UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________
Commission File Number: 1-13245

PIONEER NATURAL RESOURCES COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**75-2702753**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**

777 Hidden Ridge
Irving, Texas 75038
(Address of principal executive offices and zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $.01 per share	PXD	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** ☒ **No** ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes** ☐ **No** ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	**Accelerated filer**	☐
Non-accelerated filer	☐	**Smaller reporting company**	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.1D-1(b) ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). **Yes** ☐ **No** ☒

Aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter	**$**	**53,223,207,626**
Number of shares of Common Stock outstanding as of February 21, 2023		**235,004,153**

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Portions of the Definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held in May 2023 are incorporated into Part III of this Report.

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Definitions of Certain Terms and Conventions Used Herein

Within this Report, the following terms and conventions have specific meanings:

Measurements.

- ***"Bbl"*** means a standard barrel containing 42 United States gallons.
- ***"Bcf"*** means one billion cubic feet and is a measure of gas volume.
- ***"BOE"*** means a barrel of oil equivalent and is a standard convention used to express oil and gas volumes on a comparable oil equivalent basis. Gas equivalents are determined under the relative energy content method by using the ratio of six thousand cubic feet of gas to one Bbl of oil or natural gas liquid.
- ***"BOEPD"*** means BOE per day.
- ***"MMBOPD"*** means one million barrels of oil per day.
- ***"Btu"*** means British thermal unit, which is a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.
- ***"MBbl"*** means one thousand Bbls.
- ***"MBOE"*** means one thousand BOEs.
- ***"Mcf"*** means one thousand cubic feet and is a measure of gas volume.
- ***"MMBbl"*** means one million Bbls.
- ***"MMBOE"*** means one million BOEs.
- ***"MMBtu"*** means one million Btus.
- ***"MMcf"*** means one million cubic feet.

Indices.

- ***"Brent"*** means Brent oil price, a major trading classification of light sweet oil that serves as a benchmark price for oil worldwide.
- ***"WTI"*** means West Texas Intermediate, a light sweet blend of oil produced from fields in western Texas and is a grade of oil used as a benchmark in oil pricing.

General terms and conventions.

- ***"DD&A"*** means depletion, depreciation and amortization.
- ***"ESG"*** means environmental, social and governance.
- ***"Field fuel"*** means gas consumed to operate field equipment (primarily compressors) prior to the gas being delivered to a sales point.
- ***"GAAP"*** means accounting principles generally accepted in the United States of America.
- ***"GHG"*** means greenhouse gases.
- ***"LNG"*** means liquefied natural gas.
- ***"NGLs"*** means natural gas liquids, which are the heavier hydrocarbon liquids that are separated from the gas stream; such liquids include ethane, propane, isobutane, normal butane and natural gasoline.
- ***"NYMEX"*** means the New York Mercantile Exchange.
- ***"NYSE"*** means the New York Stock Exchange.
- ***"OPEC"*** means the Organization of Petroleum Exporting Countries.
- ***"Pioneer"*** or the ***"Company"*** means Pioneer Natural Resources Company and its subsidiaries.
- ***"Proved developed reserves"*** means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well.
- ***"Proved reserves"*** means those quantities of oil and gas, which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations – prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

  (i) The area of the reservoir considered as proved includes: (A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be

continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons as seen in a well penetration unless geoscience, engineering or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

- ***"Proved undeveloped reserves"*** means reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

  (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

  (ii) Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

  (iii) Under no circumstances shall estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

- ***"SEC"*** means the United States Securities and Exchange Commission.
- ***"Standardized Measure"*** means the after-tax present value of estimated future net cash flows of proved reserves, determined in accordance with the rules and regulations of the SEC, using prices and costs employed in the determination of proved reserves and a 10 percent discount rate.
- ***"U.S."*** means United States.
- With respect to information on the working interest in wells, drilling locations and acreage, ***"net"*** wells, drilling locations and acres are determined by multiplying ***"gross"*** wells, drilling locations and acres by the Company's working interest in such wells, drilling locations or acres. Unless otherwise specified, wells, drilling locations and acreage statistics quoted herein represent gross wells, drilling locations or acres.
- ***"WASP"*** means weighted average sales price.
- All currency amounts are expressed in U.S. dollars.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains forward-looking statements that involve risks and uncertainties. When used in this document, the words "believes," "plans," "expects," "anticipates," "forecasts," "models," "intends," "continue," "may," "will," "could," "should," "future," "potential," "estimate," or the negative of such terms and similar expressions as they relate to the Company are intended to identify forward-looking statements, which are generally not historical in nature. The forward-looking statements are based on the Company's current expectations, assumptions, estimates and projections about the Company and the industry in which the Company operates. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond the Company's control. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse effect on it.

