

Pioneer Natural Resources Company Reports Year-End 2017 Proved Reserves and Finding Costs

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[Pioneer Natural Resources Company](#) (NYSE:PXD) (“Pioneer” or “the Company”) today announced that the Company added proved reserves totaling 314 million barrels oil equivalent (MMBOE) during 2017 from discoveries, extensions and technical revisions of previous estimates (excludes positive price revisions of 52 MMBOE, proved reserves divested of 7 MMBOE and proved reserves acquired of 1 MMBOE). These drillbit proved reserve additions equate to a drillbit reserve replacement of 309% of Pioneer’s full-year 2017 production of 102 MMBOE, which includes production used for field fuel of 2.5 MMBOE. The Company’s total costs incurred during 2017 were \$2.8 billion, including \$136 million for acquisitions (principally for undeveloped acreage additions).

The Company’s proved reserve additions in 2017 were primarily due to (i) the continued successful execution of Pioneer’s horizontal drilling program in the Permian Basin, (ii) strong well performance from Pioneer’s 2017 drilling program in the Eagle Ford Shale and (iii) improved performance from wells placed on production in the Permian Basin and the Eagle Ford Shale prior to 2017. Eighty-six percent of these proved reserve additions were attributable to horizontal wells in the Permian Basin. The Company’s drillbit finding and development (F&D) cost was \$8.46 per barrel oil equivalent (BOE), which primarily reflects the low F&D costs associated with the Permian Basin horizontal drilling program and the proved reserves added from the successful 2017 Eagle Ford Shale drilling program.

In 2017, Pioneer’s drilling activity in the Permian Basin added 266 million barrels of proved developed reserves from (i) discoveries and extensions placed on production during 2017, (ii) transfers from proved undeveloped reserves at year-end 2016 and (iii) technical revisions of previous estimates for proved developed reserves during 2017. The Company’s proved developed F&D cost for the Permian Basin (including both horizontal and vertical activity) was \$9.51 per BOE, primarily reflecting the low proved developed F&D cost associated with the Permian Basin horizontal drilling program of \$9.40 per BOE.

The NYMEX prices used for 2017 proved reserves reporting purposes were \$51.34 per barrel for oil and \$2.98 per million British thermal units (MMBTU) for gas. The oil and gas prices for 2017 were 20% above the oil and gas price used to calculate proved reserves for 2016 of \$42.82 per barrel and \$2.48 per MMBTU, respectively. The increases in the 2017 oil and gas prices, as compared to 2016, led to the Company’s positive price revisions of 52 MMBOE.

As of December 31, 2017, all of Pioneer’s proved reserves were in the United States, and 92% were proved developed reserves. Approximately 49% of the Company’s proved reserves are oil, 21% are NGLs and 30% are gas. In the Permian Basin, approximately 59% of the Company’s proved reserves are oil, 22% are NGLs and 19% are gas. Pioneer’s total proved reserves have a total reserves-to-production ratio of ten years and a proved developed reserves-to-production ratio of nine years.

The table below shows Pioneer’s year-end 2017 proved reserves by asset in MMBOE:

Permian Basin	763
Raton	96
Eagle Ford Shale	80
Other	46
Total	985

The commodity prices used to determine proved reserves for 2017 resulted in an after-tax present value of the future net cash flows discounted at 10% (PV-10) of \$8.2 billion. The after-tax present value of the proved reserves includes the benefit of the lower federal income tax rate enacted with the Tax Cuts and Jobs Act.

Netherland, Sewell & Associates, Inc., an independent reserve engineering firm, audited the proved reserves of significant fields. The audit covered properties representing 77% of Pioneer's total proved reserves at year-end 2017.

Year-end proved reserves, costs incurred and a reconciliation of PV-10 to Standardized Measure are detailed in the attached supplemental schedules.

On Wednesday, February 7, 2018, at 9:00 a.m. Central Time, Pioneer will discuss its financial and operating results for the quarter ended December 31, 2017, and its 2018 capital program, with an accompanying presentation. Instructions for listening to the call and viewing the accompanying presentation are shown below.

Internet: www.pxd.com

Select "Investors," then "Earnings & Webcasts" to listen to the discussion, view the presentation and see other related material.

Telephone: Dial (866) 564-2842 and confirmation code 1440973 five minutes before the call. View the presentation via Pioneer's internet address above.

A replay of the webcast will be archived on Pioneer's website. This replay will be available through March 4, 2018. Click here to register for the call-in audio replay, and you will receive the dial-in information.

Pioneer is a large independent oil and gas exploration and production company, headquartered in Dallas, Texas, with operations in the United States. For more information, visit www.pxd.com.

Except for historical information contained herein, the statements in this presentation 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, 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 purchasers of Pioneer's oil, natural gas liquids and gas production, uncertainties about estimates of reserves and resource potential, 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, ability to implement planned stock repurchases, 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 Pioneer's Annual Report on Form 10-K for the year ended December 31, 2016, and other filings with the Securities and Exchange Commission. In addition, Pioneer 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. Pioneer undertakes no duty to publicly update these statements except as required by law.

An audit of proved reserves follows the general principles set forth in the standards pertaining to the estimating and auditing of oil and gas reserve information promulgated by the Society of Petroleum Engineers ("SPE"). A reserve audit as defined by the SPE is not the same as a financial audit. Please see the Company's Annual Report on Form 10-K for a general description of the concepts included in the SPE's definition of a reserve audit.

"Drillbit finding and development cost per BOE," or "drillbit F&D cost per BOE,"

means the summation of exploration and development costs incurred divided by the summation of annual proved reserves, on a BOE basis, attributable to discoveries, extensions and revisions of previous estimates. Revisions of previous estimates exclude price revisions. Consistent with industry practice, future capital costs to develop proved undeveloped reserves are not included in costs incurred.

