

**PIONEER NATURAL RESOURCES COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(Unaudited)

	<u>June 30,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 18,227	\$ 26,159
Accounts receivable	102,682	125,654
Inventories	15,068	14,842
Deferred income taxes	5,600	4,800
Other current assets	<u>59,642</u>	<u>19,936</u>
Total current assets	<u>201,219</u>	<u>191,391</u>
Property, plant and equipment, at cost:		
Oil and gas properties, using the successful efforts method of accounting	3,611,183	3,417,094
Accumulated depletion, depreciation and amortization	<u>(1,003,926)</u>	<u>(902,139)</u>
	<u>2,607,257</u>	<u>2,514,955</u>
Deferred income taxes	83,611	84,400
Other assets, net	<u>169,967</u>	<u>163,689</u>
	<u>\$ 3,062,054</u>	<u>\$ 2,954,435</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 116,246	\$ 102,275
Interest payable	39,056	38,142
Other current liabilities	<u>91,382</u>	<u>76,097</u>
Total current liabilities	<u>246,684</u>	<u>216,514</u>
Long-term debt, less current maturities	1,572,227	1,578,776
Other noncurrent liabilities	179,656	225,740
Deferred income taxes	24,485	28,500
Stockholders' equity	<u>1,039,002</u>	<u>904,905</u>
	<u>\$ 3,062,054</u>	<u>\$ 2,954,435</u>

**PIONEER NATURAL RESOURCES COMPANY**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except for per share data)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:				
Oil and gas	\$ 218,611	\$ 197,947	\$ 476,597	\$ 372,322
Interest and other	10,955	5,186	16,122	8,941
Gain (loss) on disposition of assets, net	<u>1,472</u>	<u>(4,779)</u>	<u>8,765</u>	<u>3,593</u>
	<u>231,038</u>	<u>198,354</u>	<u>501,484</u>	<u>384,856</u>
Costs and expenses:				
Oil and gas production	51,974	43,140	107,776	86,262
Depletion, depreciation and amortization - oil and gas	54,025	49,713	102,070	97,611
Depletion, depreciation and amortization - other	3,371	3,836	7,487	7,846
Exploration and abandonments	46,583	27,696	69,466	40,771
General and administrative	8,005	6,963	18,453	16,722
Interest	34,260	41,863	69,876	81,618
Other	<u>1,874</u>	<u>30,486</u>	<u>27,091</u>	<u>44,899</u>
	<u>200,092</u>	<u>203,697</u>	<u>402,219</u>	<u>375,729</u>
Income (loss) before income taxes and extraordinary item	30,946	(5,343)	99,265	9,127
Income tax (provision) benefit	<u>(2,608)</u>	<u>1,600</u>	<u>(3,008)</u>	<u>1,900</u>
Income (loss) before extraordinary item	28,338	(3,743)	96,257	11,027
Extraordinary item - loss on early extinguishment of debt, net of tax	<u>-</u>	<u>(12,318)</u>	<u>-</u>	<u>(12,318)</u>
Net income (loss)	<u>\$ 28,338</u>	<u>\$ (16,061)</u>	<u>\$ 96,257</u>	<u>\$ (1,291)</u>
Net income (loss) per share:				
Basic:				
Income (loss) before extraordinary item	\$ .29	\$ (.04)	\$ .98	\$ .11
Extraordinary item	<u>-</u>	<u>(.12)</u>	<u>-</u>	<u>(.12)</u>
Net income (loss)	<u>\$ .29</u>	<u>\$ (.16)</u>	<u>\$ .98</u>	<u>\$ (.01)</u>
Diluted:				
Income (loss) before extraordinary item	\$ .28	\$ (.04)	\$ .97	\$ .11
Extraordinary item	<u>-</u>	<u>(.12)</u>	<u>-</u>	<u>(.12)</u>
Net income (loss)	<u>\$ .28</u>	<u>\$ (.16)</u>	<u>\$ .97</u>	<u>\$ (.01)</u>
Weighted average shares outstanding:				
Basic	<u>98,337</u>	<u>99,683</u>	<u>98,358</u>	<u>99,923</u>
Diluted	<u>99,700</u>	<u>100,092</u>	<u>99,709</u>	<u>100,187</u>