These risks and uncertainties include, among other things, volatility of commodity prices; product supply and demand; the impact of armed conflict (including the war in Ukraine) and political instability on economic activity and oil and gas supply and demand; competition; the ability to obtain drilling, environmental and other permits and the timing thereof; the effect of future regulatory or legislative actions on Pioneer or the industry in which it operates, including potential changes to tax laws; the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms; potential liability resulting from pending or future litigation; the costs, including the potential impact of cost increases due to inflation and supply chain disruptions, and results of development and operating activities; the impact of a widespread outbreak of an illness, such as the COVID-19 pandemic, on global and U.S. economic activity, oil and gas demand, and global and U.S. supply chains; the risk of new restrictions with respect to development activities, including potential changes to regulations resulting in limitations on the Company's ability to dispose of produced water; availability of equipment, services, resources and personnel required to perform the Company's development and operating activities; access to and availability of transportation, processing, fractionation, refining, storage and export facilities; Pioneer's ability to replace reserves, implement its business plans or complete its development activities as scheduled; the Company's ability to achieve its emissions reductions, flaring and other ESG goals; access to and cost of capital; the financial strength of (i) counterparties to Pioneer's credit facility and derivative contracts, (ii) issuers of Pioneer's investment securities and (iii) purchasers of Pioneer's oil, NGL and gas production and downstream sales of purchased commodities; uncertainties about estimates of reserves, identification of drilling locations and the ability to add proved reserves in the future; the assumptions underlying forecasts, including forecasts of production, operating cash flow, well costs, capital expenditures, rates of return, expenses, and cash flow from downstream purchases and sales of oil and gas, net of firm transportation commitments; tax rates; quality of technical data; environmental and weather risks, including the possible impacts of climate change on the Company's operations and demand for its products; cybersecurity risks; the risks associated with the ownership and operation of the Company's water services business and acts of war or terrorism. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse effect 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. See "Item 1. Business — Competition, Oil and Gas Industry Considerations, Marketing of Production, Sustainability and Environmental Compliance Costs and Regulation," "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for a description of various factors that could materially affect the ability of Pioneer to achieve the anticipated results described in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. The Company undertakes no duty to publicly update these statements except as required by law.

PART I

ITEM 1. BUSINESS

General

Pioneer is a Delaware corporation whose common stock is listed and traded on the NYSE. The Company is a large independent oil and gas exploration and production company that explores for, develops and produces oil, NGLs and gas in the Midland Basin in West Texas.

The Company's principal executive office is located at 777 Hidden Ridge, Irving, Texas, 75038. The Company also maintains an office in Midland, Texas and field offices in the Midland Basin.

Available Information

Pioneer files or furnishes annual, quarterly and current reports, proxy statements and other documents with the SEC under the Securities Exchange Act of 1934 (the "Exchange Act"). The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers, including Pioneer, that file electronically with the SEC.

The Company makes available, free of charge, through its website (www.pxd.com) its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the SEC. In addition to the reports filed or furnished with the SEC, Pioneer publicly discloses information from time to time in its press releases and investor presentations that are posted on its website or during publicly accessible investor conferences. Such information, including information posted on or connected to the Company's website, is not a part of, or incorporated by reference in, this Report or any other document the Company files with or furnishes to the SEC.

Mission and Strategies

The Company's mission is to be America's leading independent energy company, focused on value, safety, the environment, technology and its people. The Company's long-term strategy is centered around the following strategic objectives:

- maintaining a strong balance sheet and financial flexibility;
- returning free cash flow to shareholders via a stable and growing base dividend, a variable dividend and share repurchases;
- utilizing the Company's scale and technological advancements to reduce costs and improve efficiency;
- delivering economic production and reserve growth through drilling, completion and production improvement activities;
- setting high expectations for employees and contractors to perform their jobs in a safe manner; and
- maintaining industry-leading sustainable development and environmental stewardship efforts.

The Company's long-term strategy is anchored by the Company's interests in the long-lived Spraberry/Wolfcamp oil field located in the Midland Basin in West Texas, which has an estimated remaining productive life in excess of 55 years.

