

The background of the slide features two distinct oil field scenes. The upper left scene shows an oil rig with a derrick and various platforms, silhouetted against a vibrant sunset sky with orange and red clouds. The lower left scene shows a close-up of a pumpjack's walking beam and counterweight, also silhouetted against a similar sunset sky. The entire slide has a light green background with a faint, white geometric pattern of intersecting lines.

PIONEER

NATURAL RESOURCES

Hart Energy's DUG Conference

**First Two Years in the
Eagle Ford Shale:
Challenges and Accomplishments**

October 11, 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, 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, international operations 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.

Please see the Appendix slides included in this presentation for other important information.

Enterprise Value: \$12 B
2011 Capital Budget: \$2.1 B
2010 Proved Reserves: ~1 BBOE
Proved Reserves + Resource: ~3 BBOE

- Operations primarily onshore U.S.
- Drilling focused in 3 low-risk resource plays with >20,000 liquids-rich drilling locations
 - Spraberry (West Texas Permian)
 - Eagle Ford Shale (South Texas)
 - Barnett Shale Combo (North Texas)
- Liquids production expected to increase from ~50% currently to ~60% in 2014
- Forecasting 18+% compound annual production growth and 30+% compound annual operating cash flow growth for 2011 - 2014
- Attractive derivative positions and vertical integration protect margins