**PIONEER NATURAL RESOURCES COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
Cash flows from operations:				
Net income (loss)	\$ 28,338	\$ (16,061)	\$ 96,257	\$ (1,291)
Depletion, depreciation and amortization	57,396	53,549	109,557	105,457
Exploration and abandonments	40,985	20,320	62,832	30,052
Deferred income taxes	138	(2,400)	(4,662)	(3,900)
(Gain) loss on disposition of assets, net	(1,472)	4,779	(8,765)	(3,593)
Interest related amortization	2,889	3,239	5,887	6,388
Derivative mark-to-market	(9,278)	28,471	(525)	41,958
Extraordinary item - loss on early extinguishment of debt	-	12,318	-	12,318
Other noncash items	1,946	902	3,752	1,930
Changes in operating assets and liabilities:				
Accounts receivable	1,605	19,857	28,054	907
Inventories	(2,036)	(2,130)	(912)	(2,320)
Other current assets	922	2,644	(5,032)	1,995
Accounts payable	6,750	(697)	(18,857)	(14,460)
Interest payable	194	10,724	914	2,212
Other current liabilities	6,953	(13,350)	(1,436)	(8,287)
Net cash provided by operating activities	135,330	122,165	267,064	169,366
Net cash used in investing activities	(138,689)	(42,921)	(227,490)	(82,855)
Net cash provided by (used in) financing activities	3,184	(74,024)	(47,364)	(82,936)
Net increase (decrease) in cash and cash equivalents	(175)	5,220	(7,790)	3,575
Effect of exchange rate changes on cash and cash equivalents	97	(87)	(142)	(94)
Cash and cash equivalents, beginning of period	18,305	33,136	26,159	34,788
Cash and cash equivalents, end of period	\$ 18,227	\$ 38,269	\$ 18,227	\$ 38,269

## PIONEER NATURAL RESOURCES COMPANY

### SUMMARY PRODUCTION AND PRICE DATA

		Three months ended June 30,		Six months ended June 30,	
		2001	2000	2001	2000
<b>Average Daily Production:</b>					
Oil (Bbls) -	U.S.	23,913	24,300	24,279	25,051
	Argentina	9,727	8,317	9,687	8,221
	Canada	<u>842</u>	<u>787</u>	<u>843</u>	<u>810</u>
	<b>Total</b>	<b>34,482</b>	<b>33,404</b>	<b>34,809</b>	<b>34,082</b>
Natural gas liquids (Bbls) -	U.S.	19,968	21,988	19,447	21,712
	Argentina	569	557	543	502
	Canada	<u>1,009</u>	<u>975</u>	<u>999</u>	<u>879</u>
	<b>Total</b>	<b>21,546</b>	<b>23,520</b>	<b>20,989</b>	<b>23,093</b>
Gas (Mcf) -	U.S.	214,351	229,520	211,530	231,798
	Argentina	98,934	104,473	89,536	94,718
	Canada	<u>52,831</u>	<u>47,497</u>	<u>48,427</u>	<u>43,833</u>
	<b>Total</b>	<b>366,116</b>	<b>381,490</b>	<b>349,493</b>	<b>370,349</b>
<b>Total Production:</b>					
Oil (MBbls)		3,138	3,040	6,300	6,203
Natural gas liquids (MBbls)		1,961	2,140	3,799	4,203
Gas (MMcf)		33,316	34,716	63,258	67,403
Equivalent barrels (MBOE)		10,651	10,966	20,642	21,640
<b>Average Price*:</b>					
Oil (per Bbl) -	U.S.	\$ 24.39	\$ 20.86	\$ 24.82	\$ 20.43
	Argentina	\$ 25.68	\$ 27.38	\$ 25.14	\$ 28.40
	Canada	\$ 23.88	\$ 25.35	\$ 23.85	\$ 27.28
	Average	\$ 24.74	\$ 22.59	\$ 24.89	\$ 22.51
Natural gas liquids (per Bbl) -	U.S.	\$ 18.78	\$ 18.12	\$ 20.59	\$ 18.48
	Argentina	\$ 22.60	\$ 23.58	\$ 24.70	\$ 21.72
	Canada	\$ 27.34	\$ 20.99	\$ 25.86	\$ 21.67
	Average	\$ 19.29	\$ 18.37	\$ 20.94	\$ 18.68
Gas (per Mcf) -	U.S.	\$ 3.93	\$ 3.24	\$ 4.75	\$ 2.76
	Argentina	\$ 1.34	\$ 1.20	\$ 1.30	\$ 1.16
	Canada	\$ 3.03	\$ 2.55	\$ 4.29	\$ 2.26
	Average	\$ 3.10	\$ 2.60	\$ 3.80	\$ 2.29

