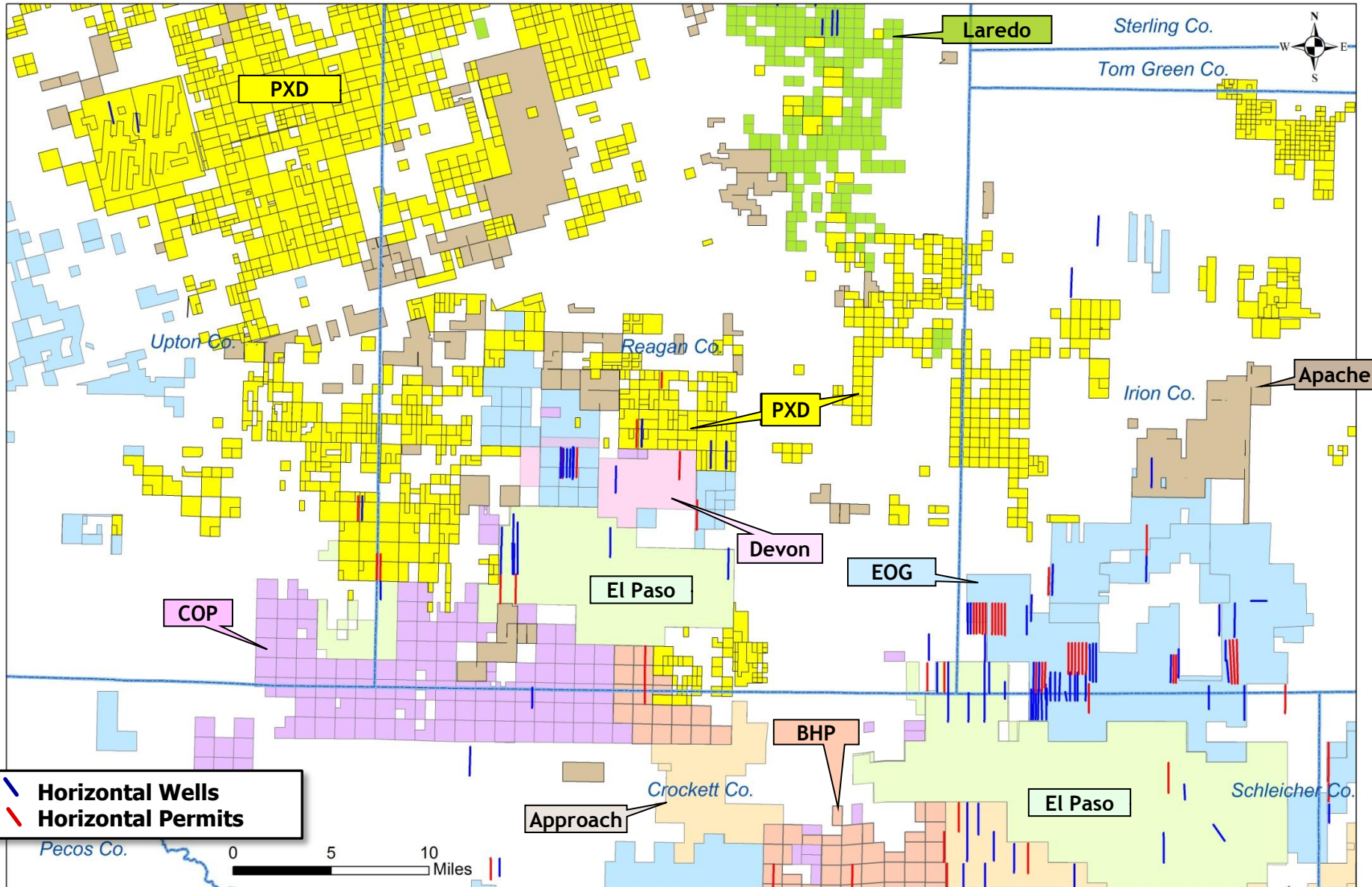
Expanding processing capacity and contracted takeaway to support Pioneer's aggressive production growth