Pioneer's Liquids-Rich Growth Areas

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Spraberry

Oil & Gas

900,000 Gross Acres

549 MMBOE Proved

1,150+ MMBOE Resource

20,000+ Drilling Locations

35 Rigs at Mid-Year; Increasing to 45

Barnett Shale Combo

Liquids & Gas

80,000 Gross Acres

200+ MMBOE Resource

600+ Drilling Locations

2 Rigs at Mid-Year; Increasing to 4

Eagle Ford Shale

Liquids & Gas

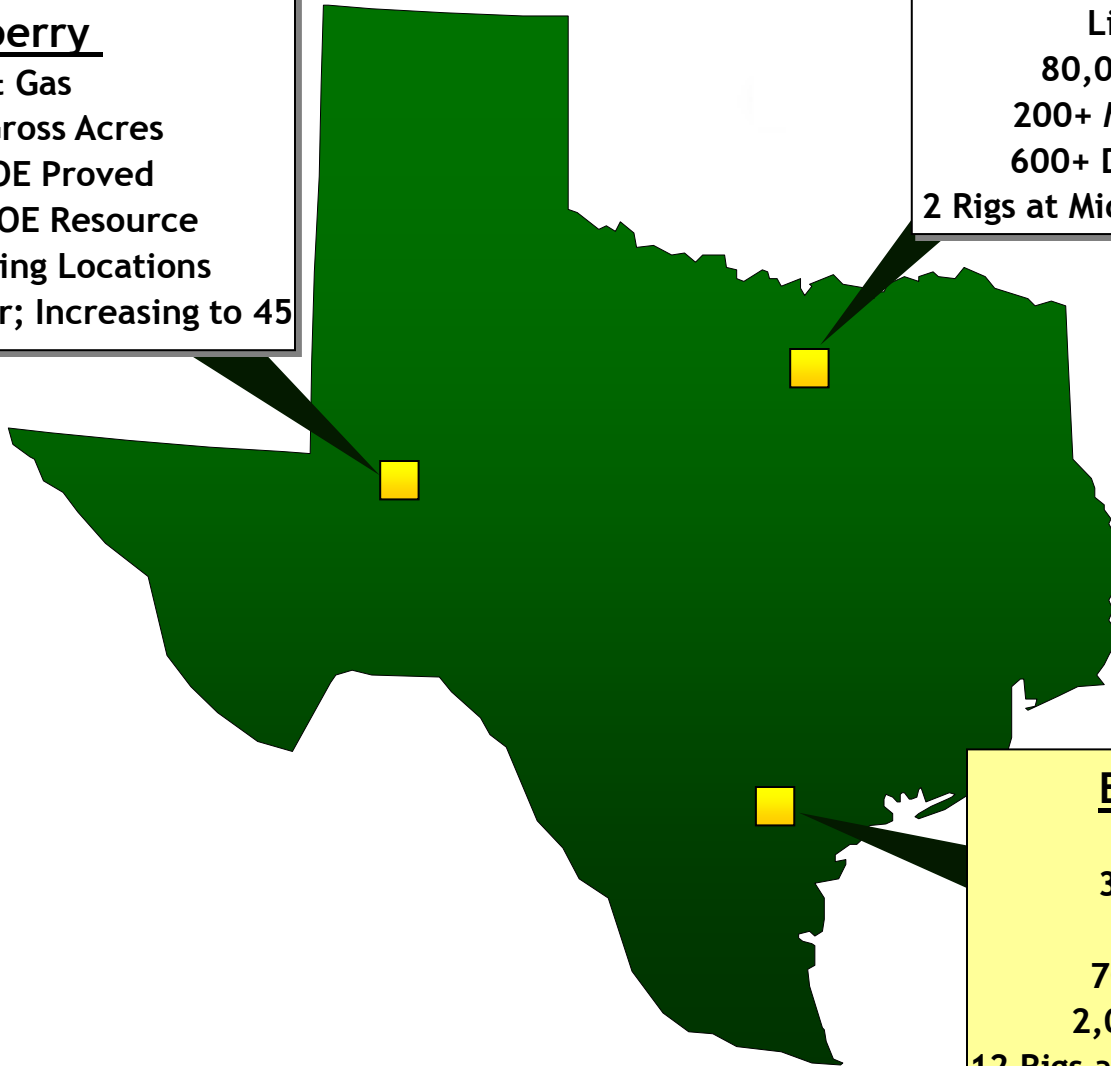
