

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-13245

PIONEER NATURAL RESOURCES COMPANY

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

5205 N. O'Connor Blvd., Suite 200, Irving, Texas
(Address of principal executive offices)

75-2702753

(I.R.S. Employer
Identification No.)

75039

(Zip Code)

(972) 444-9001

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** **No**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer **Accelerated filer**

Non-accelerated filer (Do not check if a smaller reporting company) **Smaller reporting company**

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes **No**

Number of shares of Common Stock outstanding as of May 1, 2017

170,094,162

PIONEER NATURAL RESOURCES COMPANY
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PIONEER NATURAL RESOURCES COMPANY

Cautionary Statement Concerning Forward-Looking Statements

The information in this Quarterly Report on Form 10-Q (this "Report") contains forward-looking statements that involve risks and uncertainties. When used in this document, the words "believes," "plans," "expects," "anticipates," "forecasts," "intends," "continue," "may," "will," "could," "should," "future," "potential," "estimate" or the negative of such terms and similar expressions as they relate to Pioneer Natural Resources Company ("Pioneer" or the "Company") are intended to identify forward-looking statements, which are generally not historical in nature. The forward-looking statements are based on the Company's current expectations, assumptions, estimates and projections about the Company and the industry in which the Company operates. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond the Company's control.

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, resources and personnel required to perform the Company's drilling and operating activities, access to and availability of transportation, processing, fractionation 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, investment instruments and derivative contracts and purchasers of Pioneer's oil, NGL and gas production, uncertainties about estimates of reserves, identification of drilling locations 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, the risks associated with the ownership and operation of the Company's industrial sand mining and oilfield services businesses, and acts of war or terrorism. These and other risks are described in the Company's Annual Report on Form 10-K, this Report and other filings with the United States Securities and Exchange Commission. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse effect on it. Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. See "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," "Part 1, Item 3. Quantitative and Qualitative Disclosures About Market Risk" and "Part II, Item 1A. Risk Factors" in this Report and "Part I, Item 1. Business — Competition, Markets and Regulations," "Part I, Item 1A. Risk Factors," "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a description of various factors that could materially affect the ability of Pioneer to achieve the anticipated results described in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. The Company undertakes no duty to publicly update these statements except as required by law.

PIONEER NATURAL RESOURCES COMPANY

Definitions of Certain Terms and Conventions Used Herein

Within this Report, the following terms and conventions have specific meanings:

- **"Bbl"** means a standard barrel containing 42 United States gallons.
- **"BOE"** means a barrel of oil equivalent and is a standard convention used to express oil and gas volumes on a comparable oil equivalent basis. Gas equivalents are determined under the relative energy content method by using the ratio of six thousand cubic feet of gas to one Bbl of oil or natural gas liquid.
- **"BOEPD"** means BOE per day.
- **"Btu"** means British thermal unit, which is a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.
- **"Conway"** means the daily average natural gas liquids components as priced in *Oil Price Information Service* ("OPIS") in the table "U.S. and Canada LP – Gas Weekly Averages" at Conway, Kansas.
- **"DD&A"** means depletion, depreciation and amortization.
- **"GAAP"** means accounting principles that are generally accepted in the United States of America.
- **"LIBOR"** means London Interbank Offered Rate, which is a market rate of interest.
- **"Mcf"** means one thousand cubic feet and is a measure of gas volume.
- **"MMBtu"** means one million Btus.
- **"Mont Belvieu"** means the daily average natural gas liquids components as priced in OPIS in the table "U.S. and Canada LP – Gas Weekly Averages" at Mont Belvieu, Texas.
- **"NGL"** means natural gas liquid.
- **"NYMEX"** means the New York Mercantile Exchange.
- **"Pioneer"** or the **"Company"** means Pioneer Natural Resources Company and its subsidiaries.
- **"Proved reserves"** mean the quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations – prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.
 - (i) The area of the reservoir considered as proved includes: (A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.
 - (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons ("LKH") as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
 - (iii) Where direct observation from well penetrations has defined a highest known oil ("HKO") elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
 - (iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (B) The project has been approved for development by all necessary parties and entities, including governmental entities.
 - (v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.
- **"U.S."** means United States.
- With respect to information on the working interest in wells, drilling locations and acreage, **"net"** wells, drilling locations and acres are determined by multiplying **"gross"** wells, drilling locations and acres by the Company's working interest in such wells, drilling locations or acres. Unless otherwise specified, wells, drilling locations and acreage statistics quoted herein represent gross wells, drilling locations or acres.
- Unless otherwise indicated, all currency amounts are expressed in U.S. dollars.

PART I. FINANCIAL INFORMATION

Item 1. Financial StatementsPIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED BALANCE SHEETS
(in millions)

	March 31, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 663	\$ 1,118
Short-term investments	1,546	1,441
Accounts receivable:		
Trade, net	426	517
Due from affiliates	1	1
Income taxes receivable	3	3
Inventories	200	181
Derivatives	73	14
Other	28	23
Total current assets	<u>2,940</u>	<u>3,298</u>
Property, plant and equipment, at cost:		
Oil and gas properties, using the successful efforts method of accounting:		
Proved properties	18,780	18,566
Unproved properties	448	486
Accumulated depletion, depreciation and amortization	<u>(8,546)</u>	<u>(8,211)</u>
Total property, plant and equipment	<u>10,682</u>	<u>10,841</u>
Long-term investments	168	420
Goodwill	272	272
Other property and equipment, net	1,577	1,529
Derivatives	9	—
Other assets, net	101	99
	<u>\$ 15,749</u>	<u>\$ 16,459</u>

The financial information included as of March 31, 2017 has been prepared by management without audit by independent registered public accountants.

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED BALANCE SHEETS (continued)
(in millions, except share data)

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
	<u>(Unaudited)</u>	
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable:		
Trade	\$ 751	\$ 741
Due to affiliates	51	134
Interest payable	39	68
Current portion of long-term debt	—	485
Derivatives	9	77
Other	102	61
Total current liabilities	<u>952</u>	<u>1,566</u>
Long-term debt	2,729	2,728
Derivatives	2	7
Deferred income taxes	1,366	1,397
Other liabilities	352	350
Equity:		
Common stock, \$.01 par value; 500,000,000 shares authorized; 173,779,363 and 173,221,845 shares issued as of March 31, 2017 and December 31, 2016, respectively	2	2
Additional paid-in capital	8,914	8,892
Treasury stock at cost: 3,685,461 and 3,497,742 shares as of March 31, 2017 and December 31, 2016, respectively	(254)	(218)
Retained earnings	1,679	1,728
Total equity attributable to common stockholders	<u>10,341</u>	<u>10,404</u>
Noncontrolling interests in consolidated subsidiaries	7	7
Total equity	<u>10,348</u>	<u>10,411</u>
Commitments and contingencies		
	<u>\$ 15,749</u>	<u>\$ 16,459</u>

The financial information included as of March 31, 2017 has been prepared by management without audit by independent registered public accountants.

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Revenues and other income:		
Oil and gas	\$ 809	\$ 409
Sales of purchased oil and gas	484	223
Interest and other	13	8
Derivative gains, net	151	43
Gain on disposition of assets, net	11	2
	<u>1,468</u>	<u>685</u>
Costs and expenses:		
Oil and gas production	141	156
Production and ad valorem taxes	47	29
Depletion, depreciation and amortization	337	353
Purchased oil and gas	503	243
Impairment of oil and gas properties	285	32
Exploration and abandonments	33	59
General and administrative	84	74
Accretion of discount on asset retirement obligations	5	5
Interest	46	55
Other	60	87
	<u>1,541</u>	<u>1,093</u>
Loss before income taxes	(73)	(408)
Income tax benefit	31	141
Net loss attributable to common stockholders	<u>\$ (42)</u>	<u>\$ (267)</u>
Basic and diluted net loss per share attributable to common stockholders	<u>\$ (0.25)</u>	<u>\$ (1.65)</u>
Weighted average shares outstanding:		
Basic	<u>170</u>	<u>162</u>
Diluted	<u>170</u>	<u>162</u>
Dividends declared per share	<u>\$ 0.04</u>	<u>\$ 0.04</u>

The financial information included herein has been prepared by management
without audit by independent registered public accountants.
The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED STATEMENT OF EQUITY
(in millions, except share data and dividends per share)
(Unaudited)

	Equity Attributable To Common Stockholders						Noncontrolling Interests	Total Equity
	Shares Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total		
	(in thousands)							
Balance as of December 31, 2016	169,724	\$ 2	\$ 8,892	\$ (218)	\$ 1,728	\$ 7	\$ 10,411	
Dividends declared (\$0.04 per share)	—	—	—	—	(7)	—	(7)	
Purchases of treasury stock	(188)	—	—	(36)	—	—	(36)	
Compensation costs:								
Vested compensation awards	558	—	—	—	—	—	—	
Compensation costs included in net loss	—	—	22	—	—	—	22	
Net loss	—	—	—	—	(42)	—	(42)	
Balance as of March 31, 2017	170,094	\$ 2	\$ 8,914	\$ (254)	\$ 1,679	\$ 7	\$ 10,348	

The financial information included herein has been prepared by management
without audit by independent registered public accountants.

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	\$ (42)	\$ (267)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and amortization	337	353
Impairment of oil and gas properties	285	32
Impairment of inventory and other property and equipment	—	4
Exploration expenses, including dry holes	10	40
Deferred income taxes	(31)	(141)
Gain on disposition of assets, net	(11)	(2)
Accretion of discount on asset retirement obligations	5	5
Interest expense	1	5
Derivative related activity	(141)	175
Amortization of stock-based compensation	22	21
Other	25	17
Change in operating assets and liabilities:		
Accounts receivable	92	33
Income taxes receivable	—	40
Inventories	(19)	—
Investments	4	—
Other current assets	(6)	(3)
Accounts payable	(153)	(169)
Interest payable	(29)	(16)
Other current liabilities	15	(17)
Net cash provided by operating activities	364	110
Cash flows from investing activities:		
Proceeds from disposition of assets, net of cash sold	78	1
Proceeds from investments	458	—
Purchase of investments	(315)	(914)
Additions to oil and gas properties	(433)	(471)
Additions to other assets and other property and equipment, net	(86)	(79)
Net cash used in investing activities	(298)	(1,463)
Cash flows from financing activities:		
Principal payments on long-term debt	(485)	—
Proceeds from issuance of common stock, net of issuance costs	—	1,597
Purchases of treasury stock	(36)	(23)
Net cash provided by (used in) financing activities	(521)	1,574
Net increase (decrease) in cash and cash equivalents	(455)	221
Cash and cash equivalents, beginning of period	1,118	1,391
Cash and cash equivalents, end of period	\$ 663	\$ 1,612

The financial information included herein has been prepared by management
without audit by independent registered public accountants.

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

NOTE A. Organization and Nature of Operations

Pioneer Natural Resources Company ("Pioneer" or the "Company") is a Delaware corporation whose common stock is listed and traded on the New York Stock Exchange. The Company is a large independent oil and gas exploration and production company that explores for, develops and produces oil, natural gas liquids ("NGLs") and gas within the United States, with operations primarily in the Permian Basin in West Texas, the Eagle Ford Shale play in South Texas, the Raton field in southeast Colorado and the West Panhandle field in the Texas Panhandle.

NOTE B. Basis of Presentation

Presentation. In the opinion of management, the consolidated financial statements of the Company as of March 31, 2017 and for the three months ended March 31, 2017 and 2016 include all adjustments and accruals, consisting only of normal, recurring accrual adjustments, which are necessary for a fair presentation of the results for the interim periods. These interim results are not necessarily indicative of results for a full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP") have been condensed in or omitted from this report pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). These consolidated financial statements should be read together with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Certain reclassifications have been made to the 2016 financial statement and footnote amounts in order to conform to the 2017 presentation.

Issuance of common stock. During the first and second quarters of 2016, the Company issued 13.8 million and 6.0 million shares of common stock, respectively, and received cash proceeds of \$1.6 billion and \$937 million, respectively, net of associated underwriter discounts and offering expenses.

New accounting pronouncements. In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, "Improvements to Employee Share-Based Payment Accounting." ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as certain classification changes in the statement of cash flows. The Company adopted this standard on January 1, 2017. See Note M for additional discussion on the impact of the adoption to the Company's income tax provision.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the way lease expenses are accounted for. This update is effective for fiscal years beginning after December 15, 2018 and for interim periods beginning the following year. This update should be applied using a modified retrospective approach, and early adoption is permitted. The Company anticipates that the adoption of ASU 2016-02 for its leasing arrangements will likely (i) increase the Company's recorded assets and liabilities, (ii) increase depreciation, depletion and amortization expense, (iii) increase interest expense and (iv) decrease lease/rental expense. The Company is currently evaluating each of its lease arrangements and has not determined the aggregate amount of change expected for each category.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition," and most industry-specific guidance. ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for one year to fiscal years beginning after December 15, 2017. Early adoption is permitted for fiscal years beginning after December 15, 2016. In May 2016, the FASB issued ASU 2016-11, which rescinded guidance from the SEC on accounting for gas balancing arrangements and will eliminate the use of the entitlements method. Entities have the option of using either a full retrospective or modified approach to adopt the new standards and the Company plans to utilize the modified approach to adopt the new standard upon its effective date. The Company is evaluating the new guidance, including identifying revenue

PIONEER NATURAL RESOURCES COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

streams and reviewing contracts and procedures currently in place. The Company does not anticipate this standard will have a material impact on its consolidated financial statements.

NOTE C. Acquisitions and Divestitures

Permian Basin Acquisition. In August 2016, the Company acquired approximately 28,000 net acres in the Permian Basin, with net production of approximately 1,400 barrels of oil equivalent per day ("BOEPD"), from an unaffiliated third party for \$428 million, including normal closing adjustments. The acquisition was accounted for using the acquisition method under ASC 805, "Business Combinations," which requires acquired assets and liabilities to be recorded at fair value as of the acquisition date.

The following table represents the allocation of the acquisition price to the assets acquired and the liabilities assumed based on their fair value at the acquisition date (in millions):

Assets acquired:	
Proved properties	\$ 79
Unproved properties	347
Other property and equipment	5
Liabilities assumed:	
Asset retirement obligations	(2)
Other liabilities	(1)
Net assets acquired	<u>\$ 428</u>

The fair value measurements of the net assets acquired are based on inputs that are not observable in the market and, therefore, represent Level 3 inputs in the fair value hierarchy (see Note D for a description of the input levels in the fair value hierarchy). The Company calculated the fair values of the acquired proved properties and asset retirement obligations using a discounted future cash flow model that utilizes management's estimates of (i) proved reserves, (ii) forecasted production rates, (iii) future operating, development and plugging and abandonment costs, (iv) future commodity prices and (v) a discount rate of 10 percent for proved properties and seven percent for asset retirement obligations. The Company calculated the fair values of the acquired unproved properties based on the average price per acre in comparable market transactions. The operating results attributable to the acquired assets and liabilities assumed are included in the Company's accompanying consolidated statements of operations since the date of acquisition.

Divestitures. For the three months ended March 31, 2017 and March 31, 2016, the Company recorded net gains on the disposition of assets of \$11 million and \$2 million, respectively. During the three months ended March 31, 2017, the Company completed the sales of nonstrategic proved and unproved properties in the Permian Basin for cash proceeds of \$77 million, which resulted in a gain of \$10 million.

NOTE D. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based upon inputs that market participants use in pricing an asset or liability, which are characterized according to a hierarchy that prioritizes those inputs based on the degree to which they are observable. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. The three input levels of the fair value hierarchy are as follows:

- Level 1 – quoted prices for identical assets or liabilities in active markets.
- Level 2 – quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates) and inputs derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – unobservable inputs for the asset or liability.

PIONEER NATURAL RESOURCES COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

Assets and liabilities measured at fair value on a recurring basis. The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2017 for each of the fair value hierarchy levels:

	<u>Fair Value Measurement at March 31, 2017 Using</u>			<u>Fair Value at March 31, 2017</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
	(in millions)			
Assets:				
Commodity derivatives	\$ —	\$ 76	\$ —	\$ 76
Interest rate derivatives	—	6	—	6
Deferred compensation plan assets	86	—	—	86
Total assets	86	82	—	168
Liabilities:				
Commodity derivatives	—	11	—	11
Total liabilities	—	11	—	11
Total recurring fair value measurements	\$ 86	\$ 71	\$ —	\$ 157

Commodity derivatives. The Company's commodity derivatives represent oil, NGL, gas and diesel swap contracts, collar contracts and collar contracts with short puts. The asset and liability measurements for the Company's commodity derivative contracts represent Level 2 inputs in the hierarchy. The Company utilizes discounted cash flow and option-pricing models for valuing its commodity derivatives.

The asset and liability values attributable to the Company's commodity derivatives were determined based on inputs that include (i) the contracted notional volumes, (ii) independent active market price quotes, (iii) the applicable estimated credit-adjusted risk-free rate yield curve and (iv) the implied rate of volatility inherent in the collar contracts and collar contracts with short puts, which is based on active and independent market-quoted volatility factors.

Deferred compensation plan assets. The Company's deferred compensation plan assets represent investments in equity and mutual fund securities that are actively traded on major exchanges. These investments are measured based on observable prices on major exchanges. As of March 31, 2017, the significant inputs to these asset values represented Level 1 independent active exchange market price inputs.

Interest rate derivatives. The Company's interest rate derivative liabilities represent interest rate swap contracts. The Company utilizes discounted cash flow models for valuing its interest rate derivatives. The derivative values attributable to the Company's interest rate derivative contracts are based on (i) the contracted notional amounts, (ii) forward active market-quoted London Interbank Offered Rates ("LIBOR") and (iii) the applicable credit-adjusted risk-free rate yield curve. The Company's interest rate derivative fair value measurements represent Level 2 inputs in the hierarchy.

Assets and liabilities measured at fair value on a nonrecurring basis. Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances. These assets and liabilities can include inventory, proved and unproved oil and gas properties and other long-lived assets or liabilities that are acquired or written down to fair value when they are impaired or held for sale. See Note C for information on the fair value of assets and liabilities acquired in the Permian Basin acquisition.

Proved oil and gas properties. As a result of the Company's proved property impairment assessments, the Company recognized noncash impairment charges to reduce the carrying values of (i) the Raton field during the three months ended March 31, 2017 and (ii) the West Panhandle field during the three months ended March 31, 2016 to their estimated fair values.

PIONEER NATURAL RESOURCES COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

The Company calculated the fair values of the Raton and West Panhandle fields using a discounted future cash flow model. Significant Level 3 assumptions associated with the calculations included management's longer-term commodity price outlooks ("Management's Price Outlooks") and management's outlooks for (i) production costs, (ii) capital expenditures, (iii) production and (iv) estimated proved reserves and risk-adjusted probable reserves. Management's Price Outlooks are developed based on third-party longer-term commodity futures price outlooks as of each measurement date. The expected future net cash flows were discounted using an annual rate of 10 percent to determine fair value.

The following table presents the fair value and fair value adjustments (in millions) for the Company's 2017 and 2016 proved property impairments, as well as the average oil price per barrel ("Bbl") and gas price per British thermal unit ("MMBtu") utilized in the respective Management's Price Outlooks:

	Impairment Date	Fair Value	Fair Value Adjustment	Management's Price Outlooks	
				Oil	Gas
Raton	March 2017	\$ 186	\$ (285)	\$ 53.65	\$ 3.00
West Panhandle	March 2016	\$ 33	\$ (32)	\$ 49.77	\$ 3.24

It is reasonably possible that the estimate of undiscounted future net cash flows attributable to these or other properties may change in the future resulting in the need to impair their carrying values. The primary factors that may affect estimates of future cash flows are (i) future adjustments, both positive and negative, to proved and risk-adjusted probable and possible oil and gas reserves, (ii) results of future drilling activities, (iii) Management's Price Outlooks and (iv) increases or decreases in production and capital costs associated with these reserves.

Unproved oil and gas properties. During March 2016, the Company recorded an impairment charge of \$32 million to write-off the carrying value of its unproved royalty acreage in Alaska (reported in exploration and abandonments in the accompanying consolidated statements of operations) as a result of the operator curtailing operations in the area and Management's Price Outlooks.