1) Wet gas stream with ~160 BBL/MMSCF NGL yield

2) Initial capacity of 100 MMCFD with expansion to 200 MMCFD by end of 2013

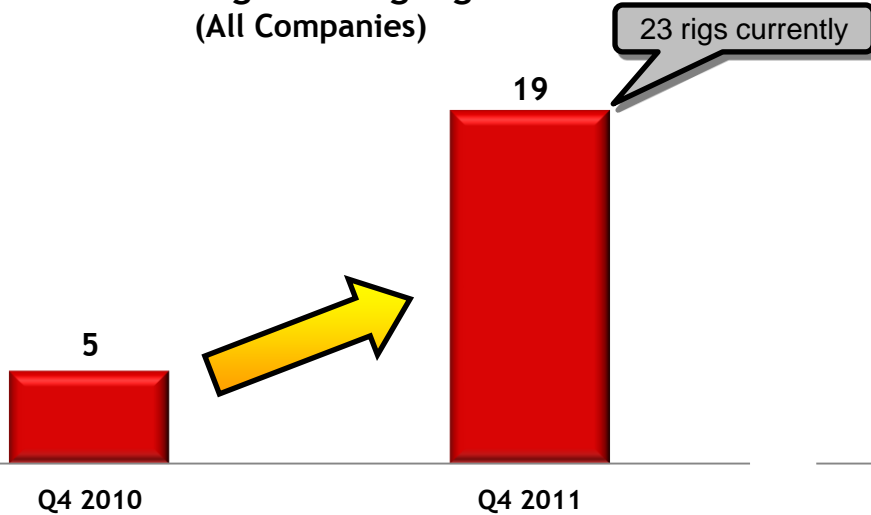
Horizontal Wolfcamp Play

Horizontal Wolfcamp Players

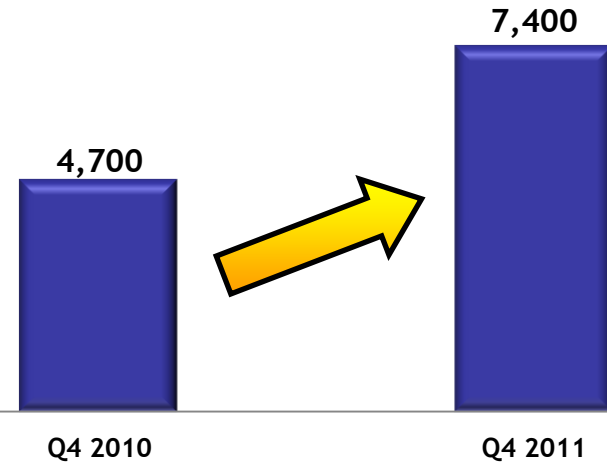


Industry Increasing Horizontal Wolfcamp Shale Activity

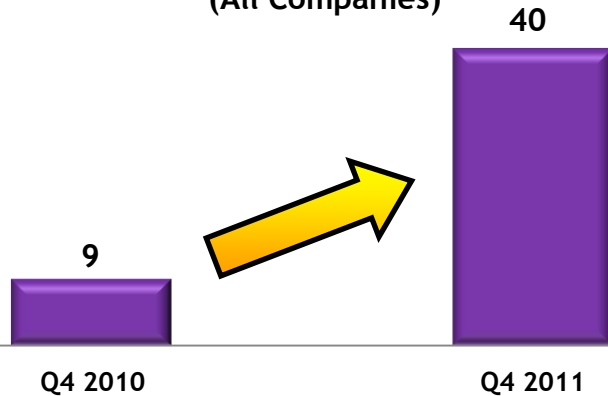
Average Drilling Rigs
(All Companies)



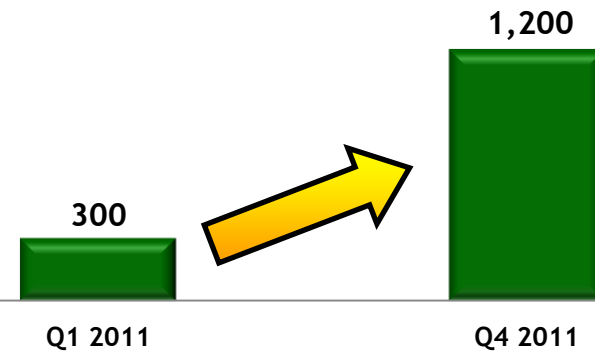
Average Lateral Length (Feet)
(EOG, Approach, Pioneer)



Horizontal Wells Drilled Per Quarter
(All Companies)



Average 24-hr Peak IPs (BOEPD)
(EOG, Approach, Pioneer)

