IPAA Leaders in Industry Luncheon

Crude Oil Export Policy Debate

March 2014
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Pioneer - Large Independent U.S. E&P Company

- West Panhandle
- Raton
- Hugoton
- Northern Spraberry/Wolfcamp
- Southern Wolfcamp JV Area
- Dallas Headquarters
- Eagle Ford Shale

Operating Areas
Resource-focused strategy, with activity concentrated in 3 of the most active U.S. fields

Best performing energy stock in S&P 500 since 2009

Second largest oil producer in Texas

Operating in core Spraberry/Wolfcamp asset since early 1980s

- PXD holds ~900,000 acres in Spraberry/Wolfcamp
- Largest producer in Spraberry/Wolfcamp with 31 rigs operating (20 horizontal and 11 vertical) and 7,000+ producing wells
- Preeminent, low-cost operator benefitting from vertical integration strategy

Attractive derivative positions protect margins

Strong investment grade financial position

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**Pioneer At A Glance**

**Total Enterprise Value ($B)** $30

**2014 Drilling Capex ($B)** $3.0

**2013 Production (MBOEPD)** 161

**2013 Reserves (BBOE)** 0.8

**2013 Reserves + Resource (BBOE)** >11.0

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**Spraberry/Wolfcamp Gross Production By Operator (MBOEPD)**

- **PIONEER**: 93
- **APACHE**: 51
- **CONCHO**: 37
- **ENDEAVOR**: 28
- **LAREDO**: 27
- **LINN**: 20
- **EOG**: 19
- **ENERGEN**: 18
- **FASKEN**: 16
- **ATHLON**: 15

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1) November 2013 IHS data, gross reported oil and wet gas

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**Top U.S. Fields By Rig Count**

(Pioneer Operated Count in Green - 40 rigs)

- **Spraberry**: 31
- **Eagle Ford**: 9
- **Delaware Basin**: 189
- **Williston**: 176
- **Marcellus**: 80
- **Mississippian**: 78
- **Granite Wash**: 55
- **DJ-Niobrara**: 53
- **Woodford**: 46
- **Utica**: 43
- **Haynesville**: 42
- **Barnett**: 30

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1) Baker Hughes Rig Count (2/14/14) and PXD Internal
Primary Sources of Domestic Oil Growth

- Bakken
- Niobrara
- Permian
- Eagle Ford
- Deepwater GOM
U.S. Production Forecast by Grade

<table>
<thead>
<tr>
<th>Year</th>
<th>Heavy</th>
<th>Medium</th>
<th>Light</th>
<th>Condensate</th>
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<tr>
<td>2020</td>
<td></td>
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</table>

Source: Turner, Mason & Company
U.S. Rig Activity Since 1990

- U.S. Oil Rig Count
- U.S. Gas Rig Count
Spraberry/Wolfcamp Production History

Includes Vertical and Horizontal Wells

Spraberry/Wolfcamp production has increased ~400,000 BOEPD since 2009

- From 2009 to 2012, production growth primarily attributable to increased vertical activity
- Post 2012, production growth expected to be driven by horizontal activity

Source: IHS Energy through October 2013 for the Spraberry, Credo East, Garden City South and Lin Fields
Spraberry/Wolfcamp Rig Count

Counties: Andrews, Borden, Crockett, Dawson, Ector, Gaines, Glasscock, Howard, Irion, Martin, Midland, Mitchell, Reagan, Schleicher, Scurry, Sterling, Tom Green and Upton

- 96% Vertical Rigs
- 62% Vertical Rigs
- 4% Horizontal Rigs
- 38% Horizontal Rigs (up from 23% in early 2013)

Source: Rig count data provided by Baker Hughes, 2/14/14
Spraberry/Wolfcamp Horizontal Drilling Production Growth Profile

Gross Daily Production (MMBOED)

Assumes Pioneer’s rig count increases from 24 rigs in early 2014 to 50+ rigs in 2018 and thereafter

1) Potential impediments to achieving this forecast include oil price, capital, infrastructure (Midland and oil field) and people
2) Assumes industry rig count ramps up from ~65 horizontal rigs in 2013 to ~120 rigs per year in 2018 and thereafter (excludes Pioneer’s portion)
3) Includes royalties and joint interest partner’s share of production in southern Wolfcamp