300,000 Gross Acres

24 MMBOE Proved

700 MMBOE Resource

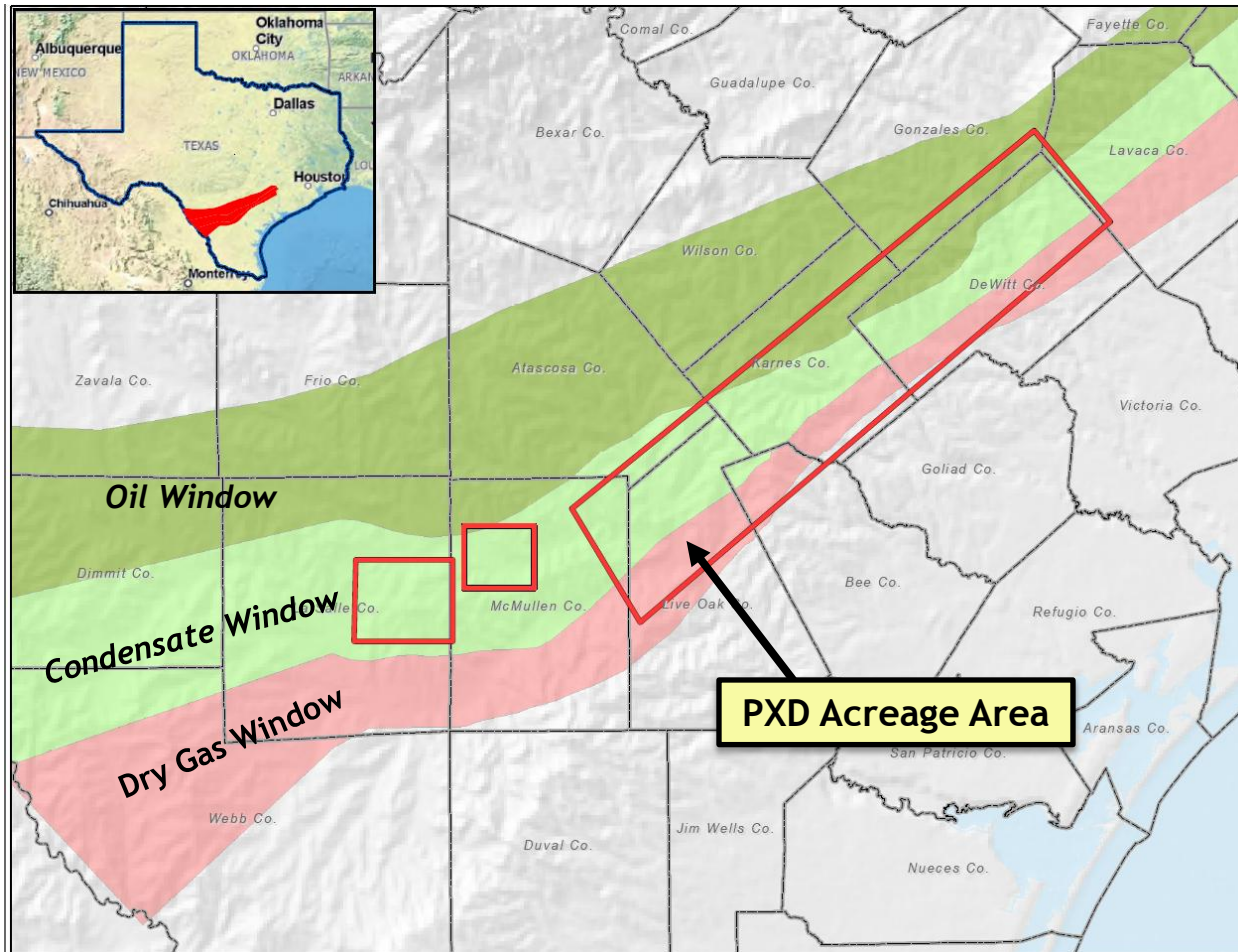
2,000 Drilling Locations

12 Rigs at Mid-Year; Increasing to 19



Eagle Ford Shale: A Burgeoning Liquids-Rich Shale Play

- Gross resource potential of play: ~25 BBOE (~150 TCFE)¹
- Estimated gross production of ~3.5 MMBOEPD by 2020²
- ~180 rigs currently running in the play



Map source: PXD

1) Source: Tudor, Pickering, Holt & Co.