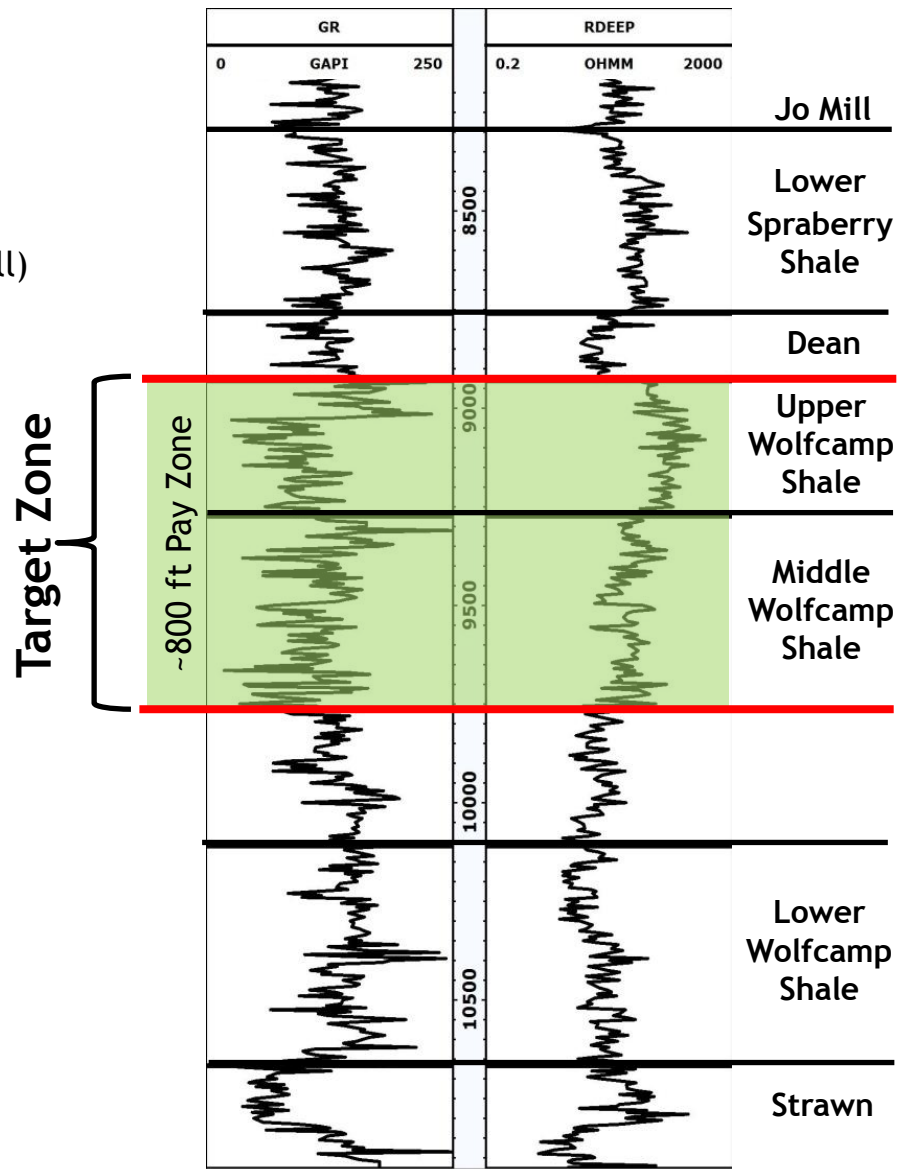


Increasing industry drilling activity and improving well results suggest the horizontal Wolfcamp Shale play could become one of the most active U.S. plays

