

PIONEER NATURAL RESOURCES COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except for per share data)

(Unaudited)

	Three months ended December 31,		Year ended December 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:				
Oil and gas	\$ 172,337	\$ 251,829	\$ 847,022	\$ 852,738
Interest and other	(815)	11,634	21,778	25,775
Gain (loss) on disposition of assets, net	<u>(996)</u>	<u>6,433</u>	<u>7,681</u>	<u>34,184</u>
	<u>170,526</u>	<u>269,896</u>	<u>876,481</u>	<u>912,697</u>
Costs and expenses:				
Oil and gas production	50,175	53,275	209,664	189,265
Depletion, depreciation and amortization - oil and gas	49,808	48,919	208,735	199,205
Depletion, depreciation and amortization - other	3,202	3,990	13,897	15,733
Exploration and abandonments	33,774	23,348	127,906	87,550
General and administrative	10,362	10,003	36,968	33,262
Interest	29,821	39,540	131,958	161,952
Other	<u>10,491</u>	<u>6,837</u>	<u>39,588</u>	<u>67,231</u>
	<u>187,633</u>	<u>185,912</u>	<u>768,716</u>	<u>754,198</u>
Income (loss) before income taxes and extraordinary items	(17,107)	83,984	107,765	158,499
Income tax (provision) benefit	<u>1,371</u>	<u>200</u>	<u>(4,016)</u>	<u>6,000</u>
Income (loss) before extraordinary items	(15,736)	84,184	103,749	164,499
Extraordinary items - loss on early extinguishment of debt, net of tax	<u>(5,127)</u>	<u>-</u>	<u>(3,753)</u>	<u>(12,318)</u>
Net income (loss)	<u>\$ (20,863)</u>	<u>\$ 84,184</u>	<u>\$ 99,996</u>	<u>\$ 152,181</u>
Net income (loss) per share:				
Basic:				
Income (loss) before extraordinary items	\$ (.16)	\$.86	\$ 1.05	\$ 1.65
Extraordinary items	<u>(.05)</u>	<u>-</u>	<u>(.04)</u>	<u>(.12)</u>
Net income (loss)	<u>\$ (.21)</u>	<u>\$.86</u>	<u>\$ 1.01</u>	<u>\$ 1.53</u>
Diluted:				
Income (loss) before extraordinary items	\$ (.16)	\$.85	\$ 1.04	\$ 1.65
Extraordinary items	<u>(.05)</u>	<u>-</u>	<u>(.04)</u>	<u>(.12)</u>
Net income (loss)	<u>\$ (.21)</u>	<u>\$.85</u>	<u>\$ 1.00</u>	<u>\$ 1.53</u>
Weighted average shares outstanding:				
Basic	<u>98,925</u>	<u>98,367</u>	<u>98,529</u>	<u>99,378</u>
Diluted	<u>98,925</u>	<u>99,005</u>	<u>99,714</u>	<u>99,763</u>

PIONEER NATURAL RESOURCES COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

(Unaudited)

	December 31, <u>2001</u>	December 31, <u>2000</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,334	\$ 26,159
Accounts receivable	82,211	125,654
Inventories	14,549	14,842
Deferred income taxes	6,400	4,800
Other current assets	<u>138,149</u>	<u>19,936</u>
Total current assets	<u>255,643</u>	<u>191,391</u>
Property, plant and equipment, at cost:		
Oil and gas properties, using the successful efforts method of accounting	3,879,568	3,417,094
Accumulated depletion, depreciation and amortization	<u>(1,095,310)</u>	<u>(902,139)</u>
	<u>2,784,258</u>	<u>2,514,955</u>
Deferred income taxes	84,319	84,400
Other assets, net	<u>146,833</u>	<u>163,689</u>
	<u>\$ 3,271,053</u>	<u>\$ 2,954,435</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 99,165	\$ 102,275
Interest payable	37,410	38,142
Other current liabilities	<u>91,634</u>	<u>76,097</u>
Total current liabilities	<u>228,209</u>	<u>216,514</u>
Long-term debt	1,577,304	1,578,776
Other noncurrent liabilities	166,383	225,740
Deferred income taxes	13,768	28,500
Stockholders' equity	<u>1,285,389</u>	<u>904,905</u>
	<u>\$ 3,271,053</u>	<u>\$ 2,954,435</u>

PIONEER NATURAL RESOURCES COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