2) Source: FBR

How Did Pioneer Enter the Eagle Ford Shale?

Edwards Limestone

- Band of dry gas below the Eagle Ford Shale extending 250 miles across SE Texas
- Infill drilling started in 1991; horizontal drilling started in 1999
- Expanded acreage through lease acquisitions beginning 2005
- Drilled 150+ Edwards wells with full suite of logs
- Shot >2,000 sq. miles of 3-D seismic

Eagle Ford Exploration

- Re-completed several vertical wells in late 2006 in the Eagle Ford Shale interval
- Activity increased with several key horizontal wells testing at high rates in late 2009/early 2010
- Cut over 1,500 feet of core

Late 2009: Eagle Ford Shale looked promising, but many challenges remained to make it a commercial play

Challenges

- Financing large capital commitment
- Securing liquids and gas gathering, takeaway and processing capacity
- Enhancing technological expertise
- Ramping drilling rigs & production
- Optimizing drilling and frac design
- Minimizing execution risk in a tight service market
- Hiring large number of quality people

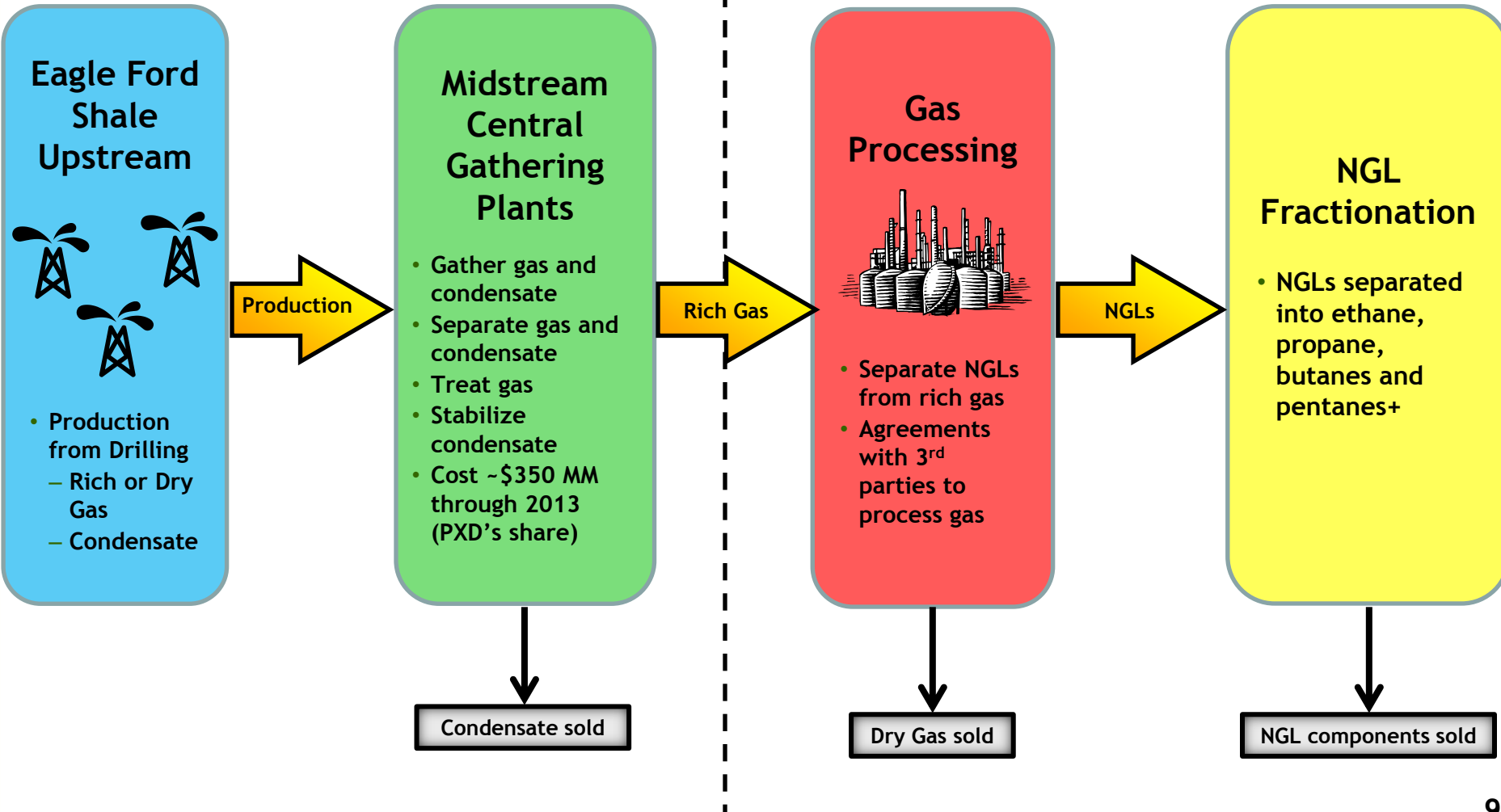


- **Sold 45% of PXD's interest in ~212 M net acres in the Eagle Ford Shale to Reliance Industries Ltd. (RIL) for ~\$1.15 B**
 - Effective June 1, 2010
 - \$266 MM in cash received upfront
 - \$879 MM in drilling carry; RIL funding 75% of PXD's share of well costs until drilling carry has been fully utilized (~Early 2013)
 - RIL participating in midstream development as a 49.9% partner
 - RIL has option to acquire 45% of PXD's interest in new acreage at terms similar to those agreed to by PXD and the leaseholder
 - The Joint Venture agreed to accelerate the 2011 drilling plan over the base case to the current plan
- **PXD 42% WI and operator, RIL 41% WI and other working interest owners 17% WI (average within AMI)**
- **Active Joint Venture participation**