PXD's Second Successful Horizontal Wolfcamp Shale Well

■ XBC Giddings Estate 2073H

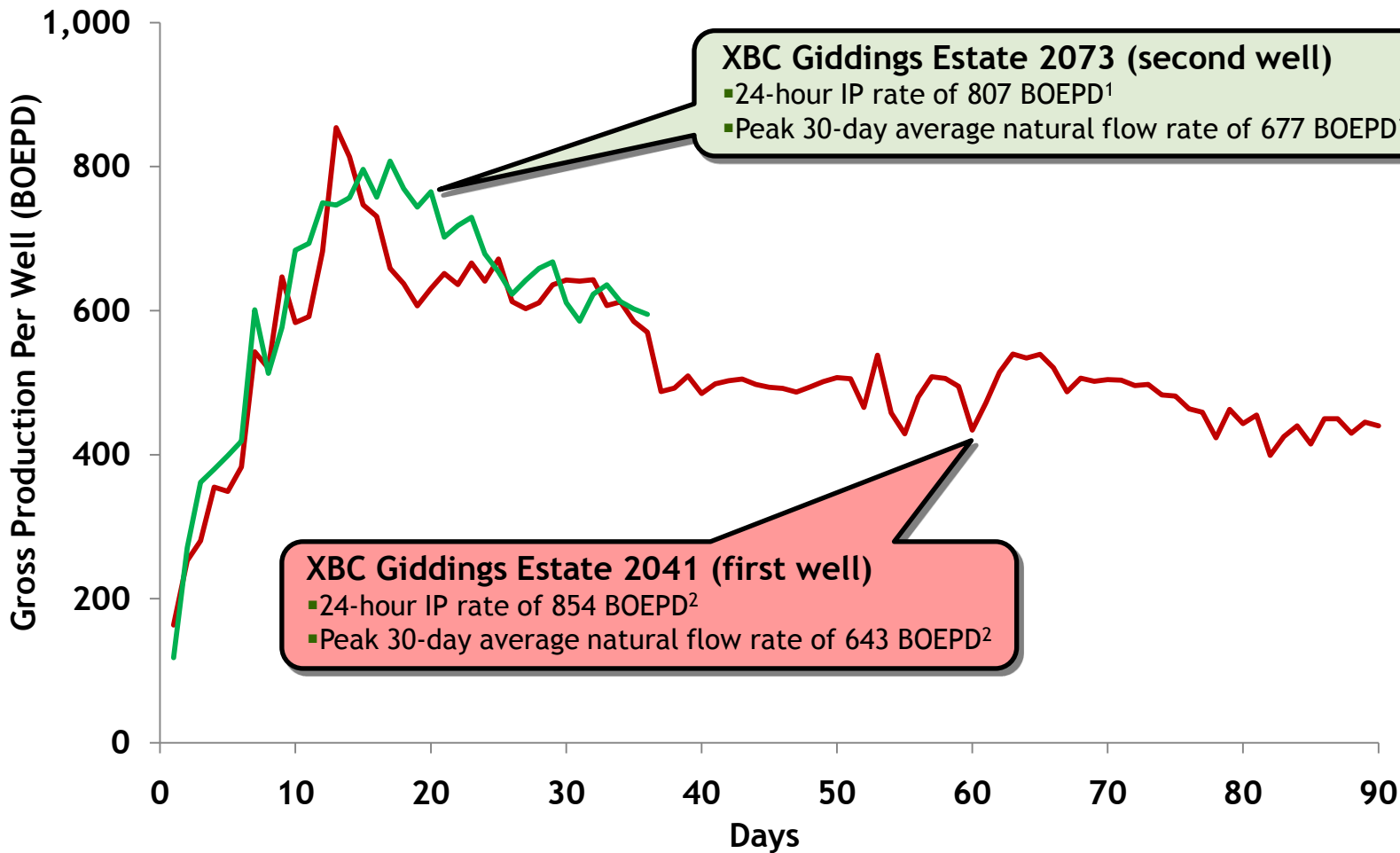
- Second successful horizontal Wolfcamp Shale well in Upton County (similar design and completion to first well)
- 24-hour IP rate of 807 BOEPD¹ (602 BOPD + 142 BNGLPD + 382 MCFD)
- Peak 30-day average natural flow rate of 677 BOEPD¹ (504 BOPD + 119 BNGLPD + 321 MCFD)
- 5,800 foot lateral with 30-stage completion
- Landed lateral between Upper and Middle Wolfcamp Shale intervals
- Microseismic analysis indicated entire 800 foot target zone successfully stimulated



1) NGL volumes estimated with an average NGL yield of 215 BBL/MMCF and 42% shrink

First Two Successful Horizontal Wolfcamp Shale Wells Performing Above Expectations

- Peak 30-day average natural flow rates similar for first two Upton County wells
- 90-day cumulative production totaling ~45 MBOE for first Upton County well
- ~7 times the production from a Spraberry vertical well over the same time period