	Three months ended December 31,		Year ended December 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Cash flows from operations:				
Net income (loss)	\$ (20,863)	\$ 84,184	\$ 99,996	\$ 152,181
Depletion, depreciation and amortization	53,010	52,909	222,632	214,938
Exploration expenses, including dry holes	23,513	20,686	103,595	66,959
Deferred income taxes	(3,554)	(1,000)	(7,649)	(10,600)
(Gain) loss on disposition of assets, net	996	(6,433)	(7,681)	(34,184)
Interest related amortization	243	3,520	8,689	12,699
Derivative mark-to-market	175	3,021	(723)	58,518
Loss on early extinguishment of debt, net of tax	5,127	-	3,753	12,318
Other noncash items	15,216	(2,255)	21,866	1,258
Changes in operating assets and liabilities:				
Accounts receivable	4,379	4,227	41,295	(7,486)
Inventories	145	(2,614)	(4,256)	(2,789)
Other current assets	(509)	(11,889)	(6,304)	(9,896)
Accounts payable	6,885	23,756	(541)	26,260
Interest payable	(1,021)	315	(733)	2,097
Other current liabilities	<u>1,894</u>	<u>(23,425)</u>	<u>1,661</u>	<u>(52,177)</u>
Net cash provided by operating activities	85,636	145,002	475,600	430,096
Net cash used in investing activities	(120,829)	(108,575)	(422,741)	(194,501)
Net cash provided by (used in) financing activities	<u>29,147</u>	<u>(48,155)</u>	<u>(64,040)</u>	<u>(244,068)</u>
Net decrease in cash and cash equivalents	(6,046)	(11,728)	(11,181)	(8,473)
Effect of exchange rate changes on cash and cash equivalents	(357)	(11)	(644)	(156)
Cash and cash equivalents, beginning of period	<u>20,737</u>	<u>37,898</u>	<u>26,159</u>	<u>34,788</u>
Cash and cash equivalents, end of period	<u>\$ 14,334</u>	<u>\$ 26,159</u>	<u>\$ 14,334</u>	<u>\$ 26,159</u>

PIONEER NATURAL RESOURCES COMPANY

SUMMARY PRODUCTION AND PRICE DATA

		Three months ended December 31,		Year ended December 31,	
		2001	2000	2001	2000
Average Daily Production:					
Oil (Bbls) -	U.S.	23,584	23,873	23,641	24,561
	Argentina	10,011	9,721	9,769	8,847
	Canada	851	928	831	841
	Total	34,446	34,522	34,241	34,249
Natural gas liquids (Bbls) -	U.S.	19,862	20,492	19,815	21,538
	Argentina	512	571	547	527
	Canada	959	764	1,008	829
	Total	21,333	21,827	21,370	22,894
Gas (Mcf) -	U.S.	213,638	218,810	212,629	229,316
	Argentina	62,734	88,710	87,204	97,526
	Canada	51,394	44,575	50,481	44,315
	Total	327,766	352,095	350,314	371,157
Total Production:					
Oil (MBbls)		3,169	3,176	12,498	12,535
Natural gas liquids (MBbls)		1,963	2,008	7,800	8,379
Gas (MMcf)		30,154	32,393	127,865	135,843
Equivalent barrels (MBOE)		10,157	10,583	41,609	43,555
Average Price*:					
Oil (per Bbl) -	U.S.	\$ 22.58	\$ 24.21	\$ 24.34	\$ 22.07
	Argentina	\$ 20.07	\$ 28.47	\$ 23.79	\$ 29.09
	Canada	\$ 16.31	\$ 26.92	\$ 21.87	\$ 27.50
	Average	\$ 21.69	\$ 25.48	\$ 24.12	\$ 24.01
Natural gas liquids (per Bbl) -	U.S.	\$ 11.92	\$ 22.84	\$ 16.88	\$ 20.05
	Argentina	\$ 10.74	\$ 25.40	\$ 19.29	\$ 22.91
	Canada	\$ 14.13	\$ 29.21	\$ 21.11	\$ 24.32
	Average	\$ 11.99	\$ 23.13	\$ 17.14	\$ 20.27
Gas (per Mcf) -	U.S.	\$ 3.38	\$ 4.87	\$ 4.10	\$ 3.50
	Argentina	\$ 1.18	\$ 1.13	\$ 1.31	\$ 1.19
	Canada	\$ 1.45	\$ 4.24	\$ 2.86	\$ 2.88
	Average	\$ 2.66	\$ 3.85	\$ 3.23	\$ 2.81

* Average prices include the effects of commodity hedges.

PIONEER NATURAL RESOURCES COMPANY

SUPPLEMENTAL INFORMATION

(in thousands)

(Unaudited)

Discretionary cash flow and EBITDAX (as defined below) are presented herein because of their wide acceptance as financial indicators of a company's ability to internally fund exploration and development activities and to service or incur debt. Discretionary cash flow and EBITDAX should not be considered as alternatives to net cash provided by operating activities, net income (loss) or income (loss) from continuing operations, as defined by generally accepted accounting principles. Discretionary cash flow and EBITDAX should also not be considered as indicators of the Company's financial performance, as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies.