Financial instruments not carried at fair value. Carrying values and fair values of financial instruments that are not carried at fair value in the accompanying consolidated balance sheets as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Commercial paper, corporate bonds and time deposits	\$ 1,724	\$ 1,721	\$ 1,906	\$ 1,901
Current portion of long-term debt	\$ —	\$ —	\$ 485	\$ 490
Long-term debt	\$ 2,729	\$ 2,961	\$ 2,728	\$ 2,956

Commercial paper, corporate bonds and time deposits. Periodically, the Company invests in commercial paper and corporate bonds with investment grade rated entities. The Company also periodically enters into time deposits with financial institutions. The investments are carried at amortized cost and classified as held-to-maturity as the Company has the intent and ability to hold them until they mature. The carrying values of held-to-maturity investments are adjusted for amortization of premiums and accretion of discounts over the remaining life of the investment. Income related to these investments is recorded in interest and other income in the Company's consolidated statement of operations. The Company's investments in corporate bonds represent Level 1 inputs in the hierarchy, while other investments represent Level 2 inputs in the hierarchy. Commercial paper and time deposits are included in cash and cash equivalents if they have maturity dates that are less than 90 days at the date of purchase; otherwise, investments are reflected in short-term investments or long-term investments in the accompanying consolidated balance sheets based on their maturity dates. The following table provides the components of the Company's cash and cash equivalents and investments as of March 31, 2017:

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Consolidated Balance Sheet Location	March 31, 2017					Total
	Cash	Commercial Paper	Corporate Bonds	Time Deposits		
	(in millions)					
Cash and cash equivalents	\$ 653	\$ 10	\$ —	\$ —	\$	663
Short-term investments	—	199	813	534	\$	1,546
Long-term investments	—	—	168	—	\$	168
	<u>\$ 653</u>	<u>\$ 209</u>	<u>\$ 981</u>	<u>\$ 534</u>	<u>\$</u>	<u>2,377</u>

Debt obligations. The Company's debt obligations are composed of its credit facility and senior notes. The fair value of the Company's debt obligations is determined utilizing inputs that are Level 2 measurements in the fair value hierarchy. The fair value of the Company's credit facility is calculated using a discounted cash flow model based on (i) forecasted contractual interest and fee payments, (ii) forward active market-quoted United States Treasury Bill rates and (iii) the applicable credit-adjustments. The Company's senior notes represent debt securities that are not actively traded on major exchanges. The fair values of the Company's senior notes are based on their periodic values as quoted on the major exchanges.

The Company has other financial instruments consisting primarily of receivables, payables and other current assets and liabilities that approximate fair value due to the nature of the instrument and their relatively short maturities. Non-financial assets and liabilities initially measured at fair value include assets acquired and liabilities assumed in a business combination, goodwill and asset retirement obligations.

NOTE E. Derivative Financial Instruments

The Company utilizes commodity swap contracts, collar contracts and collar contracts with short puts to (i) reduce the effect of price volatility on the commodities the Company produces and sells or consumes, (ii) support the Company's annual capital budgeting and expenditure plans and (iii) reduce commodity price risk associated with certain capital projects. The Company also, from time to time, utilizes interest rate contracts to reduce the effect of interest rate volatility on the Company's indebtedness.

Oil production derivative activities. All material physical sales contracts governing the Company's oil production are tied directly to, or are highly correlated with, New York Mercantile Exchange ("NYMEX") West Texas Intermediate ("WTI") oil prices. The Company uses derivative contracts to manage oil price volatility and basis swap contracts to reduce basis risk between NYMEX prices and the actual index prices at which the oil is sold.

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The following table sets forth the volumes per day associated with the Company's outstanding oil derivative contracts as of March 31, 2017 and the weighted average oil prices for those contracts:

	2017			Year Ending December 31,	
	Second Quarter	Third Quarter	Fourth Quarter	2018	2019
Collar contracts:					
Volume (Bbl)	6,000	6,000	6,000	—	—
Price per Bbl:					
Ceiling	\$ 70.40	\$ 70.40	\$ 70.40	\$ —	\$ —
Floor	\$ 50.00	\$ 50.00	\$ 50.00	\$ —	\$ —
Collar contracts with short puts (a):					
Volume (Bbl)	129,000	147,000	155,000	20,000	—
Price per Bbl:					
Ceiling	\$ 61.19	\$ 62.03	\$ 62.12	\$ 65.14	\$ —
Floor	\$ 48.46	\$ 49.81	\$ 49.82	\$ 50.00	\$ —
Short put	\$ 40.45	\$ 41.07	\$ 41.02	\$ 40.00	\$ —
Rollfactor swap contracts (b):					
Volume (Bbl)	20,000	20,000	20,000	—	—
NYMEX roll price	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ —	\$ —

- (a) Subsequent to March 31, 2017, the Company entered into additional oil collar contracts with short puts for 26,000 Bbl per day of 2018 production with a ceiling price of \$60.49 per Bbl, a floor price of \$50.19 per Bbl and a short put price of \$40.00 per Bbl.
- (b) Represents swaps that fix the difference between (i) each day's price per Bbl of WTI for the first nearby NYMEX month less (ii) the price per Bbl of WTI for the second nearby NYMEX month, multiplied by .6667; plus (iii) each day's price per Bbl of WTI for the first nearby NYMEX month less (iv) the price per Bbl of WTI for the third nearby NYMEX month, multiplied by .3333. Subsequent to March 31, 2017, the Company paid a nominal amount to terminate its oil rollfactor swap contracts for the third quarter of 2017.

NGL production derivative activities. All material physical sales contracts governing the Company's NGL production are tied directly or indirectly to either Mont Belvieu, Texas or Conway, Kansas NGL component product prices. The Company uses derivative contracts to manage NGL component price volatility.

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The following table sets forth the volumes per day associated with the Company's outstanding NGL derivative contracts as of March 31, 2017 and the weighted average NGL prices for those contracts:

	2017			Year Ending December 31,	
	Second Quarter	Third Quarter	Fourth Quarter	2018	2019
Butane swap contracts (a):					
Volume (Bbl)	2,000	2,000	—	—	—
Price per Bbl:	\$ 34.86	\$ 34.86	\$ —	\$ —	\$ —
Butane collar contracts with short puts (b):					
Volume (Bbl)	2,000	2,000	—	—	—
Price per Bbl:					
Ceiling	\$ 36.12	\$ 36.12	\$ —	\$ —	\$ —
Floor	\$ 29.25	\$ 29.25	\$ —	\$ —	\$ —
Short put	\$ 23.40	\$ 23.40	\$ —	\$ —	\$ —
Ethane collar contracts (c):					
Volume (Bbl)	3,000	3,000	3,000	—	—
Price per Bbl:					
Ceiling	\$ 11.83	\$ 11.83	\$ 11.83	\$ —	\$ —
Floor	\$ 8.68	\$ 8.68	\$ 8.68	\$ —	\$ —
Ethane basis swap contracts (d):					
Volume (MMBtu)	6,920	6,920	6,920	6,920	6,920
Price differential (\$/MMBtu)	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60

- (a) Represent swap contracts that reduce the price volatility of butane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices. Subsequent to March 31, 2017, the Company terminated its butane swap contracts for cash proceeds of \$1 million.
- (b) Represent collar contracts with short puts that reduce the price volatility of butane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices.
- (c) Represent collar contracts that reduce the price volatility of ethane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices.
- (d) Represent basis swap contracts that reduce the price volatility of ethane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices. The basis swap contracts fix the basis differential on a NYMEX Henry Hub ("HH") MMBtu equivalent basis. The Company will receive the HH price plus the price differential on 6,920 MMBtu per day, which is equivalent to 2,500 Bbls per day of ethane.

Gas production derivative activities. All material physical sales contracts governing the Company's gas production are tied directly or indirectly to HH gas prices or regional index prices where the gas is sold. The Company uses derivative contracts to manage gas price volatility and basis swap contracts to reduce basis risk between HH prices and actual index prices at which the gas is sold.

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The following table sets forth the volumes per day associated with the Company's outstanding gas derivative contracts as of March 31, 2017 and the weighted average gas prices for those contracts:

	2017			Year Ending December 31,	
	Second Quarter	Third Quarter	Fourth Quarter	2018	2019
Collar contracts with short puts:					
Volume (MMBtu)	270,000	290,000	300,000	62,329	—
Price per MMBtu:					
Ceiling	\$ 3.56	\$ 3.57	\$ 3.60	\$ 3.56	\$ —
Floor	\$ 2.95	\$ 2.95	\$ 2.96	\$ 2.91	\$ —
Short put	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.37	\$ —
Basis swap contracts:					
Mid-Continent index swap volume (a)	45,000	45,000	45,000	—	—
Price differential (\$/MMBtu)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ —	\$ —
Permian Basin index swap volume (b)	—	—	26,522	9,863	—
Price differential (\$/MMBtu)	\$ —	\$ —	\$ 0.30	\$ 0.30	\$ —

- (a) Represent swap contracts that fix the basis differentials between the index price at which the Company sells its Mid-Continent gas and the HH index price used in collar contracts with short puts.
- (b) Represent swap contracts that fix the basis differentials between Permian Basin index prices and southern California index prices for Permian Basin gas forecasted for sale in southern California.

Marketing and basis derivative activities. Periodically, the Company enters into buy and sell marketing arrangements to fulfill firm pipeline transportation commitments. Associated with these marketing arrangements, the Company may enter into index swaps to mitigate price risk. As of March 31, 2017, the Company did not have any marketing derivatives outstanding.

Diesel derivative activities. Periodically, the Company enters into diesel derivative swap contracts to mitigate fuel price risk. The diesel derivative swap contracts are priced at an index that is highly correlated to the prices that the Company incurs to fuel drilling rigs and its fracture stimulation fleet equipment. As of March 31, 2017, the Company was party to diesel derivative swap contracts for 1,000 Bbls per day for the remainder of 2017 at an average per Bbl fixed price of \$62.98. In early April 2017, the Company terminated its diesel derivative swap contracts that were held at March 31, 2017 for cash proceeds of \$1 million. In late April 2017, the Company entered into diesel swap contracts for 1,000 Bbls per day for the remainder of 2017 at an average per Bbl fixed price of \$63.00.

Interest rate derivative activities. As of March 31, 2017, the Company was party to interest rate derivative contracts whereby the Company will receive the three-month LIBOR rate for the 10-year period from December 2017 through December 2027 in exchange for paying a fixed interest rate of 1.81 percent on a notional amount of \$100 million on December 15, 2017.

Tabular disclosure of derivative financial instruments. All of the Company's derivatives are accounted for as non-hedge derivatives as of March 31, 2017 and December 31, 2016, and therefore all changes in the fair values of its derivative contracts are recognized as gains or losses in the earnings of the periods in which they occur. The Company classifies the fair value amounts of derivative assets and liabilities as net current or noncurrent derivative assets or net current or noncurrent derivative liabilities, whichever the case may be, by commodity and counterparty. The Company enters into derivatives under master netting arrangements, which, in an event of default, allows the Company to offset payables to and receivables from the defaulting counterparty.

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The aggregate fair value of the Company's derivative instruments reported in the accompanying consolidated balance sheets by type and counterparty, including the classification between current and noncurrent assets and liabilities, consists of the following:

Fair Value of Derivative Instruments as of March 31, 2017

Type	Consolidated Balance Sheet Location	Fair Value	Gross Amounts Offset in the Consolidated Balance Sheet	Net Fair Value Presented in the Consolidated Balance Sheet
(in millions)				
Derivatives not designated as hedging instruments				
Asset Derivatives:				
Commodity price derivatives	Derivatives - current	\$ 75	\$ (8)	\$ 67
Interest rate derivatives	Derivatives - current	\$ 6	\$ —	6
Commodity price derivatives	Derivatives - noncurrent	\$ 9	\$ —	9
				\$ 82
Liability Derivatives:				
Commodity price derivatives	Derivatives - current	\$ 17	\$ (8)	\$ 9
Commodity price derivatives	Derivatives - noncurrent	\$ 2	\$ —	2
				\$ 11

Fair Value of Derivative Instruments as of December 31, 2016

Type	Consolidated Balance Sheet Location	Fair Value	Gross Amounts Offset in the Consolidated Balance Sheet	Net Fair Value Presented in the Consolidated Balance Sheet
(in millions)				
Derivatives not designated as hedging instruments				
Asset Derivatives:				
Commodity price derivatives	Derivatives - current	\$ 33	\$ (25)	\$ 8
Interest rate derivatives	Derivatives - current	\$ 6	\$ —	6
				\$ 14
Liability Derivatives:				
Commodity price derivatives	Derivatives - current	\$ 102	\$ (25)	\$ 77
Commodity price derivatives	Derivatives - noncurrent	\$ 7	\$ —	7
				\$ 84

The Company uses credit and other financial criteria to evaluate the credit standing of, and to select, counterparties to its derivative instruments. Although the Company does not obtain collateral or otherwise secure the fair value of its derivative instruments, associated credit risk is mitigated by the Company's credit risk policies and procedures.

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The following table details the location of gains and losses recognized on the Company's derivative contracts in the accompanying consolidated statements of operations:

Derivatives Not Designated as Hedging Instruments	Location of Gain / (Loss) Recognized in Earnings on Derivatives	Three Months Ended March 31,	
		2017	2016
(in millions)			
Commodity price derivatives	Derivative gains, net	\$ 151	\$ 45
Interest rate derivatives	Derivative gains, net	—	(2)
Total		\$ 151	\$ 43

NOTE F. Exploratory Costs

The Company capitalizes exploratory well and project costs until a determination is made that the well or project has either found proved reserves, is impaired or is sold. The Company's capitalized exploratory well and project costs are presented in proved properties in the accompanying consolidated balance sheets. If the exploratory well or project is determined to be impaired, the impaired costs are charged to exploration and abandonments expense.

The following table reflects the Company's capitalized exploratory well and project activity during the three months ended March 31, 2017:

	Three Months Ended March 31, 2017
(in millions)	
Beginning capitalized exploratory well costs	\$ 323
Additions to exploratory well costs pending the determination of proved reserves	406
Reclassification due to determination of proved reserves	(287)
Exploratory well costs charged to exploration and abandonment expense	(10)
Ending capitalized exploratory well costs	\$ 432

The following table provides an aging as of March 31, 2017 and December 31, 2016 of capitalized exploratory costs and the number of projects for which exploratory well costs have been capitalized for a period greater than one year, based on the date drilling was completed:

	March 31, 2017	December 31, 2016
(in millions, except well counts)		
Capitalized exploratory well costs that have been suspended:		
One year or less	\$ 411	\$ 318
More than one year	21	5
	\$ 432	\$ 323
Number of wells or projects with exploratory well costs that have been suspended for a period greater than one year	12	3

The 12 wells that were suspended for a period greater than one year as of March 31, 2017 are in the Eagle Ford Shale area. The Company expects to complete five of these wells in 2017 and the remaining seven wells in 2018.

NOTE G. Long-term Debt

Credit facility. The Company's long-term debt consists of senior notes, a revolving corporate credit facility (the "Credit Facility") and the effects of issuance costs, issuance discounts and net deferred fair value hedge losses. The Credit Facility is maintained with a syndicate of financial institutions and has aggregate loan commitments of \$1.5 billion that expire in August 2020. As of March 31, 2017, the Company had no outstanding borrowings under the Credit Facility and was in compliance with its debt covenants.

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Senior notes. The Company's 6.65% senior notes (the "6.65% Senior Notes") matured and were repaid in March 2017. The Company funded the \$485 million repayment of the 6.65% Senior Notes with cash on hand.

NOTE H. Incentive Plans

Stock-based compensation

For the three months ended March 31, 2017, the Company recorded \$30 million of stock-based compensation expense for all plans, as compared to \$25 million for the same period in 2016. As of March 31, 2017, there was \$164 million of unrecognized stock-based compensation expense related to unvested share-based compensation plans, including \$42 million attributable to stock-based awards that are expected to be settled on their vesting date in cash, rather than in equity shares ("Liability Awards"). The unrecognized compensation expense will be recognized on a straight-line basis over the remaining vesting periods of the awards, which is a period of less than three years on a weighted average basis. As of March 31, 2017 and December 31, 2016, accounts payable – due to affiliates included \$5 million and \$22 million, respectively, of liabilities attributable to Liability Awards.

The following table summarizes the activity that occurred during the three months ended March 31, 2017 for each type of share-based incentive award issued by Pioneer:

	Restricted Stock Equity Awards	Restricted Stock Liability Awards	Performance Units	Stock Options
Outstanding as of December 31, 2016	1,077,227	290,552	178,556	159,378
Awards granted	300,350	114,287	59,044	—
Awards forfeited	(4,740)	(1,480)	—	—
Awards vested	(432,316)	(128,618)	—	—
Outstanding as of March 31, 2017	940,521	274,741	237,600	159,378

NOTE I. Asset Retirement Obligations

The Company's asset retirement obligations primarily relate to the future plugging and abandonment of wells and related facilities. The following table summarizes the Company's asset retirement obligation activity during the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Beginning asset retirement obligations	\$ 297	\$ 285
New wells placed on production	1	—
Liabilities settled	(6)	(5)
Accretion of discount	5	5
Ending asset retirement obligations	\$ 297	\$ 285

The Company records the current and noncurrent portions of asset retirement obligations in other current liabilities and other liabilities, respectively, in the accompanying consolidated balance sheets. As of both March 31, 2017 and December 31, 2016, the current portion of the Company's asset retirement obligations was \$39 million.

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NOTE J. Commitments and Contingencies

The Company is a party to proceedings and claims incidental to its business. While many of these matters involve inherent uncertainty, the Company believes that the amount of the liability, if any, ultimately incurred with respect to such proceedings and claims will not have a material adverse effect on the Company's financial position as a whole or on its liquidity, capital resources or future annual results of operations. The Company records reserves for contingencies when information available indicates that a loss is probable and the amount of the loss can be reasonably estimated.

Obligations following divestitures. In connection with its divestiture transactions, the Company may retain certain liabilities and provide the purchaser certain indemnifications, subject to defined limitations, which may apply to identified pre-closing matters, including matters of litigation, environmental contingencies, royalty obligations and income taxes. The Company does not believe these obligations are probable of having a material impact on its liquidity, financial position or future results of operations.

NOTE K. Interest and Other Income

The following table provides the components of the Company's interest and other income for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Interest income	\$ 6	\$ 4
Deferred compensation plan income	2	2
Other income	5	2
Total interest and other income	<u>\$ 13</u>	<u>\$ 8</u>

NOTE L. Other Expense

The following table provides the components of the Company's other expense for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Transportation commitment charges (a)	\$ 40	\$ 24
Loss from vertical integration services (b)	5	13
Idle drilling and well service equipment charges (c)	—	36
Other	15	14
Total other expense	<u>\$ 60</u>	<u>\$ 87</u>

(a) Primarily represents firm transportation payments on excess pipeline capacity commitments.

(b) Loss from vertical integration services primarily represents net margins (attributable to third party working interest owners) that result from Company-provided fracture stimulation and well service operations, which are ancillary to and supportive of the Company's oil and gas joint operating activities, and do not represent intercompany transactions. For the three months ended March 31, 2017, these vertical integration net margins included \$19 million of revenues and \$24 million of costs and expenses. For the same period in 2016, these vertical integration net margins included \$69 million of revenues and \$82 million of costs and expenses.

(c) Primarily represents expenses attributable to idle drilling rig fees that are not chargeable to joint operations and charges to terminate rig contracts that were not required to meet planned drilling activities.