\* 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 June 30,		Six months ended June 30,	
	2001	2000	2001	2000
<b>Discretionary cash flows*:</b>				
Net income (loss)	\$ 28,338	\$ (16,061)	\$ 96,257	\$ (1,291)
Depletion, depreciation and amortization	57,396	53,549	109,557	105,457
Exploration and abandonments	46,583	27,696	69,466	40,771
Deferred income taxes	138	(2,400)	(4,662)	(3,900)
(Gain) loss on disposition of assets, net	(1,472)	4,779	(8,765)	(3,593)
Interest related amortization	2,889	3,239	5,887	6,388
Derivative mark-to-market	(9,278)	28,471	(525)	41,958
Extraordinary item - loss on early extinguishment of debt	-	12,318	-	12,318
Other noncash items	1,946	902	3,752	1,930
Discretionary cash flow	\$ 126,540	\$ 112,493	\$ 270,967	\$ 200,038

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

**EBITDAX\*\*:**

Net income (loss)	\$ 28,338	\$ (16,061)	\$ 96,257	\$ (1,291)
Depletion, depreciation and amortization	57,396	53,549	109,557	105,457
Exploration and abandonments	46,583	27,696	69,466	40,771
Consolidated interest expense	34,260	41,863	69,876	81,618
Consolidated income taxes	2,608	(1,600)	3,008	(1,900)
(Gain) loss on disposition of assets, net	(1,472)	4,779	(8,765)	(3,593)
Derivative mark-to-market	(9,278)	28,471	(525)	41,958
Extraordinary item - loss on early extinguishment of debt	-	12,318	-	12,318
Other noncash expenses	652	1,086	1,519	2,126
	\$ 159,087	\$ 152,101	\$ 340,393	\$ 277,464

\*\* "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; and, other noncash expenses.

**PIONEER NATURAL RESOURCES COMPANY  
SUPPLEMENTAL INFORMATION**

Hedge Positions – Oil\*

	2001		2002		2003
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	First & Second Quarters
<b>Daily oil production:</b>					
<b>Swaps:</b>					
Volume (Bbl) .....	25,033	16,641	10,000		6,000
NYMEX price .....	\$ 28.75	\$ 28.37	\$ 27.20		\$ 24.02
<b>Collars:</b>					
Volume (Bbl) .....	2,000	2,000	10,000	10,000	
NYMEX price .....	\$25.00-\$31.43	\$25.00-\$31.43	\$25.00-\$28.56	\$25.00-\$28.56	
Total Oil - % Hedged.....	74%	48%	56%	28%	11%

Hedge Positions – Gas\*

	2001		2002	2003	2004
	Third Quarter	Fourth Quarter			
<b>Daily gas production:</b>					
<b>Swaps:</b>					
New Volume (Mcf) .....	75,000	71,685	142,500	180,000	190,000
NYMEX Price (MMBtu) .....	\$ 5.50	\$ 5.65	\$ 4.35	\$ 4.00	\$ 4.00
Existing Volume (Mcf) .....	49,223	49,223			
NYMEX Price** (MMBtu).....	\$ 2.50	\$ 2.50			
<b>Collars:</b>					
New Volume (Mcf) .....			20,000		
NYMEX Price** (MMBtu).....			\$ 4.50-\$6.00		
Existing Volume (Mcf) .....	54,482	54,482			
NYMEX Price** (MMBtu).....	\$ 2.25-\$2.90	\$ 2.25-\$2.90			
N. Amer. Gas - % Hedged.....	66%	66%	52%	48%	52%

\* Hedge positions are as of July 26, 2001.

\*\*Approximate, based on historical differentials to index prices.