	Three months ended December 31,		Year ended December 31,	
	2001	2000	2001	2000
Discretionary cash flows*:				
Net income (loss)	\$ (20,863)	\$ 84,184	\$ 99,996	\$ 152,181
Depletion, depreciation and amortization	53,010	52,909	222,632	214,938
Exploration and abandonments	33,774	23,348	127,906	87,550
Deferred income taxes	(3,554)	(1,000)	(7,649)	(10,600)
(Gain) loss on disposition of assets, net	996	(6,433)	(7,681)	(34,184)
Interest related amortization	243	3,520	8,689	12,699
Derivative mark-to-market	175	3,021	(723)	58,518
Loss on early extinguishment of debt, net of tax	5,127	-	3,753	12,318
Other noncash items	<u>15,216</u>	<u>(2,255)</u>	<u>21,866</u>	<u>1,258</u>
Discretionary cash flow	<u>\$ 84,124</u>	<u>\$ 157,294</u>	<u>\$ 468,789</u>	<u>\$ 494,678</u>

* Discretionary cash flows equal cash flows from operations before working capital changes and exploration and abandonments.

EBITDAX**:

Net income (loss)	\$ (20,863)	\$ 84,184	\$ 99,996	\$ 152,181
Depletion, depreciation and amortization	53,010	52,909	222,632	214,938
Exploration and abandonments	33,774	23,348	127,906	87,550
Consolidated interest expense	29,821	39,540	131,958	161,952
Consolidated income taxes	(1,371)	(200)	4,016	(6,000)
(Gain) loss on disposition of assets, net	996	(6,433)	(7,681)	(34,184)
Derivative mark-to-market	175	3,021	(723)	58,518
Loss on early extinguishment of debt, net of tax	5,127	-	3,753	12,318
Other noncash charges and expenses	<u>16,980</u>	<u>(2,255)</u>	<u>24,473</u>	<u>1,455</u>
	<u>\$ 117,649</u>	<u>\$ 194,114</u>	<u>\$ 606,330</u>	<u>\$ 648,728</u>

** "EBITDAX" represents earnings before depletion, depreciation and amortization expense; impairment of oil and gas properties; exploration and abandonments; consolidated interest expense; consolidated income taxes; gain or loss on the disposition of assets; extraordinary items; derivative mark-to-market adjustments; and, other noncash charges and expenses.

PIONEER NATURAL RESOURCES COMPANY

COMMODITY HEDGE INFORMATION

As Of February 4, 2002

Open Oil Hedge Positions

	<u>2002</u>					<u>2003</u>
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Year</u>	<u>First & Second Quarters</u>
Daily oil production:						
Swaps:						
Volume (Bbl)	17,000	8,000	12,000	9,000	11,479	6,000
NYMEX price	\$ 27.41	\$ 26.35	\$ 23.68	\$ 23.16	\$ 25.40	\$ 24.02
Collars:						
Volume (Bbl)	6,000	6,000	-	-	2,975	-
NYMEX price:						
Ceiling	\$ 28.61	\$ 28.61			\$ 28.61	
Floor	\$ 25.00	\$ 25.00			\$ 25.00	

Open Gas Hedge Positions

	<u>2002</u>					<u>2004</u>	<u>2005</u>
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Year</u>		
Daily gas production:							
Swaps:							
Volume (Mcf)	140,000	140,000	190,000	190,000	165,205	105,000	50,000
NYMEX Price* (MMBtu)	\$ 4.35	\$ 4.35	\$ 4.25	\$ 4.25	\$ 4.30	\$ 3.75	\$ 3.60
Collars:							
Volume (Mcf)	20,000	20,000	20,000	20,000	20,000	-	-
NYMEX Price* (MMBtu):							
Ceiling	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00		
Floor	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50		

Deferred Gains (Losses) on Terminated Commodity Hedges

	<u>2002</u>					<u>2003</u>	<u>2004</u>
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Year</u>		
Oil**	\$ 680	\$ -	\$ -	\$ -	\$ 680	\$ -	\$ -
Gas**	<u>(11,390)</u>	<u>(11,516)</u>	<u>(11,643)</u>	<u>(11,643)</u>	<u>(46,192)</u>	<u>72,769</u>	<u>30,791</u>
	<u>\$ (10,710)</u>	<u>\$ (11,516)</u>	<u>\$ (11,643)</u>	<u>\$ (11,643)</u>	<u>\$ (45,512)</u>	<u>\$ 72,769</u>	<u>\$ 30,791</u>

* Approximate, based on historical differentials to index prices.

** Cash has been paid on deferred hedge losses and received on deferred hedge gains except for the following: (i) a \$680 thousand receivable for the 2002 oil hedge gains, (ii) a \$9.8 million payable for certain 2002 gas hedge losses and (iii) a \$1.3 million receivable for certain of the 2003 gas hedge gains.