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NOTE M. Income Taxes

The Company's income tax benefit consisted of the following for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Deferred tax benefit	\$ 31	\$ 141

For the three months ended March 31, 2017, the Company's effective tax rate, excluding income attributable to noncontrolling interests, was 42 percent, as compared to an effective rate of 35 percent for the same respective period in 2016. The Company's effective tax rate for the three months ended March 31, 2017 differs from the U.S. statutory rate of 35 percent primarily due to recognizing excess tax benefits of \$8 million associated with the adoption of ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," which requires excess tax benefits or deficiencies associated with the vesting of long-term incentive awards to be recorded as income tax expense or benefit in the statement of operations rather than as an adjustment to additional paid-in capital in the balance sheet.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based upon the technical merits of the position. As of March 31, 2017 and December 31, 2016, the Company had unrecognized tax benefits of \$115 million and \$112 million, respectively, resulting from research and experimental expenditures related to horizontal drilling and completions innovations. If all or a portion of the unrecognized tax benefit is sustained upon examination by the taxing authorities, the tax benefit will be recognized as a reduction to the Company's deferred tax liability and will affect the Company's effective tax rate in the period it is recognized. The Company expects to resolve the uncertainties associated with the unrecognized tax benefit by December 2018.

The Company files income tax returns in the U.S. federal and various state and foreign jurisdictions. The Internal Revenue Service has closed examinations of the 2012 and prior tax years and, with few exceptions, the Company believes that it is no longer subject to examinations by state and foreign tax authorities for years before 2011. As of March 31, 2017, no adjustments had been proposed in any jurisdiction that would have a significant effect on the Company's liquidity, future results of operations or financial position.

NOTE N. Net Loss Per Share

Basic and diluted net loss attributable to common stockholders were \$42 million and \$267 million for the three months ended March 31, 2017 and 2016, respectively.

Basic and diluted weighted average common shares outstanding were 170 million for the three months ended March 31, 2017 and 162 million for the same period in 2016.

NOTE O. Subsequent Events

Permian Basin Divestiture. In April 2017, the Company completed the sale, effective January 1, 2017, of approximately 20,500 acres in the Martin County region of the Permian Basin, with net production of approximately 1,500 BOEPD, to an unaffiliated third party for \$266 million, before normal closing adjustments. Associated with the sale, the Company expects to record a pretax gain ranging from \$215 million to \$245 million.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial and Operating Performance

The Company's financial and operating performance for the first quarter of 2017 included the following highlights:

- Net loss attributable to common stockholders for the first quarter of 2017 was \$42 million (\$0.25 per diluted share), as compared to a net loss of \$267 million (\$1.65 per diluted share) for the first quarter of 2016. The primary components of the decrease in net loss attributable to common stockholders include:
 - a \$400 million increase in oil and gas revenues as a result of a 78 percent increase in average realized commodity prices per BOE and a 12 percent increase in sales volumes;
 - a \$108 million increase in net derivative gains, primarily as a result of changes in forward commodity prices and the Company's portfolio of derivatives;
 - a \$27 million decrease in other expense, primarily related to a decrease in idle drilling and well service equipment charges, partially offset by an increase in unused firm transportation costs;
 - a \$26 million decrease in exploration and abandonment expense, primarily due to the 2016 write-off of the Company's overriding royalty interest in the Nuna prospect in Alaska; and
 - a \$16 million decrease in DD&A expense, primarily attributable to commodity price increases and the Company's cost reduction initiatives, both of which had the effect of adding proved reserves by lengthening the economic lives of the Company's producing wells; offset by a \$253 million increase in impairment charges, principally related to the impairment recorded in 2017 to reduce the carrying value of the Company's Raton field; and
 - a \$110 million reduction in the Company's income tax benefit as a result of the improvement in earnings during the three months ended March 31, 2017 as compared to the three months ended March 31, 2016.
- During the first quarter of 2017, average daily sales volumes increased by 12 percent to 248,881 BOE/D, as compared to 221,809 BOE/D during the first quarter of 2016. The increase in first quarter 2017 average daily sales volumes, as compared to the first quarter of 2016, is primarily due to the Company's successful Spraberry/Wolfcamp horizontal drilling program.
- Average oil, NGL and gas prices increased during the first quarter of 2017 to \$49.05 per Bbl, \$19.33 per Bbl and \$2.79 per Mcf, respectively, as compared to \$28.09 per Bbl, \$10.33 per Bbl and \$1.79 per Mcf, respectively, in the first quarter of 2016.
- Net cash provided by operating activities increased to \$364 million for the three months ended March 31, 2017, as compared to \$110 million for the three months ended March 31, 2016. The \$254 million increase in net cash provided by operating activities is primarily due to increases in the Company's oil and gas revenues for the three months ended March 31, 2017 as a result of increases in commodity prices and sales volumes, partially offset by a \$208 million reduction in cash provided by commodity derivatives during the three months ended March 31, 2017 as compared to the same period in 2016.
- As of March 31, 2017, the Company's net debt to book capitalization was three percent, as compared to two percent at December 31, 2016.

Second Quarter 2017 Outlook

Based on current estimates, the Company expects the following operating and financial results for the quarter ending June 30, 2017:

Production is forecasted to average 254,000 to 259,000 BOE/D.

Production costs (including production and ad valorem taxes and transportation costs) are expected to average \$7.75 to \$9.75 per BOE based on current NYMEX strip commodity prices. DD&A expense is expected to average \$15.00 to \$17.00 per BOE.

Total exploration and abandonment expense is expected to be \$20 million to \$30 million. General and administrative expense is expected to be \$80 million to \$85 million. Interest expense is expected to be \$43 million to \$48 million, and other expense is expected to be \$60 million to \$70 million. Other expense is expected to include (i) \$40 million to \$45 million of charges associated with excess firm gathering and transportation commitments, (ii) \$5 million to \$10 million of losses (principally noncash) associated

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with the portion of vertical integration services provided to nonaffiliated working interest owners, including joint venture partners, in wells operated by the Company and (iii) other miscellaneous charges. Accretion of discount on asset retirement obligations is expected to be \$4 million to \$7 million.

The Company's effective income tax rate is expected to range from 35 percent to 40 percent assuming current capital spending plans and no significant mark-to-market changes in the Company's derivative position. Current income taxes are expected to be less than \$5 million.

Operations and Drilling Highlights

The following table summarizes the Company's average daily oil, NGL, gas and total production by asset area during the three months ended March 31, 2017:

	Oil (Bbls)	NGLs (Bbls)	Gas (Mcf)	Total (BOE)
Permian Basin	134,521	36,529	178,587	200,814
South Texas - Eagle Ford Shale	7,871	6,799	45,070	22,182
Raton Basin	—	—	89,959	14,993
West Panhandle	1,997	3,344	5,390	6,240
South Texas - Other	1,226	154	19,565	4,641
Other	4	2	31	11
Total	145,619	46,828	338,602	248,881

The Company's liquids production increased to 77 percent of total production on a BOE basis for the three months ended March 31, 2017, as compared to 73 percent for the same period last year.

The following table summarizes by geographic area the Company's finding and development costs incurred during the three months ended March 31, 2017:

	Acquisition Costs		Exploration Costs	Development Costs	Total
	Proved	Unproved			
	(in millions)				
Permian Basin	\$ 2	\$ 8	\$ 418	\$ 111	\$ 539
South Texas - Eagle Ford Shale	—	—	6	3	9
West Panhandle	—	—	—	2	2
Other	—	—	1	—	1
Total	\$ 2	\$ 8	\$ 425	\$ 116	\$ 551

The following table summarizes the Company's development and exploration/extension drilling activities for the three months ended March 31, 2017:

	Development Drilling			
	Beginning Wells in Progress	Wells Spud	Successful Wells	Ending Wells in Progress
Permian Basin	8	5	3	10
South Texas - Eagle Ford Shale	4	—	—	4
Total	12	5	3	14

	Exploration/Extension Drilling				
	Beginning Wells in Progress	Wells Spud	Successful Wells	Unsuccessful Wells	Ending Wells in Progress
Permian Basin	119	62	39	1	141
South Texas - Eagle Ford Shale	14	3	—	1	16
Total	133	65	39	2	157

Permian Basin area. In the first quarter of 2017, the Company increased its rig count in the Sprabery/Wolfcamp area from 17 rigs at year-end 2016 to 18 rigs at March 31, 2017. During 2017, the Company expects to place on production approximately 260 horizontal wells (220 horizontal wells in the northern portion of the play and 40 horizontal wells in the southern portion of

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the play). Approximately 55 percent of the horizontal wells are planned to be drilled in the Wolfcamp B interval, 30 percent in the Wolfcamp A interval and 15 percent in the Lower Spraberry Shale interval. The Company also plans to drill a small number of wells to appraise the shallower Clearfork formation, the Jo Mill interval within the Spraberry formation and the Wolfcamp D interval in the Wolfcamp formation during 2017. The Company expects to spend \$2.4 billion of capital in the Spraberry/Wolfcamp field during 2017, including \$1.9 billion of horizontal drilling and completion capital, \$265 million for tank battery and disposal facilities, \$115 million for gas processing facilities and \$110 million for land, science and other costs. During the first quarter of 2017, the Company successfully completed 39 horizontal wells in the northern portion of the play and 3 horizontal wells in the southern portion of the play. In the northern portion of the play, approximately 40 percent of wells placed on production were Wolfcamp B interval wells, and the remaining 60 percent were split predominantly between Wolfcamp A interval wells and Lower Spraberry Shale wells. In the southern portion of the play, all wells placed on production were Wolfcamp B interval wells.

The Company continues to utilize its integrated services to control well costs and operating costs in addition to supporting the execution of its drilling and production activities in the Spraberry/Wolfcamp field. During the first quarter of 2017, the Company utilized five of its eight Company-owned fracture stimulation fleets to support its drilling operations in the Spraberry/Wolfcamp field. The Company also owns other field service equipment that supports its drilling and production operations, including pulling units, fracture stimulation tanks, water transport trucks, hot oilers, blowout preventers, construction equipment and fishing tools. In addition, Premier Silica (the Company's wholly-owned sand mining subsidiary) is supplying high-quality and logistically advantaged brown sand for proppant, which is being used to fracture stimulate horizontal wells in the Spraberry and Wolfcamp Shale intervals.

The Company has been and continues to pursue initiatives to improve drilling and completion efficiencies and reduce costs. The most significant drilling and completion cost reductions to date have been for casing, tubing, materials for drilling and fracture stimulation, fuel charges, labor and transportation, rental equipment and well services, while efficiency gains include reducing the time needed to drill and complete the wells and optimizing completions in the Spraberry and Wolfcamp Shale intervals.

The Company's long-term growth plan continues to focus on optimizing the development of the field and addressing the future requirements for water sourcing and disposal, field infrastructure, gas processing, sand, pipeline takeaway capacity for its products, oilfield services, tubulars, electricity, buildings, roads and labor.

The Company is constructing a field-wide water distribution system to reduce the cost of water for drilling and completion activities and to ensure that adequate supplies of water are available to support the Company's long-term growth plan for the Spraberry/Wolfcamp field. The 2017 capital program includes \$160 million for expansion of the mainline system, subsystems and frac ponds to efficiently deliver water to Pioneer's drilling locations. The Company signed an agreement with the city of Midland to upgrade the city's wastewater treatment plant in return for a dedicated long-term supply of water from the plant. The 2017 program includes \$10 million of engineering capital to begin work on this upgrade. Pioneer expects to spend approximately \$110 million over the 2017 through 2019 period for the Midland plant upgrade. In return, the Company will receive approximately two billion barrels of low-cost, non-potable water over a 28-year contract period (up to 240 thousand barrels per day) to support its completion operations. The water contract is subject to State of Texas legislative validation during the second quarter of 2017.

The Company's sand mine in Brady, Texas, which is strategically located within close proximity (approximately 190 miles) of the Spraberry/Wolfcamp field, provides a secure sand source for the Company's horizontal drilling program. The 2017 capital program includes \$30 million to complete an optimization project for the Company's existing sand mining facilities. This project is expected to improve yields and reduce the Company's overall cost of sand supplies. The 2017 capital program also includes \$45 million for upgrades and maintenance to the six Company-owned pressure pumping fleets that the Company plans to operate during 2017.

Eagle Ford Shale area. In the first quarter of 2017, the Company increased its rig count in the Eagle Ford Shale area from zero rigs at year-end 2016 to two rigs at March 31, 2017. During 2017, the Company expects to spend \$95 million of capital to drill and complete 11 new Eagle Ford Shale wells and to complete nine wells that were drilled but not completed in 2016. The objective of this drilling program is to test longer laterals with higher intensity completions.

Results of Operations

Oil and gas revenues. Oil and gas revenues totaled \$809 million for the three months ended March 31, 2017, as compared to \$409 million for the same period in 2016.

The increase in oil and gas revenues during the three months ended March 31, 2017, as compared to the same period in 2016, is primarily due to increases of 75 percent, 87 percent and 56 percent in oil, NGL and gas prices, respectively, and 19 percent increases in both daily oil and NGL sales volumes, partially offset by a six percent decline in daily gas sales volumes.

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The following table provides average daily sales volumes for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Oil (Bbls)	145,619	122,802
NGLs (Bbls)	46,828	39,232
Gas (Mcf)	338,602	358,651
Total (BOEs)	248,881	221,809

Average daily BOE sales volumes increased by 12 percent for the three months ended March 31, 2017, as compared to the same period in 2016, principally due to the Company's successful Spraberry/Wolfcamp horizontal drilling program. NGL production volumes are lower for the three months ended March 31, 2017 and 2016 by approximately 5,000 Bbls per day for each respective period due to voluntary reductions in recoveries of ethane as a result of it having a higher value if sold as part of the gas stream.

The oil, NGL and gas prices that the Company reports are based on the market prices received for each commodity. The following table provides the Company's average prices for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Oil (per Bbl)	\$ 49.05	\$ 28.09
NGL (per Bbl)	\$ 19.33	\$ 10.33
Gas (per Mcf)	\$ 2.79	\$ 1.79
Total (per BOE)	\$ 36.14	\$ 20.28

Sales of purchased oil and gas. The Company periodically enters into pipeline capacity commitments in order to secure available oil, NGL and gas transportation capacity from the Company's areas of production. The Company enters into purchase transactions with third parties and separate sale transactions with third parties to diversify a portion of the Company's WTI oil sales to a Gulf Coast market price and to satisfy unused pipeline capacity commitments. Revenues and expenses from these transactions are presented on a gross basis as the Company acts as a principal in the transaction by assuming the risk and rewards of ownership, including credit risk, of the commodities purchased and assuming the responsibility to deliver the commodities sold. The net effect of third party purchases and sales of oil and gas for the three months ended March 31, 2017 was a loss of \$19 million, as compared to a loss of \$20 million for the same period in 2016. Firm transportation payments on excess pipeline capacity commitments are included in other expense in the accompanying consolidated statements of operations. See Note L of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" for additional information on transportation commitment charges.

Interest and other income. Interest and other income for the three months ended March 31, 2017 was \$13 million, as compared to \$8 million for the same period in 2016. See Note K of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" for additional information.

Derivative gains, net. The Company utilizes commodity swap contracts, collar contracts and collar contracts with short puts to (i) reduce the effect of price volatility on the commodities the Company produces and sells or consumes, (ii) support the Company's annual capital budgeting and expenditure plans and (iii) reduce commodity price risk associated with certain capital projects. During the three months ended March 31, 2017, the Company recorded \$151 million of net derivative gains on commodity price and interest rate derivatives, of which \$10 million represented net cash receipts. During the three months ended March 31, 2016, the Company recorded \$43 million of net derivative gains on commodity price and interest rate derivatives, of which \$218 million represented net cash receipts.

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The following tables detail the net cash receipts on the Company's commodity derivatives and the relative price impact (per Bbl or Mcf) for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31, 2017	
	Net cash receipts	Price impact
	(in millions)	
Oil derivative receipts	\$ 11	\$ 0.84 per Bbl
NGL derivative receipts	—	\$ 0.04 per Bbl
Gas derivative receipts	(1)	\$ (0.03) per Mcf
Total net commodity derivative receipts	<u>\$ 10</u>	

	Three Months Ended March 31, 2016	
	Net cash receipts	Price impact
	(in millions)	
Oil derivative receipts	\$ 194	\$ 17.26 per Bbl
NGL derivative receipts	4	\$ 1.09 per Bbl
Gas derivative receipts	20	\$ 0.61 per Mcf
Total net commodity derivative receipts	<u>\$ 218</u>	

The Company's open derivative contracts are subject to continuing market risk. See Note E of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" and "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding the Company's derivative contracts.

Gain on disposition of assets, net. The Company recorded net gains on the disposition of assets of \$11 million for the three months ended March 31, 2017, as compared to \$2 million for the same period in 2016.

Oil and gas production costs. The Company recognized oil and gas production costs of \$141 million during the three months ended March 31, 2017, as compared to \$156 million during the same period in 2016. Lease operating expenses and workover costs represent the components of oil and gas production costs over which the Company has management control, while third-party transportation charges represent the cost to transport volumes produced to a sales point. Net natural gas plant/gathering charges represent the net costs to gather and process the Company's gas, reduced by net revenues earned from gathering and processing of third-party gas in Company-owned facilities.

Total oil and gas production costs per BOE for the three months ended March 31, 2017 decreased by 18 percent, as compared to the same period in 2016. The decrease in lease operating expenses per BOE during the three months ended March 31, 2017, as compared to the same period in 2016, was primarily due to a greater proportion of the Company's production coming from horizontal wells in Spraberry/Wolfcamp area that have lower per BOE lease operating costs and cost reduction initiatives. The decrease in third-party transportation costs per BOE during the three months ended March 31, 2017, as compared to the same period in 2016, was due to a lower proportion of the Company's production being subject to transportation costs (principally due to the decline in Eagle Ford Shale production). The change in net natural gas plant charges per BOE during the three months ended March 31, 2017, as compared to the same period in 2016, is primarily reflective of increased earnings on third-party volumes that are processed in Company-owned facilities due to higher NGL and gas prices. The increase in workover costs per BOE during the three months ended March 31, 2017, as compared to the same period in 2016, was primarily due to an increase in workover activity due to the improvement in commodity prices.

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The following table provides the components of the Company's oil and gas production costs per BOE for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Lease operating expenses	\$ 4.99	\$ 5.45
Third-party transportation charges	1.01	1.76
Net natural gas plant (income) charges	(0.28)	0.22
Workover costs	0.59	0.28
Total production costs	<u>\$ 6.31</u>	<u>\$ 7.71</u>

Production and ad valorem taxes. The Company's production and ad valorem taxes were \$47 million during the three months ended March 31, 2017, as compared to \$29 million for the same period in 2016. In general, production and ad valorem taxes are directly related to commodity price changes; however, Texas ad valorem taxes are based upon prior year commodity prices, whereas production taxes are based upon current year commodity prices.

The following table provides the Company's production and ad valorem taxes per BOE for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Production taxes	\$ 1.59	\$ 0.80
Ad valorem taxes	0.52	0.66
Total production and ad valorem taxes	<u>\$ 2.11</u>	<u>\$ 1.46</u>

Depletion, depreciation and amortization expense. The Company's DD&A expense was \$337 million (\$15.04 per BOE) for the three months ended March 31, 2017, as compared to \$353 million (\$17.49 per BOE) during the same period in 2016. The change in per BOE DD&A expense during the three months ended March 31, 2017, as compared to the same period in 2016, is primarily due to a decrease in depletion expense per BOE on oil and gas properties.

Depletion expense on oil and gas properties was \$14.51 per BOE during the three months ended March 31, 2017, as compared to \$16.94 per BOE during the same period in 2016. The change in per BOE depletion expense during the three months ended March 31, 2017, as compared to the same period in 2016, is primarily due to (i) commodity price increases and cost reduction initiatives, both of which had the effect of adding proved reserves by lengthening the economic lives of the Company's producing wells and (ii) additions to proved reserves attributable to the Company's successful Spraberry/Wolfcamp horizontal drilling program.

Impairment of oil and gas properties. The Company performs assessments of its long-lived assets to be held and used, including oil and gas properties, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. To the extent such assessments indicate a reduction of the estimated useful life or estimated future cash flows of the Company's oil and gas properties, the carrying value may not be recoverable and therefore an impairment charge would be required to reduce the carrying value of the proved properties to their fair value.

The cash flow model the Company uses to assess proved properties for impairment includes numerous assumptions. The primary factors that may affect estimates of future cash flows are (i) future reserve adjustments, both positive and negative, to proved reserves and appropriate risk-adjusted probable and possible reserves, (ii) results of future drilling activities, (iii) Management's Price Outlook and (iv) increases or decreases in production costs and capital costs associated with those reserves. All inputs to the cash flow model are evaluated at each measurement date.