Other Operators

(~200 Independent Operators)

Pioneer

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TPH’s Total Permian Production Forecast: 4.8 MMBOEPD by 2025

Source: IR Presentations, Drillinginfo, RigData, TPH Research; 2-stream; Forecast from 2H 2013
Midland Basin: Stacked Play Potential

- “Delta log R” (excess electrical resistance)
- Red intervals indicate hydrocarbons
- Petrophysical analysis indicates significantly more oil in place in the Wolfcamp and Spraberry Shale intervals in the Midland Basin compared to other major U.S. shale oil plays

Source: PXD internal
Crude Pipeline Capacity to Gulf Coast

### Permian Basin Crude Takeaway Capacity

<table>
<thead>
<tr>
<th>Operator</th>
<th>Origin</th>
<th>Destination</th>
<th>Name</th>
<th>Capacity</th>
<th>Time Frame</th>
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<td>Plains</td>
<td>Permian</td>
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<td>Longhorn</td>
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<tr>
<td>Total</td>
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<td>GC</td>
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<td>Permian</td>
<td>GC</td>
<td>Permian Express II</td>
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<td>2Q 2015</td>
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### Cushing to Gulf Coast Pipeline Takeaway

<table>
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<th>Operator</th>
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<th>Name</th>
<th>Capacity</th>
<th>Time Frame</th>
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</thead>
<tbody>
<tr>
<td>Current Enbridge/Enterprise</td>
<td>Cushing</td>
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<td>Seaway</td>
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<td>Current Transcanada</td>
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<td>Keystone South</td>
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<tr>
<td>Planned Enbridge/Enterprise</td>
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Brent - WTI Price Differential

WTI Price Discount to Brent ($/BBL)

Relationship broke in January 2011

($30/bbl) -> ($17/bbl)

($30/bbl) -> ($23/bbl)

Jan-06 Jan-07 Jan-08 Jan-09 Jan-10 Jan-11 Jan-12 Jan-13 Jan-14

Source: EIA
U.S. Condensate Production is Expected to reach 1.3 MMBPD by year end 2020
PXD Eagle Ford Condensate Price Differential to Brent

Source: PXD Internal
Increased U.S. Petroleum Product Exports Over 10 Years

U.S. Petroleum Product Exports
(million barrels per day)

Product exports reached 4.3 MM in 12/2013

Source: EIA
Other includes pentane plus, gasoline blending components and other products
10 Years of Increased U.S. Petroleum Product Exports

U.S. Petroleum Product Exports by Country
(million barrels per day)

Country percentages have remained essentially flat but absolute volumes have increased

Source: EIA
WTI, Brent and PADD 3 Gasoline Price History

Gasoline prices are more closely tied to Brent than WTI

Source: EIA
Effects of Not Lifting Crude Oil Ban

- Once all North American Light Sweet imports are displaced, the Gulf Coast will become saturated with domestic production
- Producers will experience >$30/bbl price differentials to Brent
- Producers will be forced to lay down rigs: starting with the marginal plays and eventually every play will shut down
- Natural gas supplies will reduce dramatically as 60% of natural gas production is associated with oil production
- Resulting in hundreds of thousands of lost jobs
- Production growth will stall and begin to decline
- Resulting in less tax revenue for federal, state and local governments
- Amid declining domestic production, refineries will increase imports of foreign Medium Sour crudes
- U.S. trade deficit will resume expansion as refineries purchase foreign crude
Effects of Lifting Crude Oil Ban

Current U.S. Oil and Gas Industry’s Impact (API)

- Supports 9.8 million U.S. jobs
- Accounts for 8% of the U.S. economy
- Delivers $85 million per day in revenue to the federal government
- Invested over $2 trillion in U.S. capital projects since 2000

Effects of Lifting Crude Oil Ban

- Industry will create up to 1.7 million new jobs by 2020 (McKinsey)
- Reduced gasoline prices to the U.S. consumer (Resources for the Future)
- Dramatically improved U.S. oil and gas trade balance
  - Forecasted $354 billion deficit in 2011 to $5 billion surplus in 2020 (Citi)
- Less dependent on foreign oil sources