Competition

The oil and gas industry is highly competitive in the exploration for and acquisition of reserves, the acquisition of oil and gas leases, marketing of oil, NGL and gas production, the obtaining of equipment and services and the hiring and retention of staff necessary for the identification, evaluation, operation and acquisition and development of oil and gas properties. The Company's competitors include major integrated oil and gas companies, other independent oil and gas companies and individuals engaged in the exploration for and development of oil and gas properties. The Company also faces competition from companies that supply alternative sources of energy, such as wind, solar and other renewables. Competition will increase as alternative energy technology becomes more reliable and governments throughout the world support or mandate the use of such alternative energy.

Competitive advantage is gained in the oil and gas exploration and development industry by employing well-trained and experienced personnel who make prudent capital investment decisions based on management direction, embrace technological innovation and are focused on price and cost management. The Company has a team of dedicated employees who represent the

professional disciplines and sciences that the Company believes are necessary to allow Pioneer to maximize the long-term profitability inherent in its physical assets.

See "Item 1A. Risk Factors - The Company faces significant competition and some of its competitors have resources in excess of the Company's available resources." for additional information.

Oil and Gas Industry Considerations

The COVID-19 pandemic resulted in a severe worldwide economic downturn, significantly disrupting the demand for oil throughout the world, and created significant volatility, uncertainty and turmoil in the oil and gas industry. The decrease in demand for oil, combined with excess supply of oil and related products, resulted in oil prices declining significantly beginning in late February 2020. Since mid-2020, oil prices have improved, with demand steadily increasing despite the uncertainties surrounding the COVID-19 variants, and related responses by governments worldwide with regards to travel restrictions, business closures and other restrictions, which have continued to inhibit a full global demand recovery. In addition, worldwide oil inventories, from a historical perspective, remain low and concerns exist with the ability of OPEC and other oil producing nations to meet forecasted future oil demand growth, with many OPEC countries not able to produce at their OPEC agreed upon quota levels due to their limited capital investments directed towards developing incremental oil supplies over the past few years. Furthermore, sanctions, import bans and price caps on Russia have been implemented by various countries in response to the war in Ukraine, further impacting global oil supply. As a result of these and other oil and gas supply constraints, the world has experienced significant increases in energy costs. During December 2022, OPEC announced a continuation of its 2 MMBOPD production cut that started in November 2022 related to the uncertainty surrounding the global economy and future oil demand. As a result of the current global supply and demand imbalances, oil and gas prices have remained strong with average NYMEX oil and NYMEX gas prices for the three months ended December 31, 2022 being $82.64 per Bbl and $6.26 per Mcf, respectively, as compared to $77.19 per Bbl and $5.84 per Mcf, respectively, for the same period in 2021. In addition, the ongoing pandemic, combined with the Russia/Ukraine conflict, has resulted in global supply chain disruptions, which has led to significant cost inflation and the potential for a global recession. Specifically, the Company's 2022 capital program was impacted by higher than expected inflation in steel, diesel and chemical prices, among other items.

Global oil price levels and inflationary pressures will ultimately depend on various factors that are beyond the Company's control, such as (i) the ability of OPEC and other oil producing nations to manage the global oil supply, (ii) the impact of sanctions and import bans on production from Russia, (iii) the timing and supply impact of any Iranian sanction relief on their ability to export oil, (iv) the effectiveness of responses by businesses and governments to combat any additional outbreaks of the COVID-19 virus and their impact on domestic and worldwide demand, (v) the global supply chain constraints associated with manufacturing and distribution delays, (vi) oilfield service demand and cost inflation, (vii) political stability of oil consuming countries and (viii) increasing expectations that the world may be heading into a global recession. The Company continues to assess and monitor the impact of these factors and consequences on the Company and its operations.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

Divestiture Activities

The Company regularly reviews its asset base to identify nonstrategic assets, the disposition of which would increase capital resources available for other activities, create organizational and operational efficiencies and further the Company's objective of maintaining a strong balance sheet to ensure financial flexibility.

In February 2022, the Company completed the sale of its equity interest in certain gas gathering and processing systems in northern Martin County for cash proceeds of $125 million (the "Martin County Gas Processing Divestiture"). The sale was treated as a recovery of investment from a partial sale of proved property resulting in no gain or loss being recognized.