As a result of the Company's proved property impairment assessments, the Company recognized noncash impairment charges to reduce the carrying values of (i) the Raton field during the three months ended March 31, 2017 (\$285 million impairment charge) and (ii) its West Panhandle field during the three months ended March 31, 2016 (\$32 million impairment charge) to their estimated fair values. See Note D of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" for additional information regarding the Company's proved oil and gas property impairment charges.

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Exploration and abandonments expense. The following table provides the Company's geological and geophysical costs, exploratory dry holes expenses and lease abandonments and other exploration expenses for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Geological and geophysical	\$ 23	\$ 19
Exploratory well costs	10	1
Leasehold abandonments and other	—	39
	<u>\$ 33</u>	<u>\$ 59</u>

The geological and geophysical expenses for the three months ended March 31, 2017 and 2016 were primarily related to geological and geophysical personnel costs. During the three months ended March 31, 2016, the Company incurred leasehold abandonments primarily related to the abandonment of unproved properties in the Permian Basin and unproved acreage in Alaska in which the Company held an overriding royalty interest.

During the three months ended March 31, 2017, the Company drilled and evaluated 41 exploration/extension wells, 39 of which were successfully completed as discoveries. During the same period in 2016, the Company drilled and evaluated 53 exploration/extension wells, all of which were successfully completed as discoveries.

General and administrative expense. General and administrative expense for the three months ended March 31, 2017 was \$84 million (\$3.74 per BOE), as compared to \$74 million (\$3.66 per BOE) for the same period in 2016. The increase in general and administrative expense per BOE during the three months ended March 31, 2017, as compared to the same period in 2016, was primarily due to increases in employee-related compensation and benefit costs.

Accretion of discount on asset retirement obligations. Accretion of discount on asset retirement obligations was \$5 million for both the three months ended March 31, 2017 and 2016, respectively. See Note I of Notes to Consolidated Financial Statements in "Item 1. Financial Statements" for information regarding the Company's asset retirement obligations.

Interest expense. Interest expense was \$46 million and \$55 million for the three months ended March 31, 2017 and 2016, respectively. The decrease in interest expense during the three months ended March 31, 2017, as compared to the same respective period in 2016, was primarily due to the repayment of the Company's 5.875% senior notes, which matured in July 2016. The weighted average interest rates on the Company's indebtedness for the three months ended March 31, 2017, including the effects of capitalized interest, was 5.8 percent, as compared to 6.2 percent for the same period in 2016.

Other expense. Other expense was \$60 million for the three months ended March 31, 2017, as compared to \$87 million during the same period in 2016. The decrease in other expense for the three months ended March 31, 2017, as compared to the same period in 2016, was primarily due to a decrease of \$36 million in idle drilling and well service equipment charges, partially offset by an increase of \$16 million in unused firm transportation costs.

The Company expects to continue to incur charges associated with excess firm gathering and transportation commitments and vertical integration operations until commodity prices improve, allowing the Company to increase its drilling activities, or, in the case of gathering and transportation commitments, the contractual obligations expire. Based on current drilling plans for 2017, the Company does not expect to incur any idle drilling rig charges. See Note L of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" for additional information.

Income tax benefit. The Company recognized an income tax benefit of \$31 million for the three months ended March 31, 2017, as compared to an income tax benefit of \$141 million for the same period in 2016. The Company's effective tax rate for the three months ended March 31, 2017 was 42 percent, as compared to 35 percent for the three months ended March 31, 2016. The Company's effective tax rate for the three months ended March 31, 2017 differs from the U.S. statutory rate of 35 percent primarily due to recognizing excess tax benefits of \$8 million associated with the adoption of ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," which requires excess tax benefits or deficiencies associated with the vesting of long-term incentive awards to be recorded as income tax expense or benefit in the statement of operations rather than as an adjustment to additional paid-in capital in the balance sheet.

As of March 31, 2017 and December 31, 2016, the Company had unrecognized tax benefits of \$115 million and \$112 million respectively, resulting from research and experimental expenditures related to horizontal drilling and completions innovations. If all or a portion of the unrecognized tax benefit is sustained upon examination by the taxing authorities, the tax benefit will be recognized as a reduction to the Company's deferred tax liability and will affect the Company's effective tax rate

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in the period it is recognized. The Company expects to resolve the uncertainties associated with the unrecognized tax benefit by December 2018. See Note M of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" for additional information regarding the Company's income taxes.

Capital Commitments, Capital Resources and Liquidity

Capital commitments. The Company's primary needs for cash are for capital expenditures and acquisition expenditures on oil and gas properties and related vertical integration assets and facilities, payment of contractual obligations, including debt maturities, dividends and working capital obligations. Funding for these cash needs may be provided by any combination of internally-generated cash flow, cash and cash equivalents on hand, sales of short-term and long-term investments, proceeds from divestitures of nonstrategic assets or external financing sources as discussed in "Capital resources" below.

The Company's capital budget for 2017 is \$2.8 billion (excluding acquisitions, asset retirement obligations, capitalized interest, geological and geophysical administrative costs and information technology system upgrades), consisting of \$2.5 billion for drilling operations and \$275 million for water infrastructure, vertical integration and field facilities. The Company's capital expenditures during the three months ended March 31, 2017 were \$611 million, consisting of \$524 million for drilling operations (excluding acquisitions, asset retirement obligations, capitalized interest and geological and geophysical administrative costs) and \$87 million for water infrastructure, vertical integration, system upgrades and other plant and equipment additions. Based on results for the three months ended March 31, 2017 and Management's Price Outlook, the Company expects its net cash flows from operating activities, cash and cash equivalents on hand, sales of short-term and long-term investments, proceeds from divestitures of nonstrategic assets and, if necessary, availability under the Credit Facility to be sufficient to fund its planned capital expenditures, acquisitions and contractual obligations, including debt maturities.

Investing activities. Investing activities used \$298 million of cash during the three months ended March 31, 2017, as compared to \$1.5 billion of cash used in investing activities during the three months ended March 31, 2016. The decrease in cash used in investing activities for the three months ended March 31, 2017, as compared to the three months ended March 31, 2016, is primarily due to net proceeds from the maturity of investments (commercial paper, corporate bonds and time deposits) of \$143 million during the three months ended 2017, as compared to investment purchases of \$914 million during the three months ended March 31, 2016. During the three months ended March 31, 2017, the Company's expenditures for investing activities were primarily funded by net cash provided by operating activities and cash on hand.

Dividends/distributions. During March of 2017 and 2016, the Board declared semiannual dividends of \$0.04 per common share. Future dividends are at the discretion of the Board, and, if declared, the Board may change the current dividend amount based on the Company's liquidity and capital resources at the time.

Contractual obligations, including off-balance sheet obligations. The Company's contractual obligations include long-term debt, operating leases, drilling commitments (primarily related to commitments to pay day rates for contracted drilling rigs), capital funding obligations, derivative obligations, firm transportation and fractionation commitments, minimum annual gathering, processing and transportation commitments and other liabilities (including postretirement benefit obligations).

From time-to-time, the Company enters into arrangements and transactions that can give rise to material off-balance sheet obligations of the Company. As of March 31, 2017, the material off-balance sheet arrangements and transactions that the Company had entered into included (i) operating lease agreements, (ii) drilling commitments, (iii) firm purchase, transportation and fractionation commitments, (iv) open purchase commitments and (v) contractual obligations for which the ultimate settlement amounts are not fixed and determinable. The contractual obligations for which the ultimate settlement amounts are not fixed and determinable include (i) derivative contracts that are sensitive to future changes in commodity prices or interest rates, (ii) gathering, processing (primarily treating and fractionation) and transportation commitments on uncertain volumes of future throughput, (iii) open delivery commitments and (iv) indemnification obligations following certain divestitures. Other than the off-balance sheet arrangements described above, the Company has no transactions, arrangements or other relationships with unconsolidated entities or other parties that are reasonably likely to materially affect the Company's liquidity or availability of or requirements for capital resources. The Company expects to enter into similar contractual arrangements in the future, including incremental derivative contracts and additional firm purchase and transportation arrangements, in order to support the Company's business plans. There were no material changes to the Company's contractual obligations during the first quarter of 2017 other than the repayment of the Company's 6.65% Senior Notes in March 2017.

The Company's commodity and interest rate derivative contracts are periodically measured and recorded at fair value and continue to be subject to market or credit risk. As of March 31, 2017, these contracts represented net assets of \$71 million. The ultimate liquidation value of the Company's commodity and interest rate derivatives will be dependent upon actual future commodity prices and interest rates, which may differ materially from the inputs used to determine the derivatives' fair values as of March 31, 2017. See Note E of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" and "Item 3.

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Quantitative and Qualitative Disclosures About Market Risk" for additional information about the Company's derivative instruments and market risk.

Capital resources. The Company's primary capital resources are cash and cash equivalents, short-term and long-term investments, net cash provided by operating activities, proceeds from divestitures and proceeds from financing activities (principally borrowings under the Company's Credit Facility or issuances of debt or equity securities). If internal cash flows do not meet the Company's expectations, the Company may reduce its level of capital expenditures, and/or fund a portion of its capital expenditures (i) using cash on hand, (ii) through sales of short-term and long-term investments, (iii) with borrowings under the Company's Credit Facility, (iv) through issuances of debt or equity securities or (v) through other sources, such as sales of nonstrategic assets.

Operating activities. Net cash provided by operating activities during the three months ended March 31, 2017 was \$364 million, as compared to \$110 million during the same period in 2016. The increase in net cash provided by operating activities for the three months ended March 31, 2017, as compared to the three months ended March 31, 2016, is primarily due to increases in the Company's oil and gas revenues for the three months ended March 31, 2017 as a result of increases in commodity prices and sales volumes, partially offset by a \$208 million reduction in cash provided by commodity derivatives during the three months ended March 31, 2017, as compared to the same period in 2016.

Financing activities. Net cash used by financing activities during the three months ended March 31, 2017 was \$521 million, as compared to net cash provided by financing activities of \$1.6 billion during the same period in 2016. The decrease in net cash provided by financing activities during the three months ended March 31, 2017, as compared to the same period in 2016, is primarily the result of the Company's issuance of 13.8 million shares of common stock during the first quarter of 2016 for cash proceeds of \$1.6 billion and the principal repayment of \$485 million attributable to the Company's 6.65% Senior Notes that matured in March 2017.

As the Company pursues its strategy, it may utilize various financing sources, including fixed and floating rate debt, convertible securities, preferred stock or common stock. The Company cannot predict the timing or ultimate outcome of any such actions as they are subject to market conditions, among other factors. The Company may also issue securities in exchange for oil and gas properties, stock or other interests in other oil and gas companies or related assets. Additional securities may be of a class preferred to common stock with respect to such matters as dividends and liquidation rights and may also have other rights and preferences as determined by the Board.

Liquidity. The Company's principal sources of short-term liquidity are cash and cash equivalents, sales of short-term and long-term investments and unused borrowing capacity under its Credit Facility. As of March 31, 2017, the Company had no outstanding borrowings under its Credit Facility, leaving \$1.5 billion of unused borrowing capacity. The Company was in compliance with all of its debt covenants as of March 31, 2017. The Company also had cash on hand of \$663 million, short-term investments of \$1.5 billion and long-term investments of \$168 million as of March 31, 2017. If internal cash flows do not meet the Company's expectations, the Company may fund a portion of its capital expenditures using cash on hand, sales of short-term and long-term investments, availability under its Credit Facility, issuances of debt or equity securities or other sources, such as sales of nonstrategic assets and/or reduce its level of capital expenditures or reduce dividend payments. The Company cannot provide any assurance that needed short-term or long-term liquidity will be available on acceptable terms or at all. Although the Company expects that the combination of internal operating cash flows, cash and cash equivalents on hand, sales of short-term and long-term investments, proceeds from divestitures of nonstrategic assets and, if necessary, available capacity under the Company's Credit Facility will be adequate for the remainder of 2017 to fund planned capital expenditures, acquisitions, dividend payments and provide adequate liquidity to fund other needs, no assurances can be given that such funding sources will be adequate to meet the Company's future needs.

Debt ratings. The Company is rated as mid-investment grade by three credit rating agencies. The Company receives debt credit ratings from several of the major ratings agencies, which are subject to regular reviews. The Company believes that each of the rating agencies considers many factors in determining the Company's ratings including: (i) production growth opportunities, (ii) liquidity, (iii) debt levels, (iv) asset composition and (v) proved reserve mix. A reduction in the Company's debt ratings could increase the interest rates that the Company incurs on Credit Facility borrowings and could negatively impact the Company's ability to obtain additional financing or the interest rate, fees and other terms associated with such additional financing.

Book capitalization and current ratio. The Company's net book capitalization at March 31, 2017 was \$10.7 billion, consisting of \$663 million of cash and cash equivalents, short-term and long-term investments of \$1.7 billion, debt of \$2.7 billion and equity of \$10.3 billion. The Company's net debt to net book capitalization increased to three percent at March 31, 2017 from two percent at December 31, 2016. The Company's ratio of current assets to current liabilities increased to 3.09 to 1.00 at March 31, 2017, as compared to 2.11 to 1.00 at December 31, 2016, primarily due to the reclassification of investments with maturities of less than one year to short-term and repayment of the Company's 6.65% Senior Notes that matured in March 2017.

New accounting pronouncements. The effects of new accounting pronouncements are discussed in Note B of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements."

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

The following quantitative and qualitative disclosures about market risk are supplementary to the quantitative and qualitative disclosures provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. As such, the information contained herein should be read in conjunction with the related disclosures in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about the Company's potential exposure to market risks. The term "market risks," insofar as it relates to currently anticipated transactions of the Company, refers to the risk of loss arising from changes in commodity prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators regarding how the Company views and manages ongoing market risk exposures. None of the Company's market risk sensitive instruments are entered into for speculative purposes.

The following table reconciles the changes that occurred in the fair values of the Company's open derivative contracts during the three months ending March 31, 2017:

	Derivative Contract Net Assets		
	Commodities	Interest Rates	Total
	(in millions)		
Fair value of contracts outstanding as of December 31, 2016	\$ (76)	\$ 6	\$ (70)
Changes in contract fair value	151	—	151
Contract maturity receipts	(10)	—	(10)
Fair value of contracts outstanding as of March 31, 2017	<u>\$ 65</u>	<u>\$ 6</u>	<u>\$ 71</u>

Interest rate sensitivity. See Note G of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" and Capital Commitments, Capital Resources and Liquidity included in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" for information regarding the Company's long-term debt.

PIONEER NATURAL RESOURCES COMPANY

The following table provides information about financial instruments to which the Company was a party as of March 31, 2017 and that are sensitive to changes in interest rates. The table presents debt maturities by expected maturity dates, the weighted average interest rates expected to be paid on the debt given current contractual terms and market conditions and the aggregate estimated fair value of the Company's outstanding debt. For fixed rate debt, the weighted average interest rates represent the contractual fixed rates that the Company was obligated to periodically pay on the debt as of March 31, 2017. Although the Company had no outstanding variable rate debt as of March 31, 2017, the average variable contractual rates for its Credit Facility (that matures in August 2020) projected forward proportionate to the forward yield curve for LIBOR on May 1, 2017 is presented in the table below.

	Nine Months Ending December 31,	Year Ending December 31,					Total	Asset (Liability) Fair Value at March 31, 2017
	2017	2018	2019	2020	2021	Thereafter		
(dollars in millions)								
Total Debt:								
Fixed rate principal maturities (a)	\$ —	\$ 450	\$ —	\$ 450	\$ 500	\$ 1,350	\$ 2,750	\$ (2,961)
Weighted average fixed interest rate	5.31%	5.11%	5.00%	4.42%	4.72%	5.49%		
Average variable interest rate	2.89%	3.23%	3.54%	3.77%				
Interest Rate Swaps:								
Notional debt amount (b)	\$ 100	\$ —	\$ —	\$ —	\$ —	\$ —		\$ 6
Fixed rate payable (%)	1.81%							
Variable rate receivable (%) (c)	2.38%							

(a) Represents maturities of principal amounts, excluding debt issuance costs and debt issuance discounts.

(b) As of March 31, 2017, the Company was party to interest rate derivative contracts whereby the Company will receive the three-month LIBOR rate for the 10-year period from December 2017 through December 2027 in exchange for paying a fixed interest rate of 1.81 percent on a notional amount of \$100 million on December 15, 2017.

(c) The variable rate receivable represents the May 1, 2017 forecasted three-month LIBOR rate for the 10-year period from December 2017 through December 2027.

Commodity derivative instruments and price sensitivity. The following table provides information about the Company's oil, NGL and gas derivative financial instruments that were sensitive to changes in oil, NGL and gas prices as of March 31, 2017. Although mitigated by the Company's derivative activities, declines in oil, NGL and gas prices would reduce the Company's revenues.

The Company manages commodity price risk with derivative contracts, such as swap contracts, collar contracts and collar contracts with short put options. Swap contracts provide a fixed price for a notional amount of sales volumes. Collar contracts provide minimum ("floor" or "long put") and maximum ("ceiling") prices on a notional amount of sales volumes, thereby allowing some price participation if the relevant index price closes above the floor price. Collar contracts with short put options differ from other collar contracts by virtue of the short put option price, below which the Company's realized price will exceed the variable market prices by the long put-to-short put price differential.

See Notes D and E of Notes to Consolidated Financial Statements included in "Item 1. Financial Statements" for a description of the accounting procedures followed by the Company for its derivative financial instruments and for specific information regarding the terms of the Company's derivative financial instruments that are sensitive to changes in oil, NGL or gas prices.

PIONEER NATURAL RESOURCES COMPANY

	2017			Year Ending December 31,		Asset (Liability) Fair Value at March 31, 2017 (a)
	Second Quarter	Third Quarter	Fourth Quarter	2018	2019	
Oil Derivatives:						
Average daily notional Bbl volumes:						
Collar contracts	6,000	6,000	6,000	—	—	\$ 4
Weighted average ceiling price per Bbl	\$ 70.40	\$ 70.40	\$ 70.40	\$ —	\$ —	
Weighted average floor price per Bbl	\$ 50.00	\$ 50.00	\$ 50.00	\$ —	\$ —	
Collar contracts with short puts (b)	129,000	147,000	155,000	20,000	—	\$ 68
Weighted average ceiling price per Bbl	\$ 61.19	\$ 62.03	\$ 62.12	\$ 65.14	\$ —	
Weighted average floor price per Bbl	\$ 48.46	\$ 49.81	\$ 49.82	\$ 50.00	\$ —	
Weighted average short put price per Bbl	\$ 40.45	\$ 41.07	\$ 41.02	\$ 40.00	\$ —	
Average forward NYMEX oil prices (c)	\$ 48.84	\$ 49.40	\$ 50.02	\$ 50.21	\$ —	
Rollfactor swap contracts (d)	20,000	20,000	20,000	—	—	\$ —
Weighted average fixed price per Bbl	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ —	\$ —	
Average forward NYMEX rollfactor prices (c)	\$ (0.40)	\$ (0.30)	\$ (0.19)	\$ —	\$ —	
NGL Derivatives:						
Butane swap contracts (Bbl) (e):	2,000	2,000	—	—	—	\$ 1
Weighted average fixed price per Bbl	\$ 34.86	\$ 34.86	\$ —	\$ —	\$ —	
Butane collar contracts with short puts (Bbl) (f):	2,000	2,000	—	—	—	\$ —
Weighted average ceiling price per Bbl	\$ 36.12	\$ 36.12	\$ —	\$ —	\$ —	
Weighted average floor price per Bbl	\$ 29.25	\$ 29.25	\$ —	\$ —	\$ —	
Weighted average short put price per Bbl	\$ 23.40	\$ 23.40	\$ —	\$ —	\$ —	
Average forward butane prices (c)	\$ 31.29	\$ 31.78	\$ —	\$ —	\$ —	
Ethane collar contracts (Bbl) (g)	3,000	3,000	3,000	—	—	\$ —
Weighted average ceiling price per Bbl	\$ 11.83	\$ 11.83	\$ 11.83	\$ —	\$ —	
Weighted average floor price per Bbl	\$ 8.68	\$ 8.68	\$ 8.68	\$ —	\$ —	
Average forward ethane prices (c)	\$ 10.50	\$ 10.82	\$ 11.29	\$ 12.35	\$ 13.39	
Ethane basis swap contracts (MMBtu) (h)	6,920	6,920	6,920	6,920	6,920	\$ —
Weighted average price differential per MMBtu	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	
Average forward NYMEX gas prices (c)	\$ 3.22	\$ 3.30	\$ 3.39	\$ 3.08	\$ 2.87	
Gas Derivatives:						
Average daily notional MMBtu volumes:						
Collar contracts with short puts	270,000	290,000	300,000	62,329	—	\$ (9)
Weighted average ceiling price per MMBtu	\$ 3.56	\$ 3.57	\$ 3.60	\$ 3.56	\$ —	
Weighted average floor price per MMBtu	\$ 2.95	\$ 2.95	\$ 2.96	\$ 2.91	\$ —	
Weighted average short put price per MMBtu	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.37	\$ —	
Average forward NYMEX gas prices (c)	\$ 3.22	\$ 3.30	\$ 3.39	\$ 3.08	\$ —	
Basis swap contracts						\$ —
Mid-Continent index swap contracts (i)	45,000	45,000	45,000	—	—	
Weighted average fixed price per MMBtu	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ —	\$ —	
Average forward basis differential prices (j)	\$ (0.42)	\$ (0.39)	\$ (0.35)	\$ —	\$ —	
Permian Basin index swap contracts (k)	—	—	26,522	9,863	—	
Weighted average fixed price per MMBtu	\$ —	\$ —	\$ 0.30	\$ 0.30	\$ —	
Average forward basis differential prices (l)	\$ —	\$ —	\$ 0.26	\$ 0.29	\$ —	

(a) In accordance with Financial Accounting Standards Board ASC 210-20 and ASC 815-10, the Company classifies the fair value amounts of derivative assets and liabilities executed under master netting arrangements as net derivative assets or net derivative liabilities, as the case may be. The net asset and liability amounts shown above have been provided on a commodity contract-type basis, which may differ from their master netting arrangements classifications.