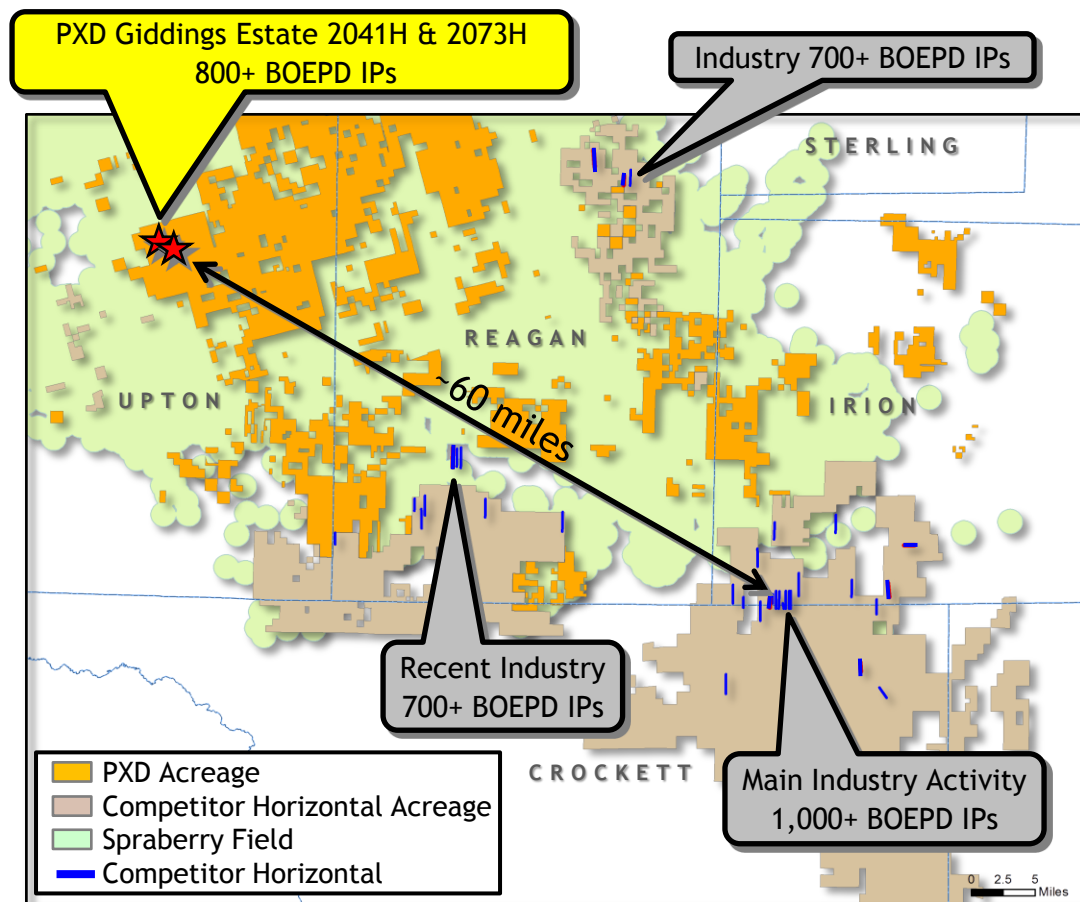


1) NGL volumes estimated with an average NGL yield of 215 BBL/MMCF and 42% shrink

2) NGL volumes estimated with the field average NGL yield of 140 BBL/MMCF and 46% shrink; recent testing indicates NGL yield consistent with second well