See Note 3 and Note 4 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Marketing of Production

General. Production from the Company's properties is marketed using methods that are consistent with industry practices. Sales prices for oil, NGL and gas production are negotiated based on factors normally considered in the industry, such as an index or spot price, distance from the well to a major pipeline, commodity quality and prevailing supply and demand conditions. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for additional information.

Seasonal nature of business. Generally, but not always, the demand for gas decreases during the summer months and increases during the winter months. Seasonal anomalies such as mild winters or hot summers may impact general seasonal changes in gas demand.

Delivery commitments. The Company has committed certain volumes of oil, NGLs and gas to customers under a variety of contracts, some of which have volumetric firm transportation or fractionation requirements that could require monetary shortfall penalties if the Company's transported or fractionation volumes are insufficient to satisfy associated commitments. See Note 11 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Significant purchasers. During 2022, the Company's oil, NGL and gas sales to Energy Transfer Crude Marketing LLC, Shell Trading US Company, Occidental Energy Marketing Inc. and Plains Marketing Inc. accounted for 23 percent, 14 percent, 12 percent and 10 percent of the Company's oil, NGL and gas revenues, respectively. The loss of one of these significant purchasers or an inability to secure adequate pipeline, gas plant and NGL fractionation infrastructure for production could have a material adverse effect on the Company's ability to produce and sell its oil, NGL and gas production.

Revenues from sales of purchased oil to Occidental Energy Marketing Inc. accounted for 14 percent of the Company's sales of purchased commodities. No other sales customer exceeded 10 percent of the Company's sales of purchased commodities during 2022. The loss of the Company's significant purchaser of purchased commodities would not be expected to have a material adverse effect on the Company's ability to sell commodities it purchases from third parties.

See Note 13 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Sustainability and Environmental Compliance Costs

Since 2019, the Company has annually published a Sustainability Report that follows the guidance provided by the Global Reporting Initiative framework and the Sustainability Accounting Standards Board to address its ESG performance. Since 2021, the Company has annually published a Climate Risk Report that is structured in accordance with the Task Force on Climate-related Financial Disclosures framework. The Climate Risk Report is used to increase the transparency of Pioneer's progress toward integrating climate-related risks and opportunities into the Company's governance structure, business strategy and planning processes, and its risk management practice. For more information on the Company's approach to sustainability management, refer to its Sustainability Report and Climate Risk Report, which are available on Pioneer's website (www.pxd.com). Information contained in the Company's Sustainability Reports and Climate Risk Reports is not incorporated by reference into, and does not constitute a part of, this Report. While the Company believes that the disclosures contained in the Company's Sustainability Reports, Climate Risk Reports, and other voluntary disclosures regarding ESG matters are responsive to various areas of investor interest, the Company believes that certain of these disclosures do not currently address matters that are material to the Company's operations, strategy, financial condition, or financial results, although this view may change in the future based on new information that could materially alter the estimates, assumptions, or timelines used to create these disclosures. Given the estimates, assumptions and timelines used to create the Company's Sustainability Reports, Climate Risk Reports, and other voluntary disclosures, the materiality of these disclosures is inherently difficult to assess in advance.

The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation and actual future expenditures may be different from the amounts the Company currently anticipates. As with the upstream industry in general, complying with current and anticipated environmental laws and regulations can increase the Company's capital costs to drill, complete and construct and operate facilities. While these laws and regulations may affect the Company's capital expenditures and net income, the Company does not believe they will have a material adverse effect on its business, financial position, results of operations or cash flows, nor does the Company believe that they will affect its competitive position since the operations of its competitors are generally similarly affected. Future events, such as changes in existing laws or enforcement policies, the promulgation of new laws or regulations or the development or discovery of new facts or conditions may cause the Company to incur significant costs. See "Health, Safety and Environmental Risks" in "Item 1A. Risk Factors" for additional information.

Environmental, social, and governance leadership. The Company's ESG Task Force comprises a subset of the Company's executive committee (which is comprised of its Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other executive officers ("Executive Committee") and other key officers, leaders and subject matter experts from various disciplines across the Company. The ESG Task Force shapes the Company's long-term ESG strategy and oversees the implementation of corporate ESG goals and related reporting. The ESG Task Force works to provide strategic direction and expert advice to the broader organization and through its leadership, the Company has improved its ESG governance processes, including: (i) aiding the Company's Board of Directors (the "Board") in formalizing its oversight of ESG goals and the

formation of the Sustainability and Climate Oversight Committee; (ii) establishing and progressing the Company's long-term net zero (Scope 1 and Scope 2) emissions ambition; (iii) aligning risk management and decision-making processes with voluntary frameworks, including the Task Force on Climate-related Financial Disclosure and the Sustainability Accounting Standards Board; (iv) driving strategic and operational activities to implement ESG goals; (v) sanctioning a third-party audit to provide limited data assurance; and (vi) progressing the Company's supply chain performance. The priority of the ESG Task Force is to continue to assess, develop and progress ESG activities at the Company.

