Pioneer Natural Resources Announces Increased Derivative Coverage and Additional Oil Marketing Detail

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Pioneer Natural Resources Company (NYSE:PXD) ("Pioneer" or "the Company") today announced that it has increased its derivative coverage in 2020 and 2021, and provided additional detail on its differentiated oil marketing strategy.

Pioneer has increased its derivatives coverage for both 2020 and 2021, providing additional protection in the event that oil prices remain depressed as a result of global macroeconomic factors. As an example of the enhanced protection provided by the Company’s derivative portfolio, the derivative positions for the second quarter of 2020 provide a forecasted cash uplift to the Company of approximately $280 million if Brent oil prices average $25 per barrel during the quarter. Brent oil price sensitivities attributable to the Company’s derivative portfolio for the remainder of 2020 can be found in the accompanying tables. Further, Pioneer also added a new $900 million 364-Day Credit Facility providing incremental liquidity to its already strong balance sheet.

Pioneer sells its oil under firm contracts in the Midland Basin. For market diversification purposes, the Company also purchases similar oil volumes in Midland and transports those volumes under five major firm transportation (FT) agreements to multiple destinations along the Gulf Coast (Nederland, Houston and Corpus Christi) where it is sold into the refinery and export markets at Brent-related pricing. These FT agreements are complemented with firm contracts for storage and dock space at the Gulf Coast commensurate with the oil volumes covered by the FT agreements.

Pioneer maintains diversity of destination and flow by transporting oil to the three separate Gulf Coast destinations via five pipelines, minimizing counterparty risk and allowing it access to the major refinery complexes in the United States and large international export facilities. The combination of the Company’s strong balance sheet, enhanced derivative portfolio, firm sales contracts and firm transportation agreements provide critical financial support during these volatile market conditions. The Company will continue to monitor the fluid macroeconomic environment and will be flexible and responsive to changing market conditions to preserve its strong balance sheet.

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 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, volatility of commodity prices, product supply and demand, the impact of the coronavirus outbreak on global and national economic activity, 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, storage, 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, cybersecurity risks, 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 Pioneer’s Annual Report on Form 10-K for the year ended December 31, 2019, 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.

The Company's open commodity oil and gas derivative positions as of March 31, 2020 are as follows:

	2020				Year Ending December 31, 2021	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter		
Average daily oil production associated with derivatives (Bbl)						
Brent collar contracts with short puts: (a)						
Volume	145,500	135,500	115,500	115,500	—	
Price:						
Ceiling	$	68.46	68.84	69.78	69.78	&
Floor	$	61.64	61.76	62.06	62.06	&
Short put	$	53.45	53.48	53.56	53.56	&
Swap contracts:						
Volume	3,407	98,911	177,900	160,900	57,750	
Brent price	$	60.86	37.27	35.68	36.43	4
Brent call contracts sold:						
Volume per day (b)	—	—	—	—	20,000	
Price per Bbl	$	—	—	—	—	6
Brent collar contracts with short puts:						
Volume	—	121,000	31,000	31,000	96,000	
Price:						
Ceiling	$	—	36.60	43.15	43.15	4
Floor	$	—	31.12	34.84	34.84	4
Short put	$	—	21.31	24.84	24.84	3
Average daily gas production associated with derivatives (MMBtu)						
Swap contracts:						
Volume	—	30,000	30,000	16,739	2,466	
NYMEX price	$	—	2.41	2.41	2.43	2
Basis swap contracts:						

Permian Basin index swap volume (c)	—	30,000	30,000	16,739	2,466
Price differential ($/MMBtu)	$ —	($1.68)	($1.68)	($1.59)	(1

(a) Represents collar contracts with short puts that were entered into prior to March 2020. During March 2020, the Company entered into incremental swap contracts and collar contracts with short puts to provide additional downside protection for the second quarter through fourth quarter 2020 volumes.

(b) The referenced call contracts were sold in exchange for higher ceiling prices on certain 2020 collar contracts with short puts.

(c) The referenced basis swap contracts fix the basis differentials between the index price at which the Company sells its Permian Basin gas and the NYMEX index price used in swap contracts.

The following table provides the estimated settlement proceeds, under various Brent oil price assumptions, attributable to the Company's open oil derivative positions (as of March 31, 2020) that are scheduled to settle during the second through fourth quarters of 2020:

	2020		
	Second Quarter	Third Quarter	Fourth Quarter
	(in millions)		
Assumed Brent Price ($/Bbl):			
$20.00	$ 366	$ 376	$ 362
$25.00	$ 280	$ 293	$ 288
$30.00	$ 180	$ 197	$ 199
$35.00	$ 123	$ 101	$ 111

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