

PIONEER NATURAL RESOURCES CO  
Form 8-K  
July 19, 2011

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): July 19, 2011

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 (Address of principal executive offices)		75039 (Zip Code)

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

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))



## 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 regarding the impact of changes in the fair values of its derivative instruments on the results of operations for the three and six months ended June 30, 2011 and certain other information regarding its derivative instruments.

The following table summarizes non-hedge net derivative gains and losses that Pioneer expects to record in its earnings for the three and six months ended June 30, 2011:

DERIVATIVE GAINS (LOSSES), NET  
(in thousands)

	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
Noncash changes in fair value:		
Oil derivative gains (losses)	\$ 171,615	\$ (41,336)
Natural gas liquids ("NGL") derivative gains (losses)	3,324	(3,794)
Gas derivative gains (losses)	31,583	(16,977)
Diesel derivative gains	96	96
Interest rate derivative gains	14,575	7,394
Total noncash derivative gains (losses), net	221,193	(54,617)
Cash settled changes in fair value:		
Oil derivative losses	(27,607)	(40,841)
NGL derivative losses	(4,629)	(7,325)
Gas derivative gains	40,521	82,800
Interest rate derivative gains	-	5,029
Total cash derivative gains, net	8,285	39,663
Total derivative gains (losses), net	\$ 229,478	\$ (14,954)

## Item 7.01 Regulation FD Disclosure

Oil, gas and NGL price derivatives. The following table presents Pioneer's open commodity oil, gas and NGL derivative positions as of July 18, 2011.

	2011						
	Third	Fourth	2012	2013	2014	2015	
	Quarter	Quarter					
Average Daily Oil Production							
Associated with							
Derivatives (Bbls):							
Swap Contracts:							
Volume	750	750	3,000	3,000	-	-	-
NYMEX price	\$ 77.25	\$ 77.25	\$ 79.32	\$ 81.02	\$ -	\$ -	-
Collar Contracts:							
Volume	2,000	2,000	2,000	-	-	-	-
NYMEX price:							
Ceiling	\$ 170.00	\$ 170.00	\$ 127.00	\$ -	\$ -	\$ -	-
Floor	\$ 115.00	\$ 115.00	\$ 90.00	\$ -	\$ -	\$ -	-
Collar Contracts with							
Short Puts:							
Volume	32,000	32,000	36,000	21,250	12,000	-	-
NYMEX price:							
Ceiling	\$ 99.33	\$ 99.33	\$ 117.99	\$ 117.38	\$ 128.16	\$ -	-
Floor	\$ 73.75	\$ 73.75	\$ 80.42	\$ 80.18	\$ 87.92	\$ -	-
Short Put	\$ 59.31	\$ 59.31	\$ 65.00	\$ 65.18	\$ 72.92	\$ -	-
Percent of total oil production (a)	~85%	~80%	~75%	~35%	~15%		N/A
Average Daily NGL Production Associated with							
Derivatives (Bbls):							
Swap Contracts:							
Volume	1,150	1,150	750	-	-	-	-
Blended index price (b)	\$ 51.50	\$ 51.50	\$ 35.03	\$ -	\$ -	\$ -	-
Collar Contracts:							
Volume	2,650	2,650	-	-	-	-	-
Index price (b):							
Ceiling	\$ 64.23	\$ 64.23	\$ -	\$ -	\$ -	\$ -	-
Floor	\$ 53.29	\$ 53.29	\$ -	\$ -	\$ -	\$ -	-
Percent of total NGL production (a)	~15%	~15%	<5%	N/A	N/A		N/A
Average Daily Gas Production Associated with							
Derivatives (MMBtu):							
Swap Contracts:							
Volume	117,500	117,500	105,000	67,500	50,000	-	-
NYMEX price (c)	\$ 6.13	\$ 6.13	\$ 5.82	\$ 6.11	\$ 6.05	\$ -	-

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Collar Contracts:

Volume	-	-	65,000	150,000	140,000	50,000
NYMEX price (c):						
Ceiling	\$ -	\$ -	\$ 6.60	\$ 6.25	\$ 6.44	\$ 7.92
Floor	\$ -	\$ -	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00

Collar Contracts with

Short Puts:

Volume	200,000	200,000	190,000	45,000	50,000	-
NYMEX price (c):						
Ceiling	\$ 8.55	\$ 8.55	\$ 7.96	\$ 7.49	\$ 8.08	\$ -
Floor	\$ 6.32	\$ 6.32	\$ 6.12	\$ 6.00	\$ 6.00	\$ -
Short Put	\$ 4.88	\$ 4.88	\$ 4.55	\$ 4.50	\$ 4.50	\$ -

Percent of total gas

production (a)	~90%	~85%	~80%	~50%	~40%	~5%
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Basis Swap Contracts:

Permian Basin Index						
Swaps volume (d)	20,000	20,000	32,500	2,500	-	-
Price differential (\$/MMBtu)	\$ (0.30)	\$ (0.30)	\$ (0.38)	\$ (0.31)	\$ -	\$ -
Mid-Continent Index						
Swaps volume (d)	100,000	100,000	40,000	10,000	-	-
Price differential (\$/MMBtu)	\$ (0.71)	\$ (0.71)	\$ (0.58)	\$ (0.71)	\$ -	\$ -
Gulf Coast Index						
Swaps volume (d)	23,500	23,500	53,500	40,000	20,000	-
Price differential (\$/MMBtu)	\$ (0.16)	\$ (0.16)	\$ (0.15)	\$ (0.13)	\$ (0.14)	\$ -

- (a) Represents an estimated percentage of forecasted production, which may differ from the percentage of actual production.
- (b) Represents weighted average index price per Bbl of each NGL component.
- (c) Represents the NYMEX Henry Hub index price or approximate NYMEX Henry Hub index price based on historical differentials to the index price on the derivative trade date.
- (d) Represent swaps that fix the basis differentials between the indices price at which the Company sells its Permian Basin, Mid-Continent and Gulf Coast gas and the NYMEX Henry Hub index price used in gas swap contracts.

Diesel price derivatives. During the second quarter of 2011, the Company purchased diesel derivative swap contracts for 250 notional Bbls per day for the period from July 2011 through December 2011 at an average per Bbl fixed price of \$123.90. The diesel derivative swap contracts are priced at an index that is highly correlated to the prices that the Company incurs to fuel its drilling rigs and fracture stimulation fleet equipment. The Company purchases diesel derivative swap contracts to mitigate fuel price risk. The Company's diesel derivative swap contracts are not included in the table presented above.

Interest rate derivatives. The Company has outstanding fixed-for-variable interest rate swap contracts for \$470 million notional amount of debt, whereby the Company pays a variable London Interbank Offered Rate-based rate and the counterparties pay an average fixed annual rate of 2.92 percent.

#### 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, litigation, the costs and results of drilling and operations, availability of equipment, services and personnel required to complete the Company's operating activities, access to and availability of transportation, processing and refining 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, derivative contracts and joint ventures and the purchasers of Pioneer's oil, NGL and gas production, uncertainties about estimates of reserves 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, international operations, and associated international political and economic instability, 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/ Frank W.  
                          Hall  
                          Frank W. Hall,  
                          Vice President and Chief  
                          Accounting Officer

Dated: July 19, 2011

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