Human Capital

As of December 31, 2022, the Company had 2,076 employees, 900 of whom were employed in field operations.

Values and governance. Pioneer's approach to human capital management is guided by its core RESPECT values. These values - Respect and inclusion, Ethics and honesty, Safety and stewardship, Personal accountability, Entrepreneurship and innovation, Communication and transparency and Teamwork - apply to all employees, suppliers and contractors and guide how Pioneer interacts with partner companies, communities, the environment and all other stakeholders. Pioneer aims to conduct all aspects of its business in accordance with these core values, which serve as the cultural foundation of the Company.

The Company's Executive Committee and its Board set the Company's human capital management philosophies and goals. They routinely engage on workforce-related topics with the support of the human resources function, which oversees and administers the Company's human capital management programs.

The Company understands that employee recruiting, retention and development play a critical role in the Company's ability to conduct its business activities and achieve its long-term strategy. As a result, the Company's Executive Committee and Board take a holistic view of human capital management and have established policies and development programs with the goal of creating an equitable and inclusive environment to allow all employees to feel respected, valued and connected to the business. The key aspects of the Company's human capital management include the Company's compensation and benefits program, diversity and inclusion initiatives, recruitment, talent management and development, community involvement and Health, Safety and Environment ("HSE") programs.

Compensation and benefits program. The Company annually reviews its compensation levels for all employees in an effort to adjust compensation levels for changing market conditions, allowing the Company to attract and retain a highly skilled workforce. The Company considers its employees to be its greatest asset and encourages them to take full advantage of the benefits and programs the Company offers. To ensure Pioneer attracts and retains top talent, the Company maintains an above-average benefits package. Pioneer's employees participate in incentive plans that take into consideration individual and Company performance through a traditional cash bonus plan and a variable compensation plan denominated in Company stock. These plans align employee compensation with the Company's success on critical performance metrics and goals, while also recognizing individual performance. The variable compensation plan denominated in Company stock is designed to attract and retain employees, reward performance and align the interest of employees with stockholders through the encouragement of stock ownership. In addition to cash and equity compensation, the Company also offers other employee benefits such as Company paid premiums for life and health (medical, dental and vision) insurance, paid time off, paid parental leave, flexible work schedules and a 401(k) plan that includes employer matching contributions.

The Company routinely benchmarks its compensation and benefits program to ensure that the programs remain competitive, continue to align with the Company's RESPECT values and meet the needs of employees and their families. As part of the Company's benefits program, it offers flexible work schedules, including a hybrid remote work program, compressed workweeks and allowances for time off, including a parental leave policy that includes up to twelve weeks of paid leave for the primary caregiver and two weeks of paid leave for the secondary caregiver. The Company's wellness programs include on-site health centers, daycare centers, fitness centers, a range of healthy eating options at employee cafeterias and an employee assistance program to support the mental well-being of employees.

Diversity, equity and inclusion. The Company is committed to creating an inclusive environment where all employees feel respected, valued and connected to the business — a workplace to which individuals bring their authentic selves and can be successful in achieving their goals. The Company's dedicated Diversity, Equity and Inclusion ("DEI") program is focused on every aspect of the Company's business. The Company's Executive Committee is accountable for having long-term DEI goals for their respective departments as the Company believes that senior leadership involvement is crucial for progress on these goals. In addition, DEI plans and progress are reviewed regularly with the Board. The Company has established a variety of DEI initiatives, such as OnePioneer, an employee-led Company organization whose goal is to advance DEI across the entire Company.

The Company actively monitors diversity metrics across its entire workforce. Currently, 31 percent of the Board and 33 percent of the Executive Committee are women and 23 percent of the Board and 11 percent of the Executive Committee

identify as ethnic minorities. The Company intends to disclose its 2022 Consolidated EEO-1 Report on its website (www.pxd.com) after submission of the report to the U.S. Equal Employment Opportunity Commission in an effort to provide additional transparency into the Company's efforts to increase under-represented populations in its workforce.