PIONEER NATURAL RESOURCES COMPANY

- (b) Subsequent to March 31, 2017, the Company entered into additional oil collar contracts with short puts for 26,000 Bbl per day of 2018 production with a ceiling price of \$60.49 per Bbl, a floor price of \$50.19 per Bbl and a short put price of \$40.00 per Bbl.
- (c) The average forward NYMEX oil, oil rollfactors, ethane, butane and gas prices are based on May 1, 2017 market quotes.
- (d) Represent swaps that fix the difference between (i) each day's price per Bbl of WTI for the first nearby NYMEX month less (ii) the price per Bbl of WTI for the second nearby NYMEX month, multiplied by .6667; plus (iii) each day's price per Bbl of WTI for the first nearby NYMEX month less (iv) the price per Bbl of WTI for the third nearby NYMEX month, multiplied by .3333. Subsequent to March 31, 2017, the Company paid a nominal amount to terminate its oil rollfactor swap contracts for the third quarter of 2017.
- (e) Represent swap contracts that reduce the price volatility of butane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices. Subsequent to March 31, 2017, the Company terminated its butane swap contracts for cash proceeds of \$1 million.
- (f) Represent collar contracts with short puts that reduce the price volatility of butane forecasted for sale by the Company at Mont Belvieu, Texas-posted price.
- (g) Represent collar contracts that reduce the price volatility of ethane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices.
- (h) Represent basis swap contracts that reduce the price volatility of ethane forecasted for sale by the Company at Mont Belvieu, Texas-posted prices. The basis swap contracts fix the basis differential on a HH MMBtu equivalent basis. The Company will receive the HH price plus the price differential on 6,920 MMBtu per day, which is equivalent to 2,500 Bbls per day of ethane.
- (i) Represent swap contracts that fix the basis differentials between the index prices at which the Company sells its Mid-Continent gas and the NYMEX HH index price used in collar contracts with short puts.
- (j) The average forward basis differential prices are based on May 1, 2017 market quotes for basis differentials between the relevant index prices and the NYMEX-quoted forward prices.
- (k) Represent swap contracts that fix the basis differentials between Permian Basin index prices and southern California index prices for Permian Basin gas forecasted for sale in southern California.
- (l) The average forward basis differential prices are based on May 1, 2017 market quotes for basis differentials between Permian Basin index prices and southern California index prices.

Marketing and basis differential derivatives. Periodically, the Company enters into buy and sell marketing arrangements to fulfill firm pipeline transportation commitments. Associated with these marketing arrangements, the Company may enter into index swaps to mitigate price risk. As of March 31, 2017, the Company did not have any marketing derivatives outstanding.

Diesel derivatives. Periodically, the Company enters into diesel derivative swap contracts to mitigate fuel price risk. The diesel derivative swap contracts are priced at an index that is highly correlated to the prices that the Company incurs to fuel drilling rigs and its fracture stimulation fleet equipment. As of March 31, 2017, the Company was party to diesel derivative swap contracts for 1,000 Bbls per day for the remainder of 2017 at an average per Bbl fixed price of \$62.98. As of March 31, 2017, these positions had an asset fair value of \$1 million. In early April 2017, the Company terminated its diesel derivative swap contracts that were held at March 31, 2017 for cash proceeds of \$1 million. In late April 2017, the Company entered into diesel swap contracts for 1,000 Bbls per day for the remainder of 2017 at an average per Bbl fixed price of \$63.00. Based on May 1, 2017 market quotes, the respective average forward diesel price was \$61.94 per Bbl.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. The Company's management, with the participation of its principal executive officer and principal financial officer, have evaluated, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Report. Based on that evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this Report, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that such information is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2017 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PIONEER NATURAL RESOURCES COMPANY

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is party to various proceedings and claims incidental to its business. While many of these matters involve inherent uncertainty, the Company believes that the amount of the liability, if any, ultimately incurred with respect to these proceedings and claims will not have a material adverse effect on the Company's consolidated financial position as a whole or on its liquidity, capital resources or future annual results of operations.

The Company has been advised by the U.S. Environmental Protection Agency ("EPA") that the agency is considering an enforcement action against the Company seeking monetary sanctions for alleged failures to prevent emissions occurring at the Company's Fain gas plant in the West Panhandle region of Texas on five separate occasions. The Company has asserted defenses to the EPA's allegations and is in discussions with the EPA regarding these matters. Although the Company cannot predict the outcome of these discussions with any certainty, the Company believes such monetary sanctions will not exceed \$45,000 for any single event, but could exceed \$100,000 in the aggregate.

Item 1A. Risk Factors

In addition to the information set forth in this Report, the risks that are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, under the headings "Part I, Item 1. Business – Competition, Markets and Regulations," "Part I, Item 1A. Risk Factors" and "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk," should be carefully considered as such risks could materially affect the Company's business, financial condition or future results. There has been no material change in the Company's risk factors from those described in the Annual Report on Form 10-K.

These risks are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may have a material adverse effect on the Company's business, financial condition or future results.

PIONEER NATURAL RESOURCES COMPANY

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The following table summarizes the Company's purchases of treasury stock under plans or programs during the three months ended March 31, 2017:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Amount of Shares that May Yet Be Purchased under Plans or Programs
January 2017	42,640	\$ 180.07	—	—
February 2017	144,969	\$ 194.77	—	—
March 2017	110	\$ 191.42	—	—
Total	187,719	\$ 191.43	—	\$ —

(a) Consists of shares purchased from employees in order for the employee to satisfy tax withholding payments related to share-based awards that vested during the period.

Item 4. Mine Safety Disclosures

The Company's sand mines are subject to regulation by the Federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this Report.

PIONEER NATURAL RESOURCES COMPANY

Item 6. Exhibits

Exhibits

Exhibit Number	Description
10.1	— Amended and Restated Severance Agreement dated February 27, 2017, between the Company and Timothy L. Dove (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on March 3, 2017).
10.2	(a) — Form of Performance Unit Award Agreement between the Company and Timothy L. Dove, with respect to awards made under the Company's 2006 Long-Term Incentive Plan.
10.3	(a) — Form of Restricted Stock Unit Agreement between the Company and Timothy L. Dove, with respect to annual awards made under the Company's 2006 Long-Term Incentive Plan.
12.1	(a) — Computation of Ratios of Earnings to Fixed Charges and Earnings to Fixed Charges and Preferred Stock Dividends.
31.1	(a) — Chief Executive Officer certification under Section 302 of Sarbanes-Oxley Act of 2002.
31.2	(a) — Chief Financial Officer certification under Section 302 of Sarbanes-Oxley Act of 2002.
32.1	(b) — Chief Executive Officer certification under Section 906 of Sarbanes-Oxley Act of 2002.
32.2	(b) — Chief Financial Officer certification under Section 906 of Sarbanes-Oxley Act of 2002.
95.1	(a) — Mine Safety Disclosures.
101.INS	(a) — XBRL Instance Document.
101.SCH	(a) — XBRL Taxonomy Extension Schema.
101.CAL	(a) — XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	(a) — XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	(a) — XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	(a) — XBRL Taxonomy Extension Presentation Linkbase Document.

(a) Filed herewith.

(b) Furnished herewith.

PIONEER NATURAL RESOURCES COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereto duly authorized.

PIONEER NATURAL RESOURCES COMPANY

Date: May 3, 2017

By: /s/ RICHARD P. DEALY

Richard P. Dealy,
Executive Vice President and Chief Financial Officer

Date: May 3, 2017

By: /s/ MARGARET M. MONTEMAYOR

Margaret M. Montemayor,
Vice President and Chief Accounting Officer

PIONEER NATURAL RESOURCES COMPANY

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101.LAB	(a) — XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	(a) — XBRL Taxonomy Extension Presentation Linkbase Document.

(a) Filed herewith.

(b) Furnished herewith.

PERFORMANCE UNIT AWARD AGREEMENT
PIONEER NATURAL RESOURCES COMPANY
AMENDED AND RESTATED 2006 LONG TERM INCENTIVE PLAN

To: Timothy L. Dove

Pioneer Natural Resources Company, a Delaware corporation (the "***Company***"), is pleased to grant you an award (this "***Award***") to receive an aggregate of _____ performance units (each, a "***Performance Unit***") in respect of the period _____ through _____ (the "***Performance Period***"). This Award is subject to your acceptance of and agreement to all the applicable terms, conditions and restrictions described in this Performance Unit Award Agreement (the "***Agreement***") and the Pioneer Natural Resources Company Amended and Restated 2006 Long Term Incentive Plan (as it may be amended from time to time, the "***Plan***"). A copy of the Plan is available upon request. Except as provided below, to the extent that any provision of this Agreement conflicts with the expressly applicable terms of the Plan, you acknowledge and agree that those terms of the Plan shall control and, if necessary, the applicable provisions of this Agreement shall be deemed amended so as to carry out the purpose and intent of the Plan. Terms that have their initial letters capitalized, but that are not otherwise defined in this Agreement, shall have the meanings given to them in the Plan in effect as of the date of this Agreement. The Performance Units contemplated herein are described in the Plan as Restricted Stock Units subject to restrictions that lapse based on the achievement of performance goals pursuant to Section 6(a)(i) of the Plan.

This Agreement sets forth the terms of the agreement between you and the Company with respect to the Performance Units. By accepting this Agreement, you agree to be bound by all of the terms hereof.

1. Overview of Performance Units.

(a) **Performance Units Generally.** Each Performance Unit represents a contractual right to receive one share of the Company's common stock (the "***Common Stock***"), subject to the terms and conditions of this Agreement; provided that, based on the relative achievement against each Performance Objective (as defined below), the number of shares of Common Stock that may be deliverable hereunder in respect of the Performance Units may range from 0% to 250% of the number of Performance Units stated in the preamble to this Agreement (such stated number of Performance Units hereafter called the "***Initial Performance Units***"). Your right to receive Common Stock in respect of Performance Units is generally contingent, in whole or in part, upon (i) the achievement of the performance objective outlined in Section 2 below (the "***Performance Objective***") and (i) except as provided in Section 4 or Section 5, your continued employment with the Company or one of its Subsidiaries through the end of the Performance Period.

(b) **Dividend Equivalents.** With respect to each outstanding Performance Unit, the Company shall credit a book entry account with an amount equal to the amount of any cash dividend paid on one share of Common Stock. The amount credited to such book entry account shall be payable to you at the same time or times, and subject to the same terms and conditions as are applicable to, your Performance Units or Restricted Stock Units granted pursuant to Section 5, as applicable; provided that, if more than the Initial Performance Units shall become payable in accordance with this Agreement, the maximum amount payable in respect of such dividend equivalents shall be the amount credited to your book entry account. Dividends and distributions payable on Common Stock other than in cash will be addressed in accordance with Section 8 hereof.

2. Total Shareholder Return Objective. The Performance Objective with respect to the Initial Performance Units is based on Total Shareholder Return. Total Shareholder Return shall mean, as to the Company and each of the Peer Companies (as defined below), the annualized rate of return shareholders receive through stock price changes and the assumed reinvestment of dividends paid over the Performance Period. Dividends per share paid other than in the form of cash shall have a value equal to the amount of such dividends reported by the issuer to its shareholders for purposes of Federal income taxation. For purposes of determining the Total Shareholder Return for the Company and each of the Peer Companies, the change in the price of the Company's Common Stock and of the common stock of each Peer Company, as the case may be, shall be based upon the average of the closing stock prices of the Company and such Peer Company on each trading day in the 60-day period preceding each of the start (the "**Initial Value**") and the end (the "**Closing Value**") of the Performance Period. The Initial Value of the Common Stock to be used to determine Total Shareholder Return over the Performance Period is \$ _____ per share. Achievement with respect to this Performance Objective shall be determined based on the Company's relative ranking in respect of the Performance Period with regard to Total Shareholder Return as compared to Total Shareholder Return of the Peer Companies, and shall be determined in accordance with the applicable table as set forth in Appendix A hereto. The applicable table shall be determined based on the number of Peer Companies for the Performance Period. A company shall be a "**Peer Company**" if it (i) is one of the companies listed on Appendix A hereto and (i) has a class of common equity securities listed to trade on a U.S. national securities exchange and registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), during each day of the Performance Period; provided that, if a Peer Company ceases to be a publicly traded company at any time during the Performance Period due to or following bankruptcy, such company shall remain a Peer Company but shall be deemed to have a Total Shareholder Return of negative 100% (-100%). The number of Performance Units, if any, determined to be earned pursuant to the applicable table under Appendix A, as modified pursuant to Section 4(a), Section 4(b) or Section 5, if applicable, shall be referred to "**Earned Performance Units**".

3. Conversion of Performance Units; Delivery of Performance Units. Unless an earlier date applies pursuant to Section 4(a) or Section 5(h), payment in respect of Earned Performance Units (or Restricted Stock Units, as applicable) shall be made not later than March 1 of the year following the year in which the Performance Period ends (determined without regard to the occurrence of the Change in Control with respect to Section 5). Unless otherwise determined by the Committee, all payments in respect of Earned Performance Units (or Restricted Stock Units) shall be made in freely transferable shares of Common Stock; provided, however, that if and to the

extent that the reservation of the power to settle (as opposed to the act of settling) Performance Units (or Restricted Stock Units) in cash instead of shares would result in an additional financial accounting charge for the Company, the Committee shall not have the right to settle such Performance Units (or Restricted Stock Units) other than in the form of Common Stock (or, if applicable, stock of a Successor Corporation (as defined in Section 5)). Neither this Section 3 nor any action taken pursuant to or in accordance with this Section 3 shall be construed to create a trust of any kind. Any shares of Common Stock issued to you pursuant to this Agreement in settlement of Earned Performance Units (or Restricted Stock Units) shall be in book entry form registered in your name. Any fractional Earned Performance Units (or Restricted Stock Units) shall be rounded up to the nearest whole share of Common Stock.

4. Termination of Employment.

(a) **Death or Disability.** In the event that your employment with the Company or a Subsidiary terminates during the Performance Period due to your death or Disability, as such term is defined in the Termination Agreement (as defined below), you shall be deemed to have Earned Performance Units equal to the product of (i) and (ii), where (i) and (ii) are:

(i) the Initial Performance Units;

(ii) a fraction (the “***Pro-Ration Fraction***”), (x) the numerator of which is the number of full months (counting the month in which your termination of employment occurs as a full month) during the Performance Period during which you were employed and (y) the denominator of which is 36.

For purposes of this Agreement, “***Termination Agreement***” means, prior to the occurrence of a Change in Control, the Severance Agreement or other separate agreement between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits before a Change in Control and, upon and following the occurrence of a Change in Control, the Change in Control Agreement or other separate agreement between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits upon or after a Change in Control. Distribution of shares of Common Stock in respect of the Performance Units determined to be earned by reason of this Section 4(a) shall be made not later than 74 days following your death or Disability and shall be in full and complete satisfaction of all of your rights (and the rights of any person who derives his, her or its rights from you) under this Agreement. In the event that there is no such Termination Agreement at the time of such termination or the Termination Agreement does not define Disability, the term, “Disability,” shall mean (A) a physical or mental impairment of sufficient severity that, in the opinion of the Company, (1) you are unable to continue performing the duties assigned to you prior to such impairment or (2) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or its Subsidiaries and (B) the impairment or condition is cited by the Company as the reason for your termination; provided further, that in all cases, the term Disability shall be applied and interpreted in compliance with Section 409A of the Code and the regulations thereunder.

(b) **Normal Retirement.**

(i) Subject to Section 4(b)(ii) of this Agreement, in the event that your employment with the Company and each of its Subsidiaries by which you are employed terminates during the Performance Period due to your retirement at or after having attained age 60, you shall be deemed to have Earned Performance Units, as of the end of the Performance Period, equal in number to the product of (A) the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period multiplied by (A) the Pro-Ration Fraction. Any portion of the Performance Units that cannot become earned and payable in accordance with the preceding sentence shall terminate and automatically be cancelled as of the date of your termination of employment. Any portion of your Performance Units that is eligible to be earned pursuant to the first sentence of this subparagraph (b), but is not earned as of the end of the Performance Period, shall terminate and be cancelled upon the expiration of such Performance Period.

(ii) Notwithstanding Section 4(b)(i) of this Agreement, in the event that your employment with the Company and each of its Subsidiaries by which you are employed terminates during the Performance Period due to your retirement after you have attained the age of 65 and have completed 10 Years of Service (defined below), you shall be deemed to have Earned Performance Units, as of the end of the Performance Period, equal in number to the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period, and not be subject to the Pro-Ration Fraction, if the following conditions are met: (x) as of the date of the termination of your employment, the conditions set forth below in items (A)-(D) are satisfied and (y) you intend to comply with the covenants contained in items (E) and (F) (which intent shall be conclusively presumed unless, prior to or concurrently with the notice provided pursuant to item (B) below, you notify the Company in writing, addressed to the Vice President and Chief Human Resources Officer (or his or her successor), that you do not intend to comply with such covenants).

(A) The date of the termination of your employment is at least one year after the date of this Agreement.

(B) You gave advance written notice of your intent to terminate your employment due to retirement at least six months in advance of the date of termination to the Vice President and Chief Human Resources Officer (or his or her delegate), and to your direct manager, or in the case of the chief executive officer of the Company, to the Board (subject to the ability of the Company to waive such requirement, exercisable by the Vice President and Chief Human Resources Officer (or his or her delegate) or the Board, as applicable).

(C) You have cooperated with the Company, to the satisfaction of the Company, in the training of a replacement during the period prior to the termination of employment.

(D) If required by the Company, you execute and deliver to the Company an effective release of claims and other liability in a form acceptable to the Company.