“Drillbit reserve replacement” is the summation of annual proved reserves, on a BOE basis, attributable to discoveries, extensions and revisions of previous estimates divided by annual production of oil, NGLs and gas, on a BOE basis. Revisions of previous estimates exclude price revisions.

“Proved developed finding and development cost per BOE,” or “proved developed F&D cost per BOE,” means the summation of exploration and development costs incurred (excluding asset retirements obligations) divided by the summation of annual proved reserves, on a BOE basis, attributable to proved developed reserve additions, including (i) discoveries and extensions placed on production during 2017, (ii) transfers from proved undeveloped reserves at year-end 2016 and (iii) technical revisions of previous estimates for proved developed reserves during 2017. Revisions of previous estimates exclude price revisions.

PIONEER NATURAL RESOURCES COMPANY

UNAUDITED SUPPLEMENTAL INFORMATION

Year Ended December 31, 2017

Proved reserves:

Oil (MBbls):

Balance, January 1, 2017	378,196
Revisions of previous estimates	20,140
Purchases of minerals-in-place	508
Discoveries and extensions	146,822
Improved recovery	-
Production	(57,878)
Sales of minerals-in-place	(4,899)
Balance, December 31, 2017	482,889
Natural Gas Liquids (MBbls):	
Balance, January 1, 2017	136,941
Revisions of previous estimates	44,995
Purchases of minerals-in-place	179
Discoveries and extensions	49,378
Improved recovery	-
Production	(20,078)
Sales of minerals-in-place	(918)
Balance, December 31, 2017	210,497
Natural Gas (MMcf):	
Balance, January 1, 2017	1,264,729
Revisions of previous estimates	365,275
Purchases of minerals-in-place	3,891
Discoveries and extensions	266,347
Improved recovery	-
Production	(143,464)
Sales of minerals-in-place	(4,898)
Balance, December 31, 2017	1,751,880
Equivalent Barrels (MBOE):	
Balance, January 1, 2017	725,925
Revisions of previous estimates (a)	126,015
Purchases of minerals-in-place	1,335
Discoveries and extensions	240,591
Production (b)	(101,867)
Sales of minerals-in-place	(6,633)
Balance, December 31, 2017	985,366

Costs incurred for oil and gas producing activities (in millions):

Property acquisition costs:	
Proved	\$ 8
Unproved	128
	136
Exploration costs	2,033
Development costs	628
Total costs incurred (c)	\$ 2,797
Reserve replacement percentage (d)	361
Drillbit reserve replacement percentage (excludes pricing revisions and purchases of minerals-in-place) (e)	309
F&D costs per BOE of proved reserves added (f)	\$ 7.60
Drillbit F&D costs per BOE of proved reserves added (excludes pricing revisions and purchases of minerals-in-place) (g)	\$ 8.46

(a) Revisions of previous estimates includes 52.2 MMBOEs of positive price revisions and 73.8 MMBOEs of positive technical revisions.

(b) Production includes 2.5 MMBOE related to field fuel.

(c) Costs incurred includes \$1 million of capitalized interest, \$17 million of asset retirement obligation decreases and \$66 million of G&G/G&A.

(d) The summation of annual proved reserves, on a BOE basis, attributable to revisions of previous estimates, purchases of minerals-in-place and discoveries and extensions divided by annual production of oil, NGLs and gas, on a BOE basis.

(e) The summation of annual proved reserves, on a BOE basis, attributable to revisions of previous estimates (excluding price revisions) and discoveries and extensions divided by annual production of oil, NGLs and gas, on a BOE basis.

(f) Total costs incurred divided by the summation of annual proved reserves, on a BOE basis, attributable to revisions of previous estimates, purchases of minerals-in-place and discoveries and extensions. Consistent with industry practice, future capital costs to develop proved undeveloped reserves are not included in costs incurred.

(g) The summation of exploration and development costs incurred divided by the summation of annual proved reserves, on a BOE basis, attributable to revisions of previous estimates (excluding price revisions) and discoveries and extensions. Consistent with industry practice, future capital costs to develop proved undeveloped reserves are not included in costs incurred.

PIONEER NATURAL RESOURCES COMPANY

UNAUDITED RECONCILIATION OF PV-10 TO STANDARDIZED MEASURE

December 31, 2017

PV-10 is the estimated future net cash flows from proved reserves discounted at an annual rate of 10 percent before giving effect to income taxes. Standardized Measure is the after-tax estimated future cash flows from proved reserves discounted at an annual rate of 10 percent, determined in accordance with GAAP. Pioneer uses PV-10 as one measure of the value of the Company's proved reserves and to compare relative values of proved reserves among exploration and production companies without regard to income taxes. Pioneer believes that securities analysts and rating agencies use PV-10 in similar ways. Pioneer's management believes PV-10 is a useful measure for comparison of proved reserve values among companies because, unlike Standardized Measure, it excludes future income taxes that often depend principally on the characteristics of the owner of the reserves rather than on the nature, location and quality of the reserves themselves. Below is a reconciliation of PV-10 to Standardized Measure using SEC oil and gas NYMEX pricing (in billions):

	\$51.34/\$2.98
	SEC Pricing
PV-10 at December 31, 2017	\$ 8.9
Discounted Effect of Income Taxes	\$ (0.7)
Standardized Measure at December 31, 2017 (a)	\$ 8.2

(a) Standardized Measure includes the benefit of a lower future federal income tax rate as a result of the Tax Cuts and Jobs Act that was enacted in December 2017.

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