Talent management and development. The Company's talent planning involves a comprehensive approach to adequately prepare employees for their responsibilities and for future advancement. The Company's performance management process occurs annually and, in accordance with the Company's RESPECT values, encourages and reinforces ongoing feedback and coaching between employees and managers, employee growth and development for their current role and future success and alignment of individual goals with company-wide goals and team objectives. Pioneer strives to build a more skilled and engaged workforce with skill-building and competency-based training and development opportunities. The Company's competency model comprises professional, leadership and technical competencies and complements each employee's individual development planning process. In furtherance of each employee's individual development plan, the Company's workforce is trained in accordance with Pioneer's 70/20/10 learning model (70 percent on-the-job and experience-based, 20 percent collaboration and coaching, 10 percent formal training). Employees are offered a variety of development options including in-person professional trainings, technical trainings, consultation services, vendor partnerships and more.

The Company's talent planning approach also identifies and targets development of critical talent. The Company identifies critical roles based on several factors, including strategic importance, scope and impact, and unique skills. Successor candidates for those critical roles are then identified as those who have the interest, ability and experience to succeed in the critical role within five years. Talent planning enables Pioneer to proactively advance succession planning and offer targeted development for high potential employees and successors, while enabling a cross-functional view of talent to increase visibility and mobility.

Community involvement. Pioneer's dedication to community well-being and success shows in the many ways the Company seeks to be a good neighbor in its operating areas. The Company's employees continually seek out events, organizations, initiatives and partnerships to support the communities where they work and live, and the Company is honored to support their ongoing efforts to enrich the communities where they live and work, including through a charitable matching program.

Health, safety and environment. The Company's HSE organization, with oversight from the Health, Safety and Environment Committee (the "HSE Committee") of the Board, supports the Company's business teams to provide an organized approach for HSE activities and maintain a culture of improvement in HSE practices. The Company's HSE policy identifies and manages health, safety and environmental risks and impacts through business decisions, plans and operations by fostering a culture of safety and environmental stewardship, as well as a proactive network of systems to monitor compliance with regulatory requirements. This policy applies to all employees. The Company expects contractors, vendors and suppliers on Pioneer property for business-related purposes to identify and manage their own HSE risks and impacts in collaboration with the Company, and to maintain an HSE policy that meets or exceeds the Company's HSE policy. This expectation was further strengthened in 2022 with the Company's implementation of a new Supplier Code of Conduct that aligns with and compliments the Company's Code of Conduct and provides additional clarity to suppliers regarding the Company's expectations in connection with HSE risks and other areas including values, human rights, sustainability, compliance and anti-bribery, among others.

The Company's HSE policy covers all Pioneer operations and aligns with the Company's HSE Management System ("HSEMS"). As outlined in the HSE policy, the Company is dedicated to protecting the health and safety of everyone who works at Pioneer facilities by encouraging high standards. All HSE incidents are required to be reported, no matter how small, and are investigated to develop corrective actions to reduce the likelihood of recurrence. The HSEMS consists of 13 elements that set HSE expectations, provide an avenue for employee engagement and drive HSE performance improvement. Pioneer has an HSE risk management program to identify and manage risk across business teams. In support of driving continuous improvement, HSE strategic objectives, focus areas and tactical deliverables are established annually to drive HSE performance. Throughout the year, progress toward these objectives are measured and reported to the Executive Committee and the HSE Committee.

Feedback and engagement. The Company's human capital management approach is augmented by a robust employee feedback program. The Company believes that giving employees a voice is paramount to creating a thriving and resilient culture and undertakes an annual engagement survey to provide a view into overall organizational health. The results are used to identify issues that are important to employees and to implement improvement opportunities. In 2022, the Company received a 76 percent participation rate in the survey and its engagement score ranked in the top 10 percent of companies who used the same platform. Most importantly, the quantitative and qualitative survey data was utilized by leaders across the organization to identify strengths and opportunities for improvement and to inform action plans to address issues.