(E) For two years following the termination of your employment, without the prior written consent of the chief executive officer of the Company, or in the event you are the chief executive officer of the Company on the date of termination of your employment, the consent of the Board or any Committee or director designated by the Board, you agree to refrain from becoming a director, partner, investor or employee of, or consultant to, any business that competes with the Company or any Subsidiary in the business of exploration or production of oil or natural gas, or related oilfield services, within the geographic area or areas in which the Company or any Subsidiary operates at the time of termination of employment or has operated in the immediately preceding one-year period (a "***Competitive Business***"); provided that, you will not be restricted from purchasing or holding for investment purposes less than 2% of the shares of any Competitive Business whose shares are regularly traded on a national securities exchange or inter-dealer quotation system. If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

(F) For two years following the termination of your employment, you agree to refrain from making, or causing or assisting any other person to make, any oral or written communication to any third party about the Company and/or any of the employees, officers or directors of the Company which impugns or attacks, or is otherwise critical of, the reputation, business or character of such entity or person; or that discloses private or confidential information about their business affairs; or that constitutes an intrusion into their seclusion or private lives; or that gives rise to unreasonable publicity about their private lives; or that places them in a false light before the public; or that constitutes a misappropriation of their name or likeness (the foregoing being subject to Section 12(g)). If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

For purposes of this Agreement, "***Years of Service***" means the total number of years that you have been employed by the Company or its Subsidiaries as determined in accordance with the Company's policies as administered from time to time. For the avoidance of doubt, the Company's determination of Years of Service shall be at the sole discretion of the Company, its policies may change from time to time, and its determination will be final and conclusive and binding on all Participants.

You expressly acknowledge and agree that the restrictions set forth in this Section 4(b)(ii) are reasonable in all respects, necessary to protect the Company's legitimate business interests and a material inducement for the Company to grant this Award to you and enter into this Agreement. In the event that, following your termination of employment, it is determined by a court of competent jurisdiction that you have not satisfied any of the conditions set forth in Section 4(b)(ii)(E) or (F) in any material respect, then all of your Performance Units shall terminate and be cancelled. Notwithstanding the foregoing, in the event there occurs a Change in Control, whether prior to or after the end of the Performance Period or the distribution of shares of Common Stock in respect of the Performance Units, the restrictions set forth in clauses (E) and (F) of this Section 4(b)(ii) shall automatically terminate and become void and of no effect.

(c) **Termination Without Cause or Termination For Good Reason or Due to Forced Relocation**. In the event that your employment with the Company and each of its Subsidiaries by which you are employed is terminated (x) by the Company and such Subsidiaries and such termination is not a Termination for Cause or (y) by you and such termination is a Termination for Good Reason (as each such term is defined in the Termination Agreement) or due to Forced Relocation (as defined below), then notwithstanding the terms of any such Termination Agreement you shall be deemed to have earned, as of the end of the Performance Period, the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period. Any portion of your Performance Units that is eligible to be earned pursuant to the preceding sentence, but is not earned as of the end of the Performance Period, shall terminate and be cancelled upon the expiration of such Performance Period. For purposes of this Agreement, "**Forced Relocation**" means, upon or following a Change in Control, but prior to the end of the Performance Period, your being required (or your receipt of a notification in writing that you will be required) to be based at any office or location more than 50 miles from that location at which you principally performed services for the Company immediately prior to the date on which the Change in Control occurs, except for travel reasonably required in the performance of your responsibilities.

(d) **Other Termination of Employment**. Unless otherwise determined by the Committee at or after grant, in the event that your employment with the Company or a Subsidiary terminates prior to the end of the Performance Period for any reason other than those listed in Section 4(a), 4(b) or 4(c), all of your Performance Units shall terminate and automatically be cancelled upon such termination of employment.

5. Change in Control. Notwithstanding the provisions of Section 1 through Section 4 hereof or the terms of a Termination Agreement, if you have been continuously employed from the grant date specified above until the date that the Change in Control occurs (the "**Change in Control Date**") or you are treated, for purposes of such Termination Agreement, to have remained in employment through the Change in Control Date, upon the occurrence of a Change in Control your rights in respect of the Performance Units shall be determined as provided in this Section 5. If your employment shall have terminated prior to the Change in Control Date, but at least some of your Performance Units remain outstanding pursuant to Section 4(b) or Section 4(c), your rights in respect of your outstanding Performance Units shall be determined as provided in this Section 5.

(a) If a Change in Control occurs, the Performance Period shall be deemed to end on the Change in Control Date. The determination of whether, and to what extent, the Performance Objective is achieved is based on actual performance against the stated performance criteria through the Change in Control Date. A calculation of the Earned Performance Units will occur as of the Change in Control Date, the number of resulting Earned Performance Units to be equal to your Initial Performance Units multiplied by the percentage under the applicable “Percentage of Initial Performance Units Earned” column of Appendix A. In the event that you had Performance Units that remained outstanding pursuant to Section 4(b) or 4(c), the resulting Earned Performance Units will also be multiplied by any applicable Pro-Rata Fraction.

(b) The Earned Performance Units will be converted into time-based Restricted Stock Unit awards on a one-for-one basis.

(c) With respect to each outstanding Restricted Stock Unit, the Company shall credit a book entry account with an amount equal to the amount of any cash dividend paid on one share of Common Stock. The amount credited to such book entry account shall be payable to you at the same time or times, and subject to the same terms and conditions as are applicable to, your Restricted Stock Units.

(d) Subject to any acceleration or forfeiture events described within Section 4, each outstanding Restricted Stock Unit shall cliff vest on the last day of the Performance Period (determined without regard to the occurrence of the Change in Control). In the event that your termination of employment occurs following the Change in Control Date but prior to the end of the Performance Period (determined without regard to the occurrence of the Change in Control), Section 4 shall be interpreted to first give effect to the conversion process from Performance Units to Restricted Stock Units described in this Section 5 (e.g., the term “Initial Performance Units” within Section 4(a)(i) shall be replaced with “Restricted Stock Units”).

(e) Vested Restricted Stock Units shall be settled in shares of Common Stock in accordance with the settlement provisions of Section 3, subject to the following paragraph (f).

(f) Notwithstanding anything else contained in this Section 5 to the contrary, if the Change in Control involves a merger, reclassification, reorganization or other similar transaction pursuant to which the Common Stock is exchanged for stock of the surviving corporation in such merger, the successor to the corporation or the direct or indirect parent of such a corporation (collectively, the “***Successor Corporation***”) or other securities, cash or property, then you shall receive, instead of each share of Common Stock otherwise deliverable hereunder, the same consideration (whether stock, securities, cash or other property) payable or distributable in such transaction in respect of a share of Common Stock. Any property distributed pursuant to this Section 5, whether in shares of the Successor Corporation or otherwise, shall in all cases be freely transferable without any restriction (other than any such restriction that may be imposed at applicable law), and any securities issued hereunder shall be listed for trading on a U.S. national securities exchange and registered to trade under Section 12(b) of the 1934 Act, and shall have been registered under the Securities Act of 1933, as amended (the “***1933 Act***”).

(g) Notwithstanding anything else contained in this Section 5 to the contrary, the Committee may elect, at its sole discretion by resolution adopted prior to the Change in Control Date, to satisfy your rights in respect of the Performance Units (as determined pursuant to the foregoing provisions of this Section 5), in whole or in part, by making a cash payment to you within 5 business days of the vesting date in respect of all or any portion of the Earned Performance Units or Restricted Stock Units, as applicable, as the Committee shall determine. Any cash payment for any Earned Performance Units or Restricted Stock Units shall be equal to the Fair Market Value of the number of shares of Common Stock into which it would convert, determined on the vesting date.

(h) Notwithstanding anything else contained in this Section 5 to the contrary, in the event that this Award is not Assumed (as defined below) upon a Change in Control, then all of the Earned Performance Units calculated pursuant to Section 5(a) of this Agreement shall become unconditionally vested and unrestricted immediately prior to the Change in Control. The Earned Performance Units shall be settled in shares of Common Stock (or, if Section 5(f) applies above, in the securities, cash or other property provided pursuant to Section 5(f)), a cash settlement pursuant to Section 5(g), or a combination of such equity and cash, in accordance with the timing of settlement of the Change in Control consideration provided to Common Stock holders generally in connection with the Change in Control event; provided, however, that in the event the Change in Control does not constitute a “change in the ownership or effective control” or “in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code (a “**409A Change in Control**”), and you will have reached age 60 on or prior to the end of the Performance Period (determined without regard to the occurrence of the Change in Control), your settlement of the applicable Earned Performance Shares shall be paid to you immediately following (and not later than 5 business days) the first to occur of: (i) a 409A Change in Control; (b) your “separation from service” with the Company (determined in accordance with the Company’s written and generally applicable policies regarding what constitutes a “separation from service” for purposes of Section 409A of the Code); or (c) the end of the Performance Period (determined without regard to the occurrence of the Change in Control). For purposes of this Agreement, the term, “**Assumed**,” means that, prior to or concurrently with the consummation of the transaction resulting in a Change in Control, either (i) this Agreement is expressly affirmed by the Company or (ii) the contractual obligations represented by this Agreement are expressly (and not merely by operation of law) assumed by the surviving or successor corporation or entity to the Company, or any parent or subsidiary of either thereof, or any other corporation or entity that is a party to the transaction resulting in the Change in Control, in connection with such Change in Control, with appropriate adjustments to the number and kind of securities of such surviving or successor corporation or entity, or such other applicable parent, subsidiary, corporation or entity, subject to this Award, which preserves the compensation element of this Agreement existing at the time of such Change in Control, and provides for subsequent payout in accordance with the same (or more favorable) payment and vesting schedule applicable to this Award, as determined in accordance with the instruments evidencing the agreement to assume this Agreement; provided, however, that in no event will this Agreement be deemed to be “Assumed” unless the assumption is made by the entity that will be the issuer of the securities, cash or other property provided in exchange for Common Stock in the Change in Control transaction in question. The determination of comparability for this purpose

shall be made by the Committee prior to the Change in Control, and its determination shall be final, binding and conclusive.

6. **Nontransferability of Awards.** The Performance Units granted hereunder may not be sold, transferred, pledged, assigned, encumbered or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Following your death, any shares distributable (or cash payable) in respect of Performance Units (or Restricted Stock Units) will be delivered or paid, at the time specified in Section 3 or, if applicable, Section 4 or Section 5, to your beneficiary in accordance with, and subject to, the terms and conditions hereof and of the Plan.

7. **Beneficiary Designation.** You may from time to time name any beneficiary or beneficiaries (who may be named contingently or successively) to whom shall be delivered or paid under this Agreement following your death any shares that are distributable or cash payable hereunder in respect of your Performance Units (or Restricted Stock Units) at the time specified in Section 3 or, if applicable, Section 4 or Section 5. Each designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed in writing with the Committee during your lifetime. In the absence of any such effective designation, shares issuable in connection with your death shall be paid to your surviving spouse, if any, or otherwise to your estate.

8. **Adjustments in Respect of Performance Units.** In the event of any common stock dividend or common stock split, recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of shares, or other similar corporate change with regard to the Company or any Peer Company, appropriate adjustments shall be made by the Committee to the Initial Value of the corresponding common stock, and, if any such event occurs with respect to the Company, in the aggregate number of Performance Units subject to this Agreement; provided that, in the event of any such event involving a recapitalization, spin-off or distribution of assets to stockholders (other than cash dividends) by a Peer Company or the Company pursuant to which all stockholders of such Peer Company or the Company receive a security that is publicly traded on a stock exchange or automated quotation system pro rata based on each share of stock of the Peer Company or the Company held, then the Committee shall have the discretion to treat such recapitalization, spin-off or distribution as through it were a payment of a dividend under Section 2 of this Agreement in an amount equal to the fair market value thereof, as determined by the Committee in such manner as it deems appropriate. The Committee's determination with respect to any such adjustment shall be conclusive.

9. **Effect of Settlement.** Upon conversion into shares of Common Stock (or Successor Corporation common stock) pursuant to Section 3 or 5(h), a cash settlement of your rights, at the election of the Committee at its sole discretion pursuant to Section 3 or Section 5(g), or a combination of the issuance of Common Stock and the payment of cash in accordance with any applicable provisions of this Agreement, all of your Performance Units (or Restricted Stock Units) subject to this Award shall be cancelled and terminated. If and to the extent that you are still employed at the end of the Performance Period, and none of your Performance Units shall have become earned in

accordance with the terms of this Agreement, all such Performance Units subject to this Award shall be cancelled and terminated.

10. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

11. Remedies. The parties to this Agreement shall be entitled to recover from each other reasonable attorneys' fees incurred in connection with the enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise. If, due to Section 4 of the Plan, the Company fails or is unable to make the payment in respect of Earned Performance Units in freely transferable shares of Common Stock, and the Committee does not elect to settle such Earned Performance Units in cash instead of shares, as provided by Section 3 of this Agreement, as your sole and exclusive remedy for such failure, in addition to the rights provided under the first sentence of this Section 11, the Company shall pay to you an amount in cash equal to the product of the number of Earned Performance Units times the Fair Market Value of one share of Common Stock. The Company shall make such payment to you within ten (10) days following receipt of your written demand therefor, but in no event later than March 15 of the year following the year in which the Performance Units become Earned Performance Units, subject to compliance with any tax withholding obligations that the Company in its discretion deems to be necessary with respect to such payment. Upon such payment pursuant to this Section 11, all of your Performance Units subject to this Award shall be cancelled and terminated. For purposes of this Section 11, to give effect to Section 5 of this Agreement the term "Earned Performance Units" will be replaced with "Restricted Stock Units" where applicable, and the Fair Market Value of one share of Common Stock shall be determined as follows:

(a) with respect to a payment in respect of Earned Performance Units pursuant to Section 3, the Fair Market Value shall be determined as of the last day of the Performance Period;

(b) with respect to a payment in respect of Earned Performance Units where payment arises due to the termination of your employment with the Company or a Subsidiary during the Performance Period due to your death or Disability pursuant to Section 4(a), the Fair Market Value shall be determined as of the date your employment terminates due to death or Disability, as applicable;

(c) with respect to a payment in respect of Earned Performance Units where payment arises due to the termination of your employment with the Company or a Subsidiary during the Performance Period due to your retirement pursuant to Section 4(b), or due to your termination by the Company that is not a Termination for Cause or to your termination by you that is a Termination for Good Reason pursuant to Section 4(c), the Fair Market Value shall be determined as of the last day of the Performance Period;

(d) with respect to a payment based on the number of Performance Units that would have become Earned Performance Units in connection with a Change in Control pursuant to Section 5, the Fair Market Value shall be determined as of the Change in Control Date.

12. Confidential Information and Nonsolicitation.

(a) As further consideration for the granting of the Performance Units hereunder, you hereby agree with the Company that, during and following your employment relationship with the Company and each of its Subsidiaries by which you are employed, you will keep confidential all confidential or proprietary information and materials, as well as all trade secrets, belonging to the Company or one of its Subsidiaries, or their customers or other third parties who furnished such information, materials, and/or trade secrets to the Company or its Subsidiary with expectations of confidentiality (“***Confidential Information***”). Confidential Information shall not include information that (i) is already properly in the public domain or enters the public domain with the express consent of the Company, or (i) is intentionally made available by the Company to third parties without any expectation of confidentiality. Upon the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed, you promise to promptly return to the Company all Confidential Information, and all documents and materials (including electronically stored information) in your possession, custody or control that constitutes or reflects Confidential Information. Notwithstanding the foregoing, you may disclose information as may be required by law and may disclose information in confidence to your spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan, provided that you ensure that such spouse or advisor or institution treats the information confidentially and does not disclose such information or use it for his, her or its own benefit. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor militating against the advisability of granting any such future award to you. Such consideration shall be in addition to the rights and remedies available to the Company pursuant to paragraph (d) below. Notwithstanding any other provision of this Agreement, you will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (a) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. In addition, if you file a lawsuit for retaliation, you may disclose the Company’s trade secrets to your attorney and use the trade secret information in the court proceeding if you: (a) file any document containing the trade secret under seal, and (b) do not disclose the trade secret, except pursuant to court order.

(b) As an incentive for the Company to issue you this Award, and in consideration of the Company’s promise to provide you with Confidential Information and so as to protect the Company’s legitimate business interests, including the protection of its Confidential Information and the goodwill with which you will be associated, and that this Award will encourage you to build, you agree that during your employment relationship with the Company and each of its Subsidiaries by which you are employed, and for a period of twelve (12) months immediately following the time that you are no longer employed by the Company or any of its Subsidiaries, you will not, directly or indirectly (i) solicit or encourage (or assist another in soliciting or encouraging) any employee, contractor, consultant, supplier, or vendor of the Company or any of its Subsidiaries to terminate or lessen his, her or its relationship with the Company or any of its Subsidiaries, or (i) on behalf of a Competitive Business, engage, employ, or solicit or contact for employment or engagement (or

assist another in such activity) any employee of the Company or any of its Subsidiaries or any person who was an employee of the Company or any of its Subsidiaries at any time during the last twelve (12) months of your employment with the Company and any of its Subsidiaries (or, if you are employed by the Company and any of its Subsidiaries for less than twelve (12) months, those persons who were employees of the Company or any of its Subsidiaries during your employment with the Company and any of its Subsidiaries).

(c) You agree that the Company's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Company's need for the protection afforded by this Section is greater than any hardship you might experience by complying with its terms. You further acknowledge and agree that the restrictions set forth in this Section are not adverse to the public interest. You further agree that the limitations as to time and scope of activity to be restrained contained herein are reasonable and are not greater than necessary to protect the Confidential Information, goodwill and other legitimate business interests of the Company. Although the Company and you believe the limitations as to time and scope of activity contained in this Section are reasonable and do not impose a greater restraint than necessary to protect the Company's legitimate business interests, if this is judicially determined not to be the case, the Company and you specifically request that the limitations contained in this Section be reformed to the extent necessary to make this Section enforceable.

(d) You acknowledge and agree that your violation or threatened or attempted violation of the covenants contained in this Section will cause irreparable harm to the Company and that money damages would not be sufficient remedy for any breach of this Section. You agree that the Company shall be entitled as a matter of right to specific performance of the covenants in this Section, including entry of an ex parte temporary restraining order in state or federal court, preliminary and permanent injunctive relief against activities in violation of this Section, or both, or other appropriate judicial remedy, writ or order, in any court of competent jurisdiction, restraining any violation or further violation of such agreements by you or others acting on your behalf, without any showing of irreparable harm and without any showing that the Company does not have an adequate remedy at law. Such remedies shall be in addition to all other remedies available to the Company at law and equity.

(e) Your obligations under this Section shall survive the termination of this Agreement and your employment, regardless of the reason for such termination.

(f) As a part of your employment by the Company, and in further consideration for the granting of this Award and by your acceptance of this Award in whole or in part, you accept and agree to be bound by the Company's Intellectual Property Policy (as the same may be modified, amended or replaced by the Company from time to time), including without limitation, (i) the Company's ownership of the worldwide right, title and interest in and to any and all Pioneer Intellectual Property; (i) your agreement to assign, and pursuant to the Company's Intellectual Property Policy and your acceptance of this Award you do hereby assign, to the Company all worldwide right, title and interest in and to all Pioneer Intellectual Property; and (i) your agreement to disclose in writing to the Company all Pioneer Intellectual Property and, upon request by the Company, to promptly produce and deliver to the Company all originals of materials embodying

Pioneer Intellectual Property. The term, "Pioneer Intellectual Property," is defined in the Company's Intellectual Property Policy (and is incorporated herein by reference), and includes, without limitation, any and all creations, works and/or intellectual property (including but not limited to all tangible and intangible ideas and expressions of ideas whether or not the subject matter of copyright, confidential and non-confidential information, data, drawings, reports, programs, processes, analyses, business methods, computer programs, works of authorship, trademarks and service marks, improvements, discoveries and/or inventions whether or not patentable), and all of the intellectual property rights therein provided by the various legal systems throughout the world (including but not limited to trade secret rights, patent rights, trademark rights, and rights of copyright), that are conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression, and/or acquired by you, individually or jointly with others, during the time of your employment relationship with the Company, that pertain to the actual or anticipated business or activities of the Company or that are suggested by or result from any task or work by you for or on behalf of the Company, irrespective whether you are or were hired-to-invent such creations, works or intellectual property, or whether such creations, works or intellectual property were conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression or acquired in the course or scope of your employment, or whether at home or not, or whether or not during business hours, or whether or not using the Company's time, facilities or resources. You may review the Company's Intellectual Property Policy at the Company's internal portal website, and obtain a copy by written request to the Company's Legal Department.

