

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 21, 2019

PIONEER NATURAL RESOURCES COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-13245
(Commission
File Number)

75-2702753
(I.R.S. Employer
Identification No.)

5205 N. O'Connor Blvd., Suite 200
Irving, Texas 75039
(Address of principal executive offices and zip code)

(972) 444-9001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$.01 per share	PXD	New York Stock Exchange

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

Explanatory note: Pioneer Natural Resources Company and its subsidiaries ("Pioneer" or the "Company") presents in this Item 2.02 certain information for the three and nine months ended September 30, 2019 regarding (i) the impact of changes in the fair value of derivative instruments on its results of operations and certain other information regarding its derivative instruments, (ii) the average realized prices for oil, NGLs and gas for the three months ended September 30, 2019, (iii) the impact of the change in fair value of divestiture contingent consideration on its results of operations, (iv) the impact of the change in fair value of investment in affiliate on its results of operations and (v) the net effect of third party purchases and sales of oil and gas.

Derivative Activity

The following table summarizes the net derivative gain that the Company expects to report in its earnings for the three and nine months ended September 30, 2019:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
	(in millions)	
Noncash changes in fair value:		
Oil derivative gain, net	\$ 91	\$ 100
Gas derivative gain, net	6	16
Total noncash derivative gain, net	97	116
Net cash receipts on settled derivative instruments:		
Oil derivative receipts	32	55
Gas derivative payments	(8)	(21)
Total cash receipts on settled derivative instruments, net	24	34
Total derivative gain, net	\$ 121	\$ 150

Commodity Price Realizations

During the three months ended September 30, 2019, the Company expects the average realized price for oil to be \$53.93 per barrel, the average realized price for NGLs to be \$16.81 per barrel and the average realized price for gas to be \$1.54 per thousand cubic feet. These prices exclude the effects of derivatives.

Divestiture Contingent Consideration

The Company is entitled to receive contingent consideration associated with the sale of its Eagle Ford assets and other remaining assets in South Texas of up to \$450 million based on future annual oil and NGL prices during each of the next five years from 2020 to 2024. The divestiture contingent consideration is measured at fair value on a recurring basis. The Company expects to report noncash divestiture contingent consideration losses in its earnings for the three and nine months ended September 30, 2019 of \$48 million and \$61 million, respectively.

Investment in Affiliate

The Company owns 16.6 million shares of ProPetro Holding Corp. ("ProPetro"), which is measured on a recurring basis at fair value. The Company expects to report noncash losses on its investment of ProPetro for the three and nine months ended September 30, 2019 of \$193 million and \$22 million, respectively.

Sales of Purchased Oil and Gas

The Company 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 oil sales to the Gulf Coast refinery or international export markets and to satisfy unused pipeline capacity commitments. The Company expects the net effect of third party purchases and sales of oil and gas for the three and nine months ended September 30, 2019 to result in income of \$46 million and \$279 million, respectively, primarily associated with transporting oil from the Permian Basin to the Gulf Coast where it was sold into either the Gulf Coast refinery market or exported to international refinery markets.

Item 7.01 Regulation FD Disclosure

The Company's open commodity oil and gas derivative positions as of October 18, 2019 are as follows:

	2019 Fourth Quarter	Year Ending December 31, 2020	Year Ending December 31, 2021
Average Daily Oil Production Associated with Derivatives (Bbl)			
Brent swap contracts:			
Volume	41,891	—	—
Price	\$ 64.34	\$ —	\$ —
Brent collar contracts with short puts:			
Volume	45,000	79,500	—
Price:			
Ceiling	\$ 80.06	\$ 71.81	\$ —
Floor	\$ 68.33	\$ 63.00	\$ —
Short put	\$ 58.33	\$ 54.01	\$ —
Brent call contracts sold:			
Volume per day (Bbl) (a)	—	—	13,000
Price per Bbl	\$ —	\$ —	\$ 72.10
Average Daily Gas Production Associated with Derivatives (MMBtu)			
Swap contracts:			
Volume	50,543	—	—
NYMEX price	\$ 2.73	\$ —	\$ —
Basis swap contracts:			
Southern California index swap volume (b)	80,000	—	—
Price differential (\$/MMBtu)	\$ 0.31	\$ —	\$ —

(a) The referenced call contracts were sold in exchange for higher ceiling prices on certain 2020 collar contracts.

(b) The referenced basis swap contracts fix the basis differentials between Permian Basin index prices and southern California index prices for Permian Basin gas forecasted for sale in Arizona and southern California.

Other derivatives. As of October 18, 2019, the Company was party to NYMEX gas swap contracts for 100,000 MMBtu per day for November 2019 under which the Company will pay a fixed price of \$2.26 per MMBtu and receive a floating NYMEX price. Such contracts are directly offset by separate November NYMEX gas swap contracts for 100,000 MMBtu per day under which the Company will pay a floating NYMEX price and receive an average fixed price of \$2.63 per MMBtu. As a result of these transactions, the Company has locked in a derivative gain of \$1 million that will be recognized in November 2019.

Cautionary Statement Concerning Forward-Looking Statements

Except for historical information contained herein, the statements in this Current Report on Form 8-K are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and the business prospects of the Company are subject to a number of risks and uncertainties that may cause the Company's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity prices, product supply and demand, competition, the ability to obtain environmental and other permits and the timing thereof, other government regulation or action, the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms, completion of planned divestitures, 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, refining and export 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 the purchasers of Pioneer's oil, natural gas liquid 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, cybersecurity risks, the ability to implement planned stock repurchases, the risks associated with the ownership and operation of the Company's 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, Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse impact 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. The Company undertakes no duty to publicly update these statements except as required by law.

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 hereunto duly authorized.

PIONEER NATURAL RESOURCES COMPANY

By: /s/ Margaret M. Montemayor _____

Margaret M. Montemayor

Vice President and Chief Accounting Officer

Date: October 21, 2019