Eagle Ford Shale Joint Venture Midstream Requirements

PXD/RIL Joint Venture

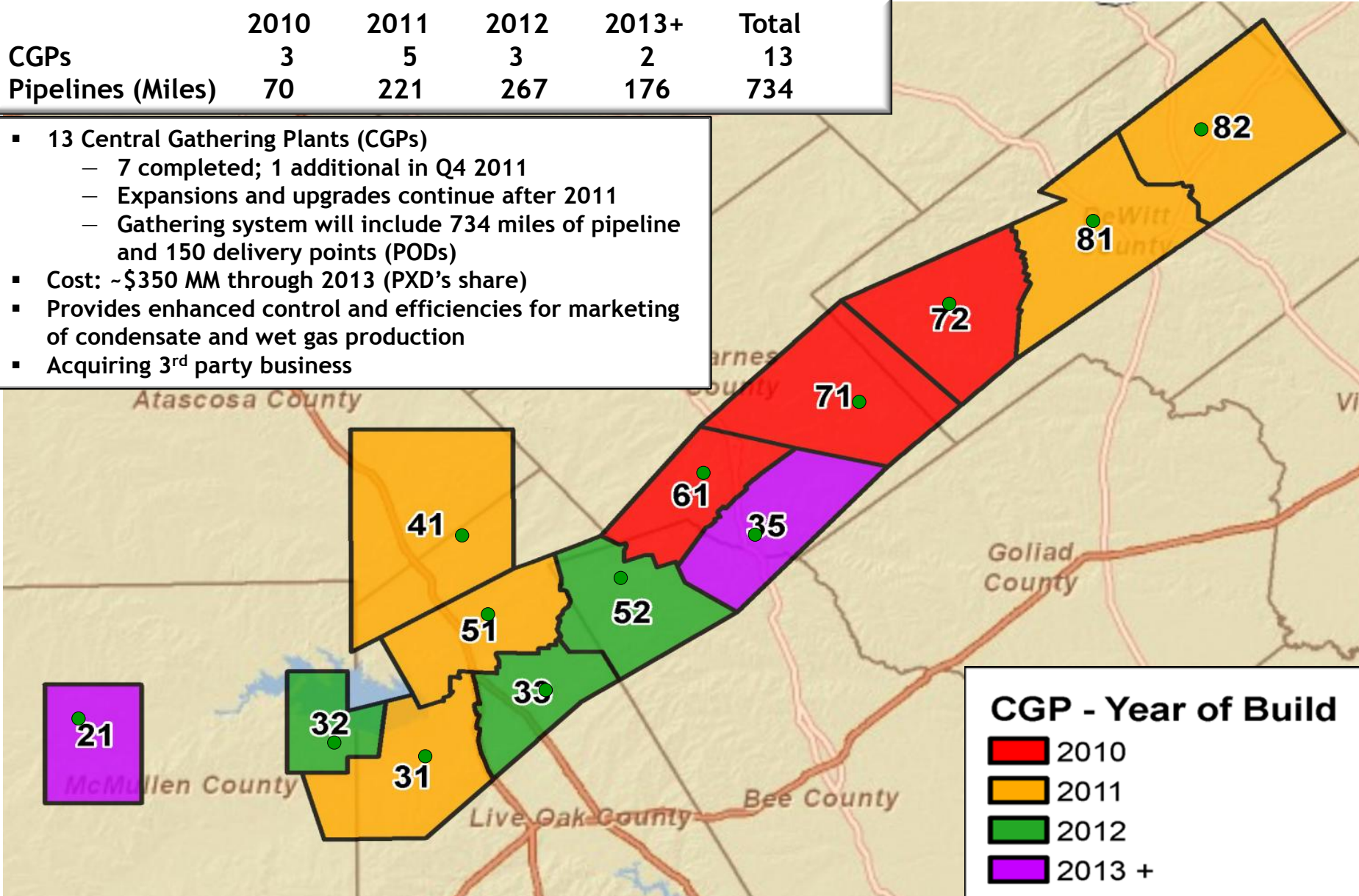
3rd Party



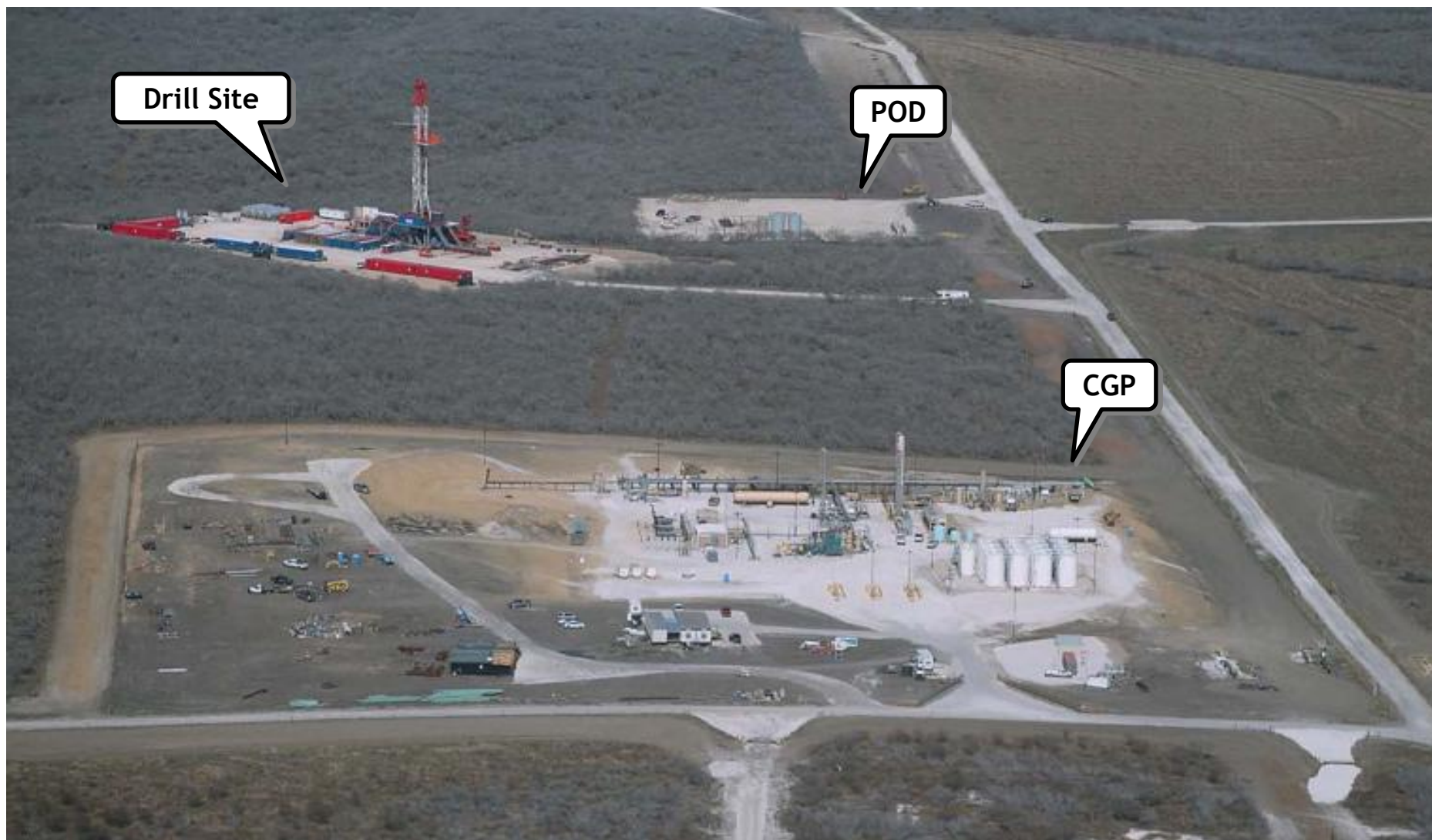
Midstream Development Plan

	2010	2011	2012	2013+	Total
CGPs	3	5	3	2	13
Pipelines (Miles)	70	221	267	176	734

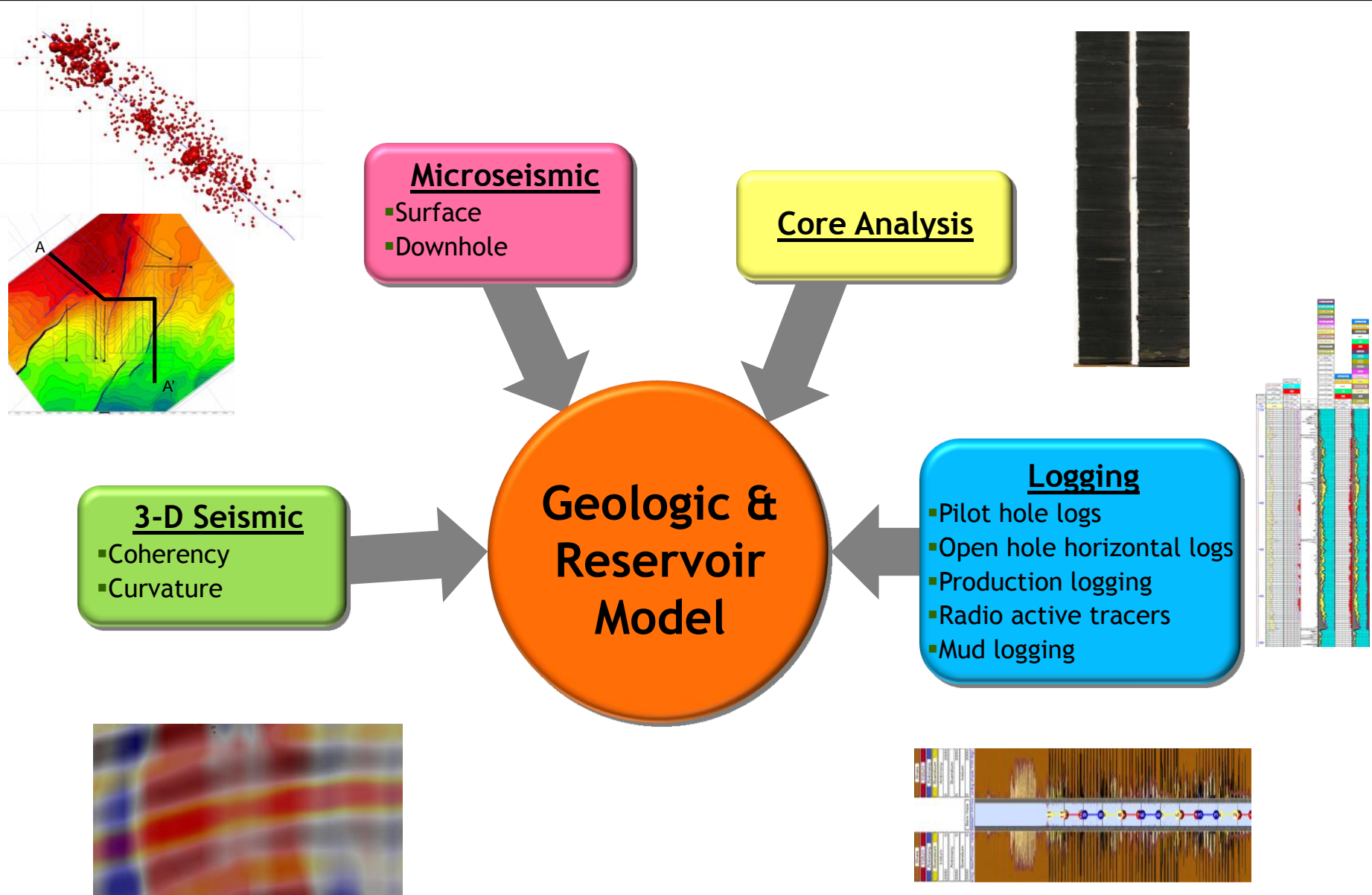
- 13 Central Gathering Plants (CGPs)
 - 7 completed; 1 additional in Q4 2011
 - Expansions and upgrades continue after 2011
 - Gathering system will include 734 miles of pipeline and 150 delivery points (PODs)
- Cost: ~\$350 MM through 2013 (PXD's share)
- Provides enhanced control and efficiencies for marketing of condensate and wet gas production
- Acquiring 3rd party business



Drill Site, POD and CGP (Area 71)