(g) Nothing in this Agreement or any other agreement between you and the Company (i) prevents you from exercising any rights that cannot be lawfully waived or restricted, (ii) prevents you from testifying at a hearing, deposition, or in court in response to a lawful subpoena or (iii) limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the United States Department of Justice, Congress, any agency Inspector General or any other federal, state or local governmental agency or commission ("Government Agencies"). Further, this Agreement does not limit (i) your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, or (ii) your right to receive an award from a Government Agency for information provided to any Government Agencies.

13. Payment of Taxes. The Company may from time to time require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company) the amount that the Company deems necessary to satisfy the Company's or its Subsidiary's current or future obligation to withhold federal, state or local income or other taxes that you incur as a result of this Award. With respect to any required tax withholding, unless another arrangement is permitted by the Company in its discretion, the Company shall withhold from the shares of Common Stock to be issued to you the number of shares necessary to satisfy the Company's obligation to withhold taxes, that determination to be based on the shares' Fair Market Value, as defined in the Plan, at the time as of which such determination is made. In the event the Company subsequently determines that the aggregate Fair Market Value, as defined in the Plan, of any shares of Common Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding

obligation, then you shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

14. Right of the Company and Subsidiaries to Terminate Employment. Nothing contained in this Agreement shall confer upon you the right to continue in the employ of the Company or any Subsidiary of the Company, or interfere in any way with the rights of the Company or any Subsidiary of the Company to terminate your employment at any time.

15. No Liability for Good Faith Determinations. Neither the Company nor the members of the Board and the Committee shall be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Performance Units granted hereunder.

16. No Guarantee of Interests. The Board and the Company do not guarantee the Common Stock of the Company from loss or depreciation.

17. Company Records. Records of the Company or its Subsidiaries regarding your period of employment, termination of employment and the reason therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

18. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

19. Notices. Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any such notice required or permitted to be delivered hereunder shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third Business Day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address which such person has theretofore specified by written notice delivered in accordance herewith. The Company or you may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices.

The Company and you agree that any notices shall be given to the Company or to you at the following addresses:

Company: Pioneer Natural Resources Company
Attn: Corporate Secretary
5205 N. O'Connor Boulevard, Suite 200
Irving, Texas 75039-3746

Holder: At your current address as shown in the Company's records.

20. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

21. Successor. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

22. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

23. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Delaware except to the extent Delaware law is preempted by federal law. The obligation of the Company to sell and deliver Common Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Common Stock.

24. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Common Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

25. Amendment. This Agreement may be amended at any time unilaterally by the Company provided that such amendment is consistent with all applicable laws and does not reduce any rights or benefits you have accrued pursuant to this Agreement. This Agreement may also be amended at any time unilaterally by the Company to the extent the Company believes in good faith that such amendment is necessary or advisable to bring this Agreement into compliance with any applicable laws, including Section 409A of the Code.

26. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan; provided, however, that notwithstanding anything to the contrary herein, any provision of this Agreement that is inconsistent with the provisions of Section 9(c), (e), and (f) of the Plan shall control over such provisions of the Plan.

27. Agreement Respecting Securities Act of 1933. You represent and agree that you will not sell the Common Stock that may be issued to you pursuant to your Performance Units except pursuant to an effective registration statement under the 1933 Act or pursuant to an exemption from registration under the 1933 Act (including Rule 144).

28. No Shareholder Rights. The Performance Units granted pursuant to this Agreement do not and shall not entitle you to any rights as a shareholder of Common Stock until such time as you receive shares of Common Stock pursuant to this Agreement. Your rights with respect to the Performance Units shall remain forfeitable at all times prior to the date on which rights become earned in accordance with this Agreement.

29. Electronic Delivery and Acknowledgement. No signature by you is required to accept the Award represented by this Agreement. By your acceptance of this Award, you are acknowledging that you have received and read, understood and accepted all the terms, conditions and restrictions of this Agreement and the Plan. The Company may, in its sole discretion, deliver any documents related to this Award and this Agreement, or other awards that have been or may be awarded under the Plan, by electronic means, including prospectuses, proxy materials, annual reports and other related documents, and the Company may, in its sole discretion, engage a third party to effect the delivery of these documents on its behalf and provide other administrative services related to this Award and the Plan. By your acceptance of the Award represented by this Agreement, you consent to receive such documents by electronic delivery and to the engagement of any such third party.

Appendix A

Determination of Performance Units Earned

Peer Companies:

Rank Against Peers	11 Peer Companies Percentage of Initial Performance Units Earned	10 Peer Companies Percentage of Initial Performance Units Earned	9 Peer Companies Percentage of Initial Performance Units Earned	8 Peer Companies Percentage of Initial Performance Units Earned	7 Peer Companies Percentage of Initial Performance Units Earned
1	250%	250%	250%	250%	250%
2	200%	200%	200%	200%	200%
3	175%	175%	170%	166%	155%
4	150%	150%	140%	133%	110%
5	125%	125%	110%	100%	70%
6	110%	100%	80%	65%	30%
7	75%	75%	50%	30%	0%
8	50%	50%	25%	0%	0%
9	25%	25%	0%	0%	
10	0%	0%	0%		
11	0%	0%			
12	0%				

In addition, if at the end of the Performance Period the number of companies listed above that qualify as Peer Companies is less than seven, then the Committee shall, in good faith, determine the percentage of the Performance Units earned in a manner consistent with (x) the requirements to qualify the Performance Units as performance-based compensation exempt from the limitations imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended, to the extent the Committee determines that such qualification is in the Company's best interest, and (y) the following general guidelines for determining the number of earned Performance Units:

(a) If the Company's Total Shareholder Return for the Performance Period ranks first as compared to the Total Shareholder Return of qualifying Peer Companies, the number of earned Performance Units shall equal 250% of the Initial Performance Units;

(b) If the Company's Total Shareholder Return for the Performance Period ranks in the 55th percentile as compared to the Total Shareholder Return of the qualifying Peer Companies, the number of earned Performance Units shall equal 100% of the Initial Performance Units;

(c) If the Company's Total Shareholder Return for the Performance Period ranks in the 28th percentile as compared to the Total Shareholder Return of the qualifying Peer Companies, the number of earned Performance Units shall equal 25% of the Initial Performance Units;

(d) If the Company's Total Shareholder Return ranks below the 28th percentile as compared to the Total Shareholder Return of the qualifying Peer Companies, none of the Initial Performance Units will become earned; and

(e) If the Company's Total Shareholder Return ranking falls in between the levels specified in clauses (a) through (c) above, the Committee shall have the discretion to determine the percentage of the Initial Performance Shares that become earned within the levels specified above.

RESTRICTED STOCK UNIT AWARD AGREEMENT
PIONEER NATURAL RESOURCES COMPANY
AMENDED AND RESTATED 2006 LONG TERM INCENTIVE PLAN

To: Timothy L. Dove

Pioneer Natural Resources Company, a Delaware corporation (the “*Company*”), is pleased to grant you an award (this “*Award*”) to receive _____ Restricted Stock Units (the “*Restricted Stock Units*”) whereby each Restricted Stock Unit represents the right to receive one share of common stock, par value \$0.01, of the Company (the “*Stock*”), plus an additional amount pursuant to Section 2, subject to certain restrictions and on the terms and conditions contained in this Restricted Stock Unit Award Agreement (this “*Agreement*”) and the Pioneer Natural Resources Company Amended and Restated 2006 Long Term Incentive Plan (the “*Plan*”). A copy of the Plan is available upon request. Except as provided below, to the extent that any provision of this Agreement conflicts with the expressly applicable terms of the Plan, you acknowledge and agree that those terms of the Plan shall control and, if necessary, the applicable provisions of this Agreement shall be deemed amended so as to carry out the purpose and intent of the Plan. Terms that have their initial letters capitalized, but that are not otherwise defined in this Agreement, shall have the meanings given to them in the Plan in effect as of the date of this Agreement.

This Agreement sets forth the terms of the agreement between you and the Company with respect to the Restricted Stock Units. By accepting this Agreement, you agree to be bound by all of the terms hereof.

1. No Shareholder Rights. The Restricted Stock Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a stockholder of the Company prior to the date shares of Stock are issued to you in settlement of this Award. Your rights with respect to Restricted Stock Units shall remain forfeitable at all times prior to the date on which rights become vested and the restrictions with respect to the Restricted Stock Units lapse in accordance with Sections 4 or 5.

2. Dividend Equivalents. In the event that the Company declares and pays a dividend in respect of its outstanding shares of Stock and, on the record date for such dividend, you hold Restricted Stock Units granted pursuant to this Agreement that have not been settled, the Company shall pay to you an amount in cash equal to the cash dividends you would have received if you were the Beneficial Owner, as of such record date, of the number of shares of Stock related to the portion of your Restricted Stock Units that have not been settled as of such record date, such payment to be made on or promptly following the date that the Company pays such dividend (however, in no

event shall the dividend equivalent payment be made later than 30 days following the date on which the Company pays such dividend).

3. Conversion of Restricted Stock Units; Issuance of Stock; Payment of Stock. No shares of Stock shall be issued to you prior to the date on which the Restricted Stock Units vest and the restrictions with respect to the Restricted Stock Units lapse, in accordance with Section 4 or 5. Neither this Section 3 nor any action taken pursuant to or in accordance with this Section 3 shall be construed to create a trust of any kind. Except as otherwise expressly provided in Section 5 or Section 25, after any Restricted Stock Units that become vested pursuant to Section 4 or 5 the Company shall, on or no later than 30 days following the earliest of the applicable vesting dates set forth in this Agreement, cause to be issued Stock in book entry form registered in your name in payment of such vested Restricted Stock Units upon receipt by the Company of any required tax withholding with respect to such shares. The value of any fractional Restricted Stock Units shall be paid in cash at the time Stock is issued to you in connection with the Restricted Stock Units. The value of the fractional Restricted Stock Units shall equal the percentage of a Restricted Stock Unit represented by a fractional Restricted Stock Unit multiplied by the Fair Market Value of the Stock. The value of such shares of Stock shall not bear any interest owing to the passage of time.

4. Expiration of Restrictions, Risk of Forfeiture and Original Payment Date. Subject to the terms and conditions of this Agreement, the forfeiture restrictions on the Restricted Stock Units granted pursuant to this Agreement will expire in full on the third anniversary of the date of this Agreement (the "**Vesting Date**"); *provided, however*, that such restrictions will expire on the Vesting Date only if you have been an employee of the Company or of a Subsidiary continuously from the date of this Agreement through the Vesting Date; *provided, further, however*, that if you cease to be an employee of the Company or of a Subsidiary for any reason after the Vesting Date, all Restricted Stock Units granted pursuant to this Agreement will survive the termination of employment. In the event that your Restricted Stock Units become vested pursuant to this Section 4, the payment of the Stock related to your vested Restricted Stock Units shall be made to you immediately (and in no event later than 30 days) following the Vesting Date.

5. Termination of Employment and Change in Control.

(a) **Termination by Employee Without Good Reason or Forced Relocation, or by the Company for Cause.** If your employment relationship with the Company and each of its Subsidiaries by which you are employed terminates prior to the Vesting Date due to (x) a voluntary termination by you and such termination is not a Termination for Good Reason (as such term is defined in the Termination Agreement (as defined below)) or due to Forced Relocation (as defined below), or (y) the Company terminating such employment for Cause (as such term is defined in the Termination Agreement), then all Restricted Stock Units granted pursuant to this Agreement shall become null and void as of the date of such termination. For purposes of this Agreement, "**Termination Agreement**" means, prior to the occurrence of a Change in Control, the Severance Agreement or other separate agreement between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits before a Change in Control and, upon and following the occurrence of a Change in Control, the Change in Control Agreement or other separate

agreement between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits upon or after a Change in Control.

(b) **Termination by the Company Not for Cause or by Employee for Good Reason or Due to Forced Relocation.** Notwithstanding Section 4 of this Agreement, if your employment relationship with the Company and each of its Subsidiaries by which you are employed is terminated prior to the Vesting Date (x) by the Company and such Subsidiaries and such termination is not a Termination for Cause or (y) by you and such termination is a Termination for Good Reason, whether or not such termination is also in connection with a Change in Control, or due to Forced Relocation, then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and unrestricted. For purposes of this Agreement, “**Forced Relocation**” means, upon or following a Change in Control, but prior to the Vesting Date, your being required (or your receipt of a notification in writing that you will be required) to be based at any office or location more than 50 miles from that location at which you principally performed services for the Company immediately prior to the date on which the Change in Control occurs, except for travel reasonably required in the performance of your responsibilities.

(c) **Other Termination Events.** Notwithstanding Section 4 of this Agreement, if your employment relationship with the Company and each of its Subsidiaries by which you are employed is terminated prior to the Vesting Date as a result of any of the following events:

- (i) your death or Disability (defined below); or
- (ii) your Normal Retirement (defined below) (but subject to Section 5(f));

then the restrictions on a number of the Restricted Stock Units shall automatically lapse such that the number of Restricted Stock Units for which the restrictions have lapsed as of the termination date will be equal to the product of (x) the total number of Restricted Stock Units granted to you pursuant to this Agreement, times (y) a fraction, the numerator of which is the number of full months (counting the month in which your termination of employment occurs as a full month), beginning with _____, during which you were employed by the Company and/or any Subsidiary and the denominator of which is 36 (the “**Pro-Rata Formula**”). The portion, if any, of your Restricted Stock Units for which the restrictions have not lapsed as of the termination date of your employment relationship shall become null and void as of the termination date; *provided, however*, that the portion, if any, of this Award for which forfeiture restrictions have lapsed as of the date of termination shall survive.

(d) **Normal Retirement and Disability Defined.** For purposes of this Agreement, “**Normal Retirement**” shall mean the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed due to your retirement on or after the date that you attain age 60. For purposes of this Agreement, “**Disability**” shall have the meaning given such term in the Termination Agreement; provided, however, that if there is no such agreement at the time of such termination, the term Disability shall mean (i) a physical or mental impairment of sufficient severity that, in the opinion of the Company, (A) you are unable to continue performing the duties assigned to you prior to such impairment or (B) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or

its Subsidiaries and (ii) the impairment or condition is cited by the Company as the reason for your termination; provided further, that in all cases, the term Disability shall be applied and interpreted in compliance with Section 409A of the Code and the regulations thereunder.

(e) **Distribution and Payment**. Upon termination of your employment relationship with the Company and each of its Subsidiaries as a result of your death, the shares of Stock related to your Restricted Stock Units that become vested pursuant to paragraph (c) of this Section 5 shall be paid to you immediately (and in no event later than 30 days) following your death. Upon termination of your employment relationship with the Company and each of its Subsidiaries under all other circumstances contemplated by paragraphs (b) and (c) of this Section 5 (“**Section 5 Acceleration Events**”), subject to the last sentence of this Section 5(e) (applicable to certain termination events that may occur at a time after you have reached the age of 65 and have completed 10 Years of Service (defined in Section 5(f) below)), the following shall apply:

- (i) If (x) you are not a Section 409A Participant (as defined below) at the time of such termination, or (y) you are a Section 409A Participant, but are not a Specified Employee (defined below), at the time of such termination and such termination constitutes a Separation of Service, the shares of Stock related to your Restricted Stock Units that become vested pursuant to such paragraphs shall be paid to you immediately (and in no event later than 30 days) following the termination of your employment relationship with the Company and each of its Subsidiaries. A “**Specified Employee**” means a “specified employee” within the meaning of Nonqualified Deferred Compensation Rules, as determined in accordance with the procedures specified or established by the Company in accordance with the Nonqualified Deferred Compensation Rules.
- (ii) If you would attain age 60 on or prior to December 31, ____ (a “**Section 409A Participant**”) and are not a Specified Employee at the time of the termination of your employment relationship with the Company and each of its Subsidiaries, and the termination of your employment relationship with the Company and each of its Subsidiaries does not constitute a Separation of Service, subject to the last sentence of this Section 5(e), the applicable shares shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of the following:
 - (A) the Vesting Date;
 - (B) your separation from service with the Company (determined in accordance with the Company’s written and generally applicable policies regarding what constitutes a “separation from service” for purposes of the Nonqualified Deferred Compensation Rules (as defined below)) (“**Separation from Service**”);

(C) an event constituting a Change in Control which also constitutes a “change in the ownership or effective control” or “in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code (a “***409A Change in Control***”) and the regulations and other authoritative guidance promulgated thereunder (collectively, the “***Nonqualified Deferred Compensation Rules***”); or

(D) your death.

(iii) If you are a Section 409A Participant and are a Specified Employee at the time of the termination of your employment relationship with the Company and each of its Subsidiaries, subject to the last sentence of this Section 5(e), the applicable shares shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of the following:

(A) the Vesting Date;

(B) the date that is six months and one day following the date of your Separation from Service;

(C) a 409A Change in Control; or

(D) your death.

If you are a Section 409A Participant and your Restricted Stock Units become vested pursuant to a Section 5 Acceleration Event (other than death) that occurs at any time after you have reached the age of 65 and have completed 10 Years of Service (defined below), the shares of Stock related to your Restricted Stock Units that become vested pursuant to such event shall not be payable to you pursuant to the foregoing clauses (i) through (iii), but instead shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of the following:

(A) the Vesting Date;

(B) a 409A Change in Control; or

(C) your death.

(f) **Retirement At or After Age 65 with 10 Years of Service**. Notwithstanding anything else in Section 4 or any prior paragraph of this Section 5 to the contrary, in the event that your employment relationship with the Company and each of its Subsidiaries by which you are employed terminates prior to the Vesting Date as a result of your Normal Retirement after you have reached the age of 65 and have completed 10 Years of Service, then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and

unrestricted upon your termination of employment, and shall not be subject to the Pro-Rata Formula under Section 5(c), if the following conditions are met: (x) as of the date of the termination of your employment, the conditions set forth below in items (i)-(iv) are satisfied and (y) you intend to comply with the covenants contained in items (v) and (vi) below (which intent shall be conclusively presumed unless, prior to or concurrently with the notice provided pursuant to item (ii) below, you notify the Company in writing, addressed to the Vice President and Chief Human Resources Officer (or his or her successor), that you do not intend to comply with such covenants). If your Restricted Stock Units become vested pursuant to this Section 5(f), the shares of Stock related to such Restricted Stock Units shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of the Vesting Date, a 409A Change in Control or your death in accordance with the last sentence of Section 5(e).

- (i) The date of the termination of your employment is at least one year after the date of this Agreement.
- (ii) You gave advance written notice of your intent to terminate your employment due to Normal Retirement at least six months in advance of the date of termination to the Vice President and Chief Human Resources Officer (or his or her delegate), and to your direct manager, or in the case of the chief executive officer of the Company, to the Board (subject to the ability of the Company to waive such requirement, exercisable by the Vice President and Chief Human Resources Officer (or his or her delegate) or the Board, as applicable).
- (iii) You have cooperated with the Company, to the satisfaction of the Company, in the training of a replacement during the period prior to the termination of employment.
- (iv) If required by the Company, you execute and deliver to the Company an effective release of claims and other liability in a form acceptable to the Company.
- (v) For two years following the termination of your employment, without the prior written consent of the chief executive officer of the Company, or in the event you are the chief executive officer of the Company on the date of termination of your employment, the consent of the Board or any Committee or director designated by the Board, you agree to refrain from becoming a director, partner, investor or employee of, or consultant to, any business that competes with the Company or any Subsidiary in the business of exploration or production of oil or natural gas, or related oilfield services, within the geographic area or areas in which the Company or any Subsidiary operates at the time of termination of employment or has operated in the immediately preceding one-year period (a "***Competitive Business***"); provided that, you will not be restricted from purchasing or holding for investment purposes less than 2% of the shares of any Competitive Business whose shares are regularly traded on a national securities exchange or inter-dealer quotation

system. If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

- (vi) For two years following the termination of your employment, you agree to refrain from making, or causing or assisting any other person to make, any oral or written communication to any third party about the Company and/or any of the employees, officers or directors of the Company which impugns or attacks, or is otherwise critical of, the reputation, business or character of such entity or person; or that discloses private or confidential information about their business affairs; or that constitutes an intrusion into their seclusion or private lives; or that gives rise to unreasonable publicity about their private lives; or that places them in a false light before the public; or that constitutes a misappropriation of their name or likeness (the foregoing being subject to Section 9(g)). If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

For purposes of this Agreement, “*Years of Service*” means the total number of years that you have been employed by the Company or its Subsidiaries as determined in accordance with the Company’s policies as administered from time to time. For the avoidance of doubt, the Company’s determination of Years of Service shall be at the sole discretion of the Company, its policies may change from time to time, and its determination will be final and conclusive and binding on all Participants.

