

The City of Midland and Pioneer Natural Resources (NYSE:PXD) signed a historic agreement today that will upgrade the City's infrastructure while saving millions of gallons of freshwater.

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Midland City Council approved a private-public partnership with Pioneer at today's regularly scheduled meeting that will allow the company to make improvements to the City's wastewater treatment plant in return for supply of reclaimed water from the plant for oil and gas development in the Midland Basin. Pioneer was selected as the City's partner in this endeavor through a proposal process. Following the City Council meeting, the City and Pioneer executed the contract for the project.

"This partnership is a win-win for residents and our area's water security moving forward," said City Manager Courtney Sharp. "Our agreement with Pioneer is a perfect example of how public and private entities can maximize their resources by working together."

"Pioneer is focused on efficiency in every aspect of our business, and water use is no exception," said Pioneer President and COO Tim Dove. "Our agreement with Midland moves Pioneer toward its goals of significantly reducing the use of freshwater in our operations and creating a reliable, long-term source of water. We appreciate Mayor Morales, Midland City Council and City Manager Sharp for their partnership, as well as the support of Representative Tom Craddick and Senator Kel Seliger for this landmark project. Pioneer is pleased to play a leading role in conserving freshwater in the Midland Basin."

Under the agreement, Pioneer will provide \$110 million in upgrades to the plant, which would have otherwise been paid for through the City of Midland's utilities fund. In return, the City of Midland will provide Pioneer reclaimed wastewater for reuse. The water will be transported on Pioneer's water distribution system in the Midland Basin and used for hydraulic fracturing. Utilizing effluent water for this purpose significantly reduces Pioneer's need for freshwater and makes productive use of a non-potable resource at a lower overall water cost.

The volume-based contract is expected to last for the next 20 to 28 years, depending on flow rates. Upon legislative validation from the State of Texas and completion of the plant's design, construction is expected to take approximately two years.

Pioneer Natural Resources Forward-Looking Statement:

Note Regarding Forward-Looking Statements: Except for historical information, the statements in this news release 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 Pioneer are subject to a number of risks and uncertainties that may cause Pioneer's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, 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 availability of equipment and services, Pioneer's ability to implement its business plans, access to and cost of capital, and environmental and weather risks. These and other risks are described in Pioneer's 10-K and 10-Q Reports and other filings with the U.S. Securities and Exchange Commission (SEC). Pioneer undertakes no duty to publicly update these statements except as required by law.

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