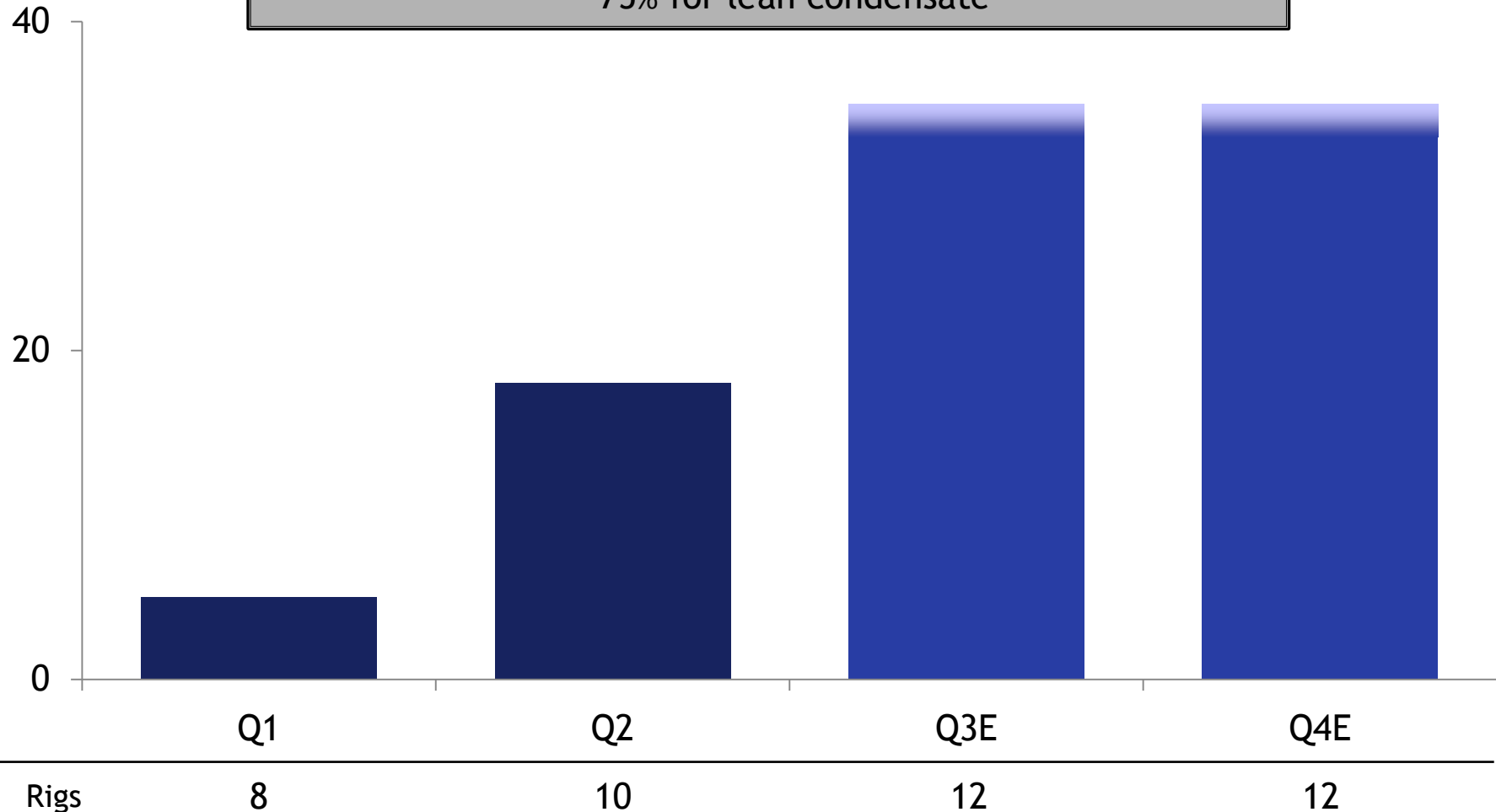


- **Contracted gas and NGL transportation, processing and fractionation for the joint venture's forecasted production volumes**
 - Utilizing multiple parties over 5-year to 10-year periods
 - Enterprise (10-year), Copano (5-year), DCP Midstream (5-year)
 - Diversifies gas processing and NGL fractionation capacity
 - Greater market access
 - Cost control
- **Contracted condensate transportation with Enterprise**
 - Pipeline commitment substantially reduces trucking in mid-2012
 - Provides flexibility to move condensate to Cushing and Houston markets



2011 Eagle Ford Shale Wells Put On Production Per Quarter

- 70 wells drilled and 42 wells on production end-Q2 2011
- Before tax IRRs¹: 100+% for rich condensate
~75% for lean condensate



Ramping Up Eagle Ford Shale Development

Eagle Ford Net Production
(MBOEPD)

54 - 60

40 - 45

26 - 30

14 - 17

8

5

2

Gross production
of ~23 MBOEPD

2010

Q1

Q2

Q3E

Q4E

2012E

2013E

2014E

2011E

(12 - 15 MBOEPD Avg.)