You expressly acknowledge and agree that the restrictions set forth in this Section 5(f) are reasonable in all respects, necessary to protect the Company’s legitimate business interests and a material inducement for the Company to grant this Award to you and enter into this Agreement. In the event that, following your termination of employment, it is determined by a court of competent jurisdiction that you have not satisfied any of the conditions set forth in Section 5(f)(v) or (vi) in any material respect, then, as to any shares of Stock related to your Restricted Stock Units that have not been paid to you, such Restricted Stock Units shall be deemed not to have vested in whole or in part pursuant to any paragraph of this Section 5 and such shares shall not be payable. Notwithstanding the foregoing, in the event there occurs a Change in Control, whether prior to or after the date that the restrictions on your Restricted Stock Units have lapsed or the payment date of any Stock related to your Restricted Stock Units, the restrictions set forth in clauses (v) and (vi) of this Section 5(f) shall automatically terminate and become void and of no effect.

(g) **Awards Not Assumed in Connection with a Change in Control**. In the event that this Award is not Assumed (as defined below) in connection with a Change in Control, then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and unrestricted immediately prior to the Change in Control. The shares of Stock related to your Restricted Stock Units that become vested pursuant to this Section 5(g) shall be paid to you in accordance with the timing of the settlement of the Change in Control consideration provided to Common Stock holders generally in connection with the Change in Control event; *provided, however*, that if (i) you are a Section 409A Participant and (ii) the event

constituting a Change in Control does not constitute a 409A Change in Control, the shares of Stock related to your Restricted Stock Units that become vested pursuant to this Section 5(g) shall be paid to you immediately (and in no event later than 30 days) following the first to occur of (A) a 409A Change in Control, (B) your Separation from Service or (C) the Vesting Date. For purposes of this Agreement, the term, "Assumed," means that, prior to or concurrently with the consummation of the transaction resulting in a Change in Control, either (i) this Agreement is expressly affirmed by the Company or (ii) the contractual obligations represented by this Agreement are expressly (and not merely by operation of law) assumed by the surviving or successor corporation or entity to the Company, or any parent or subsidiary of either thereof, or any other corporation or entity that is a party to the transaction resulting in the Change in Control, in connection with such Change in Control, with appropriate adjustments to the number and kind of securities of such surviving or successor corporation or entity, or such other applicable parent, subsidiary, corporation or entity, subject to this Award, which preserves the compensation element of this Agreement existing at the time of such Change in Control, and provides for subsequent payout in accordance with the same (or more favorable) payment and vesting schedule applicable to this Award, as determined in accordance with the instruments evidencing the agreement to assume this Agreement; provided, however, that in no event will this Agreement be deemed to be "Assumed" unless the assumption is made by the entity that will be the issuer of the securities, cash or other property provided in exchange for Common Stock in the Change in Control transaction in question. The determination of comparability for this purpose shall be made by the Committee prior to the Change in Control, and its determination shall be final, binding and conclusive.

6. Adjustment Provisions. In the event there is any change in the Stock by reason of any reorganization, recapitalization, stock split, stock dividend, combination of shares or otherwise, the number of shares associated with this Award of Restricted Stock Units subject to this Agreement shall be adjusted in the manner consistent with the adjustment provisions provided in Section 9(b) and 9(c)(ii) of the Plan.

7. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

8. Remedies. The parties to this Agreement shall be entitled to recover from each other reasonable attorneys' fees incurred in connection with the enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

9. Confidential Information and Nonsolicitation.

(a) As further consideration for the granting of the Restricted Stock Units hereunder, you hereby agree with the Company that, during and following your employment relationship with the Company and each of its Subsidiaries by which you are employed, you will keep confidential all confidential or proprietary information and materials, as well as all trade secrets, belonging to the Company or one of its Subsidiaries, or their customers or other third parties who furnished such information, materials, and/or trade secrets to the Company or its Subsidiary with expectations of confidentiality ("**Confidential Information**"). Confidential Information shall not

include information that (A) is already properly in the public domain or enters the public domain with the express consent of the Company, or (B) is intentionally made available by the Company to third parties without any expectation of confidentiality. Upon the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed, you promise to promptly return to the Company all Confidential Information, and all documents and materials (including electronically stored information) in your possession, custody or control that constitutes or reflects Confidential Information. Notwithstanding the foregoing, you may disclose information as may be required by law and may disclose information in confidence to your spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan, provided that you ensure that such spouse or advisor or institution treats the information confidentially and does not disclose such information or use it for his, her or its own benefit. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor militating against the advisability of granting any such future award to you. Such consideration shall be in addition to the rights and remedies available to the Company pursuant to paragraph (d) below. Notwithstanding any other provision of this Agreement, you will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (a) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. In addition, if you file a lawsuit for retaliation, you may disclose the Company's trade secrets to your attorney and use the trade secret information in the court proceeding if you: (a) file any document containing the trade secret under seal, and (b) do not disclose the trade secret, except pursuant to court order.

(b) As an incentive for the Company to issue you this Award, and in consideration of the Company's promise to provide you with Confidential Information and so as to protect the Company's legitimate business interests, including the protection of its Confidential Information and the goodwill with which you will be associated, and that this Award will encourage you to build, you agree that during your employment relationship with the Company and each of its Subsidiaries by which you are employed, and for a period of twelve (12) months immediately following the time that you are no longer employed by the Company or any of its Subsidiaries, you will not, directly or indirectly (i) solicit or encourage (or assist another in soliciting or encouraging) any employee, contractor, consultant, supplier, or vendor of the Company or any of its Subsidiaries to terminate or lessen his, her or its relationship with the Company or any of its Subsidiaries, or (ii) on behalf of a Competitive Business, engage, employ, or solicit or contact for employment or engagement (or assist another in such activity) any employee of the Company or any of its Subsidiaries or any person who was an employee of the Company or any of its Subsidiaries at any time during the last twelve (12) months of your employment with the Company and any of its Subsidiaries (or, if you are employed by the Company and any of its Subsidiaries for less than twelve (12) months, those persons who were employees of the Company or any of its Subsidiaries during your employment with the Company and any of its Subsidiaries.

(c) You agree that the Company's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Company's

need for the protection afforded by this Section 9 is greater than any hardship you might experience by complying with its terms. You further acknowledge and agree that the restrictions set forth in this Section are not adverse to the public interest. You further agree that the limitations as to time and scope of activity to be restrained contained herein are reasonable and are not greater than necessary to protect the Confidential Information, goodwill and other legitimate business interests of the Company. Although the Company and you believe the limitations as to time and scope of activity contained in this Section 9 are reasonable and do not impose a greater restraint than necessary to protect the Company's legitimate business interests, if this is judicially determined not to be the case, the Company and you specifically request that the limitations contained in this Section be reformed to the extent necessary to make this Section 9 enforceable.

(d) You acknowledge and agree that your violation or threatened or attempted violation of the covenants contained in this Section 9 will cause irreparable harm to the Company and that money damages would not be sufficient remedy for any breach of this Section. You agree that the Company shall be entitled as a matter of right to specific performance of the covenants in this Section 9, including entry of an ex parte temporary restraining order in state or federal court, preliminary and permanent injunctive relief against activities in violation of this Section 9, or both, or other appropriate judicial remedy, writ or order, in any court of competent jurisdiction, restraining any violation or further violation of such agreements by you or others acting on your behalf, without any showing of irreparable harm and without any showing that the Company does not have an adequate remedy at law. Such remedies shall be in addition to all other remedies available to the Company at law and equity.

(e) Your obligations under this Section 9 shall survive the termination of this Agreement and your employment, regardless of the reason for such termination.

(f) As a part of your employment by the Company, and in further consideration for the granting of this Award and by your acceptance of this Award in whole or in part, you accept and agree to be bound by the Company's Intellectual Property Policy (as the same may be modified, amended or replaced by the Company from time to time), including without limitation, (A) the Company's ownership of the worldwide right, title and interest in and to any and all Pioneer Intellectual Property; (B) your agreement to assign, and pursuant to the Company's Intellectual Property Policy and your acceptance of this Award you do hereby assign, to the Company all worldwide right, title and interest in and to all Pioneer Intellectual Property; and (C) your agreement to disclose in writing to the Company all Pioneer Intellectual Property and, upon request by the Company, to promptly produce and deliver to the Company all originals of materials embodying Pioneer Intellectual Property. The term, "Pioneer Intellectual Property," is defined in the Company's Intellectual Property Policy (and is incorporated herein by reference), and includes, without limitation, any and all creations, works and/or intellectual property (including but not limited to all tangible and intangible ideas and expressions of ideas whether or not the subject matter of copyright, confidential and non-confidential information, data, drawings, reports, programs, processes, analyses, business methods, computer programs, works of authorship, trademarks and service marks, improvements, discoveries and/or inventions whether or not patentable), and all of the intellectual property rights therein provided by the various legal systems throughout the world (including but not limited to trade secret rights, patent rights, trademark rights, and rights of

copyright), that are conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression, and/or acquired by you, individually or jointly with others, during the time of your employment relationship with the Company, that pertain to the actual or anticipated business or activities of the Company or that are suggested by or result from any task or work by you for or on behalf of the Company, irrespective whether you are or were hired-to-invent such creations, works or intellectual property, or whether such creations, works or intellectual property were conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression or acquired in the course or scope of your employment, or whether at home or not, or whether or not during business hours, or whether or not using the Company's time, facilities or resources. You may review the Company's Intellectual Property Policy at the Company's internal portal website, and obtain a copy by written request to the Company's Legal Department.

(g) Nothing in this Agreement or any other agreement between you and the Company (i) prevents you from exercising any rights that cannot be lawfully waived or restricted, (ii) prevents you from testifying at a hearing, deposition, or in court in response to a lawful subpoena or (iii) limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the United States Department of Justice, Congress, any agency Inspector General or any other federal, state or local governmental agency or commission ("Government Agencies"). Further, this Agreement does not limit (i) your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, or (ii) your right to receive an award from a Government Agency for information provided to any Government Agencies.

10. Payment of Taxes. The Company may from time to time require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company) the amount that the Company deems necessary to satisfy the Company's or its Subsidiary's current or future obligation to withhold federal, state or local income or other taxes or social security or other obligations that you incur as a result of this Award, including without limitation with respect to any payment pursuant to Section 2 of this Agreement. With respect to any required tax withholding, unless another arrangement is permitted by the Committee in its discretion (which discretion may not be delegated to management), the Company shall withhold from the shares of Stock to be issued to you the number of shares necessary to satisfy the Company's obligation to withhold taxes, that determination to be based on the shares' Fair Market Value at the time as of which such determination is made. In the event the Company subsequently determines that the aggregate Fair Market Value of any shares of Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then you shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

11. Right of the Company and Subsidiaries to Terminate Employment. Nothing contained in this Agreement shall confer upon you the right to continue in the employ of the Company or any Subsidiary of the Company, or interfere in any way with the rights of the Company or any Subsidiary of the Company to terminate your employment at any time.

12. No Liability for Good Faith Determinations. Neither the Company nor the members of the Board and the Committee shall be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Stock Units granted hereunder.

13. No Guarantee of Interests. The Board and the Company do not guarantee the Stock of the Company from loss or depreciation.

14. Company Records. Records of the Company or its Subsidiaries regarding your period of employment, termination of employment and the reason therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

15. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

16. Notices. Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any such notice required or permitted to be delivered hereunder shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third Business Day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address which such person has theretofore specified by written notice delivered in accordance herewith. The Company or you may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices.

The Company and you agree that any notices shall be given to the Company or to you at the following addresses:

Company: Pioneer Natural Resources Company
Attn: Corporate Secretary
5205 N. O'Connor Boulevard, Suite 200
Irving, Texas 75039-3746

Holder: At your current address as shown in the Company's records.

17. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

18. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

19. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

20. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Delaware except to the extent Delaware law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

21. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

22. Amendment. This Agreement may be amended at any time unilaterally by the Company, provided that such amendment is consistent with all applicable laws and does not reduce any rights or benefits you have accrued pursuant to this Agreement. This Agreement may also be amended at any time unilaterally by the Company to the extent the Company believes in good faith that such amendment is necessary or advisable to bring this Agreement in compliance with any applicable laws, including the Nonqualified Deferred Compensation Rules.

23. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan; *provided, however*, that notwithstanding anything to the contrary herein, any provision of this Agreement that is inconsistent with the provisions of Section 9(c) and (e) of the Plan shall control over such provisions of the Plan.

24. Agreement Respecting Securities Act of 1933. You represent and agree that you will not sell the Stock that may be issued to you pursuant to your Restricted Stock Units except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to an exemption from registration under the Securities Act of 1933 (including Rule 144 of the Securities Act).

25. Special Provisions Addressing Section 409A of the Code.

(a) **Early Tax Payments.** To the extent permitted under the Nonqualified Deferred Compensation Rules, payments may be made to you in respect of this Award prior to the date of your scheduled payment dates herein if, as determined by the Committee in its sole discretion, it would be necessary to pay employment or other taxes imposed upon this Award prior to the scheduled payment date.

(b) **Separate Payments.** Each payment made under this Award, if any, shall be treated as a separate payment under the Nonqualified Deferred Compensation Rules.

26. Electronic Delivery and Acknowledgement. No signature by you is required to accept the Award represented by this Agreement. By your acceptance of this Award, you are acknowledging that you have received and read, understood and accepted all the terms, conditions and restrictions of this Agreement and the Plan. The Company may, in its sole discretion, deliver

any documents related to this Award and this Agreement, or other awards that have been or may be awarded under the Plan, by electronic means, including prospectuses, proxy materials, annual reports and other related documents, and the Company may, in its sole discretion, engage a third party to effect the delivery of these documents on its behalf and provide other administrative services related to this Award and the Plan. By your acceptance of the Award represented by this Agreement, you consent to receive such documents by electronic delivery and to the engagement of any such third party.

RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the Company's ratios of consolidated earnings to fixed charges and earnings to fixed charges and preferred stock dividends for the periods presented:

	Three Months Ended	Year ended December 31,				
	March 31, 2017	2016	2015	2014	2013	2012
Ratio of earnings to fixed charges (a)	(b)	(c)	(d)	9.45	(e)	4.52
Ratio of earnings to fixed charges and preferred stock dividends (f)	(b)	(c)	(d)	9.45	(e)	4.52

(a) The ratio has been computed by dividing earnings by fixed charges. For purposes of computing the ratio:

- earnings consist of income from continuing operations before income taxes, cumulative effect of change in accounting principle, adjustments for net income or loss attributable to the noncontrolling interest and the Company's share of investee's income or loss accounted for under the equity method, and adjustment for capitalized interest, plus fixed charges and the Company's share of distributed income from investees accounted for under the equity method; and

- fixed charges consist of interest expense, capitalized interest and the portion of rental expense deemed to be representative of the interest component of rental expense.

(b) The ratio indicates a less than one-to-one coverage because the earnings are inadequate to cover the fixed charges during the three months ended March 31, 2017 by \$74 million.

(c) The ratio indicates a less than one-to-one coverage because the earnings are inadequate to cover the fixed charges during the year ended December 31, 2016 by \$963 million.

(d) The ratio indicates a less than one-to-one coverage because the earnings are inadequate to cover the fixed charges during the year ended December 31, 2015 by \$432 million.

(e) The ratio indicates a less than one-to-one coverage because the earnings are inadequate to cover the fixed charges during the year ended December 31, 2013 by \$606 million.

(f) The ratio has been computed by dividing earnings by fixed charges and preferred stock dividends. For purposes of computing the ratio:

- earnings consist of income from continuing operations before income taxes, cumulative effect of change in accounting principle, adjustments for net income or loss attributable to the noncontrolling interest and the Company's share of investee's income or loss accounted for under the equity method, and adjustment for capitalized interest, plus fixed charges, the Company's share of distributed income from investees accounted for under the equity method and preferred stock dividends, net of preferred stock dividends of a consolidated subsidiary; and

- fixed charges and preferred stock dividends consist of interest expense, capitalized interest and the portion of rental expense deemed to be representative of the interest component of rental expense, preferred stock dividends of a consolidated subsidiary and preferred stock dividends.

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Timothy L. Dove, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pioneer Natural Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 3, 2017

/s/ Timothy L. Dove

Timothy L. Dove, President and Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Richard P. Dealy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pioneer Natural Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 3, 2017

/s/ Richard P. Dealy

Richard P. Dealy, Executive Vice President
and Chief Financial Officer

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF PIONEER NATURAL RESOURCES COMPANY
PURSUANT TO 18 U.S.C. § 1350

I, Timothy L. Dove, President and Chief Executive Officer of Pioneer Natural Resources Company (the "Company"), hereby certify that the accompanying Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 and filed with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Report") by the Company fully complies with the requirements of that section.

I further certify that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy L. Dove

Name: Timothy L. Dove, President and
Chief Executive Officer
Date: May 3, 2017

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF PIONEER NATURAL RESOURCES COMPANY
PURSUANT TO 18 U.S.C. § 1350

I, Richard P. Dealy, Executive Vice President and Chief Financial Officer of Pioneer Natural Resources Company (the "Company"), hereby certify that the accompanying Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 and filed with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Report") by the Company fully complies with the requirements of that section.

I further certify that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard P. Dealy

Name: Richard P. Dealy, Executive Vice
President and Chief Financial Officer
Date: May 3, 2017

Mine Safety Disclosure

The following disclosures are provided pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the "Mine Act").

Whenever the Federal Mine Safety and Health Administration ("MSHA") believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA inspector(s) assigned.

The table below sets forth for the three months ended March 31, 2017 for each sand mine of Pioneer Natural Resources Company or its subsidiaries (the "Company"), (i) the total number of citations for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of mine safety or health hazard under section 104 of the Mine Act for which the operator received a citation from MSHA; (ii) the total number of orders issued under section 104(b) of the Mine Act; (iii) the total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Act; (iv) the total number of flagrant violations under section 110(b)(2) of the Mine Act; (v) the total number of imminent danger orders issued under section 107(a) of the Mine Act; (vi) the total dollar value of proposed assessments from MSHA; (vii) the total number of mining-related fatalities; (viii) whether or not the mine has received any notices from MSHA of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act; (ix) whether or not the mine has received any notices from MSHA regarding the potential to have a pattern of violations as referenced in (viii) above; and (x) the total number of pending legal actions before the Federal Mine Safety and Health Review Commission (the "Commission") (as of March 31, 2017) involving such mine, as well as the aggregate number of legal actions instituted and the aggregate number of legal actions resolved during the reporting period. The MSHA citations, orders and assessments are those initially issued or proposed by MSHA. They do not reflect any subsequent changes in the level of severity of a citation or order or the value of an assessment that may occur as a result of proceedings conducted in accordance with MSHA rules.

Mine/MSHA Identification Number(1)	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of Proposed Assessments	Mining Related Fatalities	Received Notice of Pattern of Violations under Section 104(e) (yes/no)	Received Notice of Potential to have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Riverside Operation / 0404263	—	—	—	—	—	\$ —	—	No	No	—	—	—
Colorado Springs Operation / 0503295	7	—	—	—	—	\$ 3,967	—	No	No	—	—	—
Millwood Operation / 3301355	2	—	—	—	—	\$ 254	—	No	No	—	—	—
Voca Pit and Plant / 4101003	8	—	—	—	—	\$ 1,060	—	No	No	—	—	—
Brady Plant / 4101371	—	—	—	—	—	\$ —	—	No	No	—	—	—
Voca West / 4103618	1	—	—	—	—	\$ 127	—	No	No	—	—	—

(1) The definition of mine under section three of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools and minerals preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine. MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities such as preparation facilities.