PXD's Acreage Has Significant Horizontal Wolfcamp Shale Potential

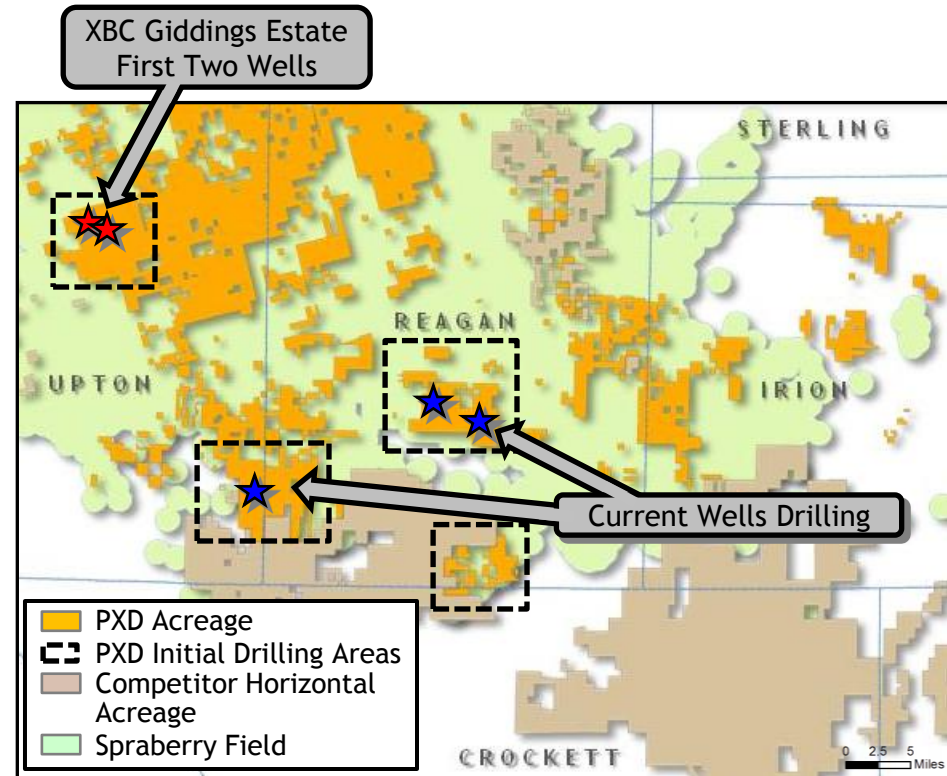
- >400,000 acres potentially prospective for horizontal Wolfcamp Shale (Upper/Middle Wolfcamp interval) within PXD's acreage
 - Largest acreage holder
- Petrophysical and core analysis shows substantial oil in place
 - 50 - 100 MMBO/section
- Total vertical well depth: 9,000 ft - 10,000 ft
- Well design: 7,000+ ft lateral, 30+ stages
- Wells / rig / year: 8
- EUR per well: 350 - 500 MBOE¹
- Planned spacing: 140 acres
- Blended well cost:
 - Science well: \$8 MM - \$9 MM
 - Development well: \$6 MM - \$7 MM
- Expect IRRs at or above Spraberry vertical wells



PXD's Horizontal Wolfcamp Shale Drilling Plan

2012 - 2013 Drilling Plan

- PXD currently focused on ~200,000 acres in the southern part of the field (Upper/Middle Wolfcamp interval)
 - Additional >200,000 prospective acres to the north currently held by production (HBP)
- Expect to drill 80 - 90 wells by YE 2013 to hold expiring acreage (~50,000 acres)
 - 30 - 35 wells in 2012
- Currently operating 3 rigs
 - Testing longer laterals (~7,000 feet) in southern Upton and Reagan Counties
- Expect 4th rig in April, increasing to ~7 rigs by year end and ~10 rigs in 2013
- Acquiring 260 sq. mi. 3-D seismic



Expect horizontal Wolfcamp Shale to be PXD's
4th liquids-rich, high-return growth asset in Texas

Significant Upside Potential From:

- Oil exposure with large drilling inventory
- Aggressive Spraberry & Eagle Ford Shale drilling program
- Extensive horizontal Wolfcamp Shale potential
- 20+% compound annual production growth for 2011 - 2014
- 25+% compound annual operating cash flow growth for 2011 - 2014
- Strong returns from vertical integration
- Margin protection from attractive derivatives
- Strong balance sheet

Cautionary Note to U.S. Investors --The U.S. Securities and Exchange Commission (the "SEC") prohibits oil and gas companies, in their filings with the SEC, from disclosing estimates of oil or gas resources other than "reserves," as that term is defined by the SEC. In this presentation, Pioneer includes estimates of quantities of oil and gas using certain terms, such as "resource," "resource potential," "oil in place," "EUR" or other descriptions of volumes of reserves, which terms include quantities of oil and gas that may not meet the SEC's definitions of proved, probable and possible reserves, and which the SEC's guidelines strictly prohibit Pioneer from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being recovered by Pioneer. U.S. investors are urged to consider closely the disclosures in the Company's periodic filings with the SEC. Such filings are available from the Company at 5205 N. O'Connor Blvd., Suite 200, Irving, Texas 75039, Attention Investor Relations, and the Company's website at www.pxd.com. These filings also can be obtained from the SEC by calling 1-800-SEC-0330.