Rigs 2 in Early
2010

12 @ Mid-Year

14

16

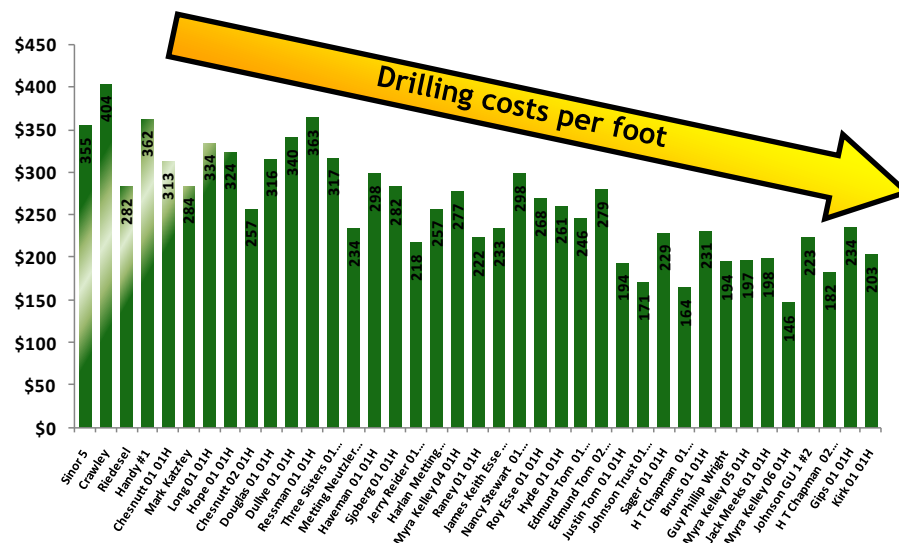
19

15

Optimizing Drilling and Frac Design

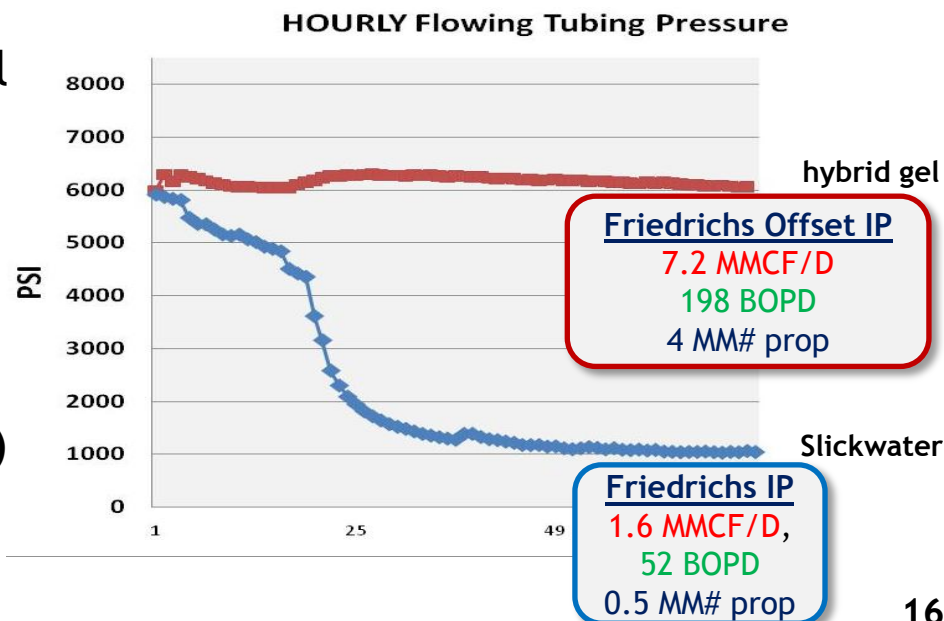
■ Drilling

- Increased average lateral length to 5,500 feet
- Reducing drilling costs per foot
- Optimizing bit and mud designs
- Utilizing geo steering
- Decreasing move times
- Beginning pad drilling



■ Frac Design

- Switched from slick water to hybrid gel fracs early in the program
- Increased total proppant per well
- Continuing to optimize perf cluster spacing
- Continuing to test expanded use of white sand (savings of \$700 M per well)
- Testing alternative frac designs
- Testing sliding sleeve technology



Spraberry

4 frac fleets
(adding 5th fleet Q4)
14 drilling rigs
Other service equipment¹

Eagle Ford Shale

1 frac fleet
(adding 2nd fleet Q4)
1 coiled tubing unit
(adding 2nd unit Q4)

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

	<u>Spraberry</u>	<u>Eagle Ford Shale</u>	<u>Barnett Shale Combo</u>
<u>Frac Fleets</u>			
Current	4	1	1
By Year-End 2011	5	2	1
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 PXD Annualized Year-End 2011 Cash Savings: \$460 MM

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

- **285 field employees**
 - 46 operations
 - 55 mid-stream
 - 184 pumping services (+40 new hires by year end)
- **400+ contractors**
- **Also, 94 technical employees in Dallas headquarters**
 - Engineering, geoscience and land

Staffing peaked at >1,000 during major construction phase in 2010

Challenges

- Financing large capital commitment 
- Securing liquids and gas gathering, takeaway and processing capacity 
- Enhancing technological expertise 
- Ramping drilling rigs & production 
- Optimizing drilling and frac design 
- Minimizing execution risk in a tight service market 
- Hiring large number of quality people 

Accomplishments

- Reliance joint venture
- First mover mid-stream build out
- Long-term third-party takeaway and processing agreements
- Industry-leading technology
- Drilling with 12 rigs mid-year 2011; increasing to 19 by 2014
- Gross production of ~23 MBOEPD in Q2 2011
- Optimizing completions
- Reducing drilling times
- Vertical integration enhances execution and controls costs
- Successful hiring program

- Large acreage position, vast majority in the condensate window
- Strong well economics
- Technology leader with full 3-D seismic coverage and interpretation
- Successful joint venture reflects the value of PXD's acreage
- Mid-stream build out and third-party agreements ensure takeaway and processing capacity
- Ramping drilling rigs from 12 at mid-year 2011 to 19 in 2014
- Vertical integration improves returns and enhances execution

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