Regulation

The oil and gas industry is extensively regulated at the federal, state and local levels. Regulations affecting elements of the energy sector are under constant review for amendment or expansion and frequently more stringent requirements are imposed. Various federal and state agencies, including the Texas Railroad Commission, the Bureau of Land Management (the "BLM"), an agency of the U.S Department of the Interior ("DOI"), the U.S. Environmental Protection Agency (the "EPA") and the U.S. Occupational Safety and Health Administration ("OSHA"), have legal and regulatory authority and oversight over the Company's exploration and development activities and operations. Other agencies with certain authority over the Company's business include the Internal Revenue Service, the SEC and NYSE. Ensuring compliance with the rules, regulations and orders promulgated by such entities requires extensive effort and incremental costs to comply, which affects the Company's profitability. Because public policy changes are commonplace, and existing laws and regulations are frequently amended, the Company is unable to predict the future cost or impact of compliance. However, the Company does not expect that any of these laws and regulations will affect its operations materially differently than they would affect other companies with similar operations, size and financial strength.

The following are significant areas of government control and regulation affecting the Company:

Securities regulations. Enterprises that sell securities in public markets are subject to regulatory oversight by agencies such as the SEC and the NYSE. This regulatory oversight imposes many requirements on the Company, including the responsibility for establishing and maintaining disclosure controls and procedures alongside internal controls over financial reporting, and ensuring that the financial statements and other information included in submissions to the SEC do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made in such submissions not misleading. Failure to comply with the rules and regulations of the SEC could subject the Company to litigation from public or private plaintiffs. Failure to comply with the rules of the NYSE could result in the delisting of the Company's common stock, which would have an adverse effect on the market price and liquidity of the Company's common stock. Compliance with some of these rules and regulations is costly, and regulations are subject to change or reinterpretation.

Environmental and occupational health and safety matters. The Company strives to conduct its operations in a socially and environmentally responsible manner and is required to comply with many federal, state and local laws, regulations and executive orders concerning occupational safety and health, the discharge or other release of materials and protection of the environment and natural resources. These environmental legal requirements primarily relate to:

- the discharge or other release of pollutants into federal and state waters and the ambient air;
- assessing the environmental impact of seismic acquisition, drilling and construction activities;
- the generation, storage, transportation and disposal of waste materials, including hazardous substances and wastes;
- the emission of certain gases, including GHGs, into the atmosphere;
- the monitoring, abandonment, reclamation and remediation of wells and other sites, including sites of former operations;
- the development of emergency response and spill contingency plans;
- the protection of threatened and endangered species; and
- worker protection.

The more significant of these existing environmental and occupational health and safety laws and regulations include the following U.S. legal standards, as amended from time to time:

- the Clean Air Act ("CAA"), which restricts the emission of air pollutants from many sources and imposes various preconstruction, operational, monitoring and reporting requirements, and has also been relied upon by the EPA as authority for adopting climate change regulatory initiatives relating to GHG emissions;
- the Federal Water Pollution Control Act, also known as the Clean Water Act ("CWA"), which regulates discharges of pollutants from facilities to state and federal waters, and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the United States;
- the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), which imposes liability on generators, transporters, disposers and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur;
- the Resource Conservation and Recovery Act ("RCRA"), which governs the generation, treatment, storage, transport and disposal of solid wastes, including oil and gas exploration and production wastes and hazardous wastes;
- the Safe Drinking Water Act ("SDWA"), which ensures the quality of the nation's public drinking water through adoption of drinking water standards and controlling the injection of waste fluids into below-ground formations that may adversely affect drinking water sources;

- OSHA, which establishes workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances and appropriate control measures; and
- the Endangered Species Act ("ESA"), which restricts activities that may affect federally identified endangered and threatened species or their habitats through the implementation of operating restrictions or a temporary, seasonal or permanent ban in affected areas.

Additionally, there are existing tribal, state and local jurisdictions where the Company operates that also have, or are developing or considering developing, similar environmental and occupational health and safety laws and regulations governing many of these same types of activities. Failure by the Company to comply with these laws, regulations and regulatory initiatives or controls may result in the assessment of sanctions, including administrative, civil and criminal penalties; the imposition of investigatory, remedial and corrective action obligations or the obligation to incur capital or operating expenditures; the occurrence of restrictions, delays or cancellations in the permitting, development or expansion of projects; and issuance of injunctions restricting or prohibiting some or all of the Company's activities in a particular area. Historically, the Company's environmental and worker safety compliance costs have not had a material adverse effect on its results of operations. However, there can be no assurance that such costs will not be material in the future or that such future compliance will not have a material adverse effect on the Company's business and operational results.

The Company owns, leases or operates numerous properties that have been used for oil and gas exploration and production activities for many years. The Company also has acquired certain properties from third parties whose actions with respect to the management and disposal or release of hydrocarbons, hazardous substances or wastes at or from such properties were not under the Company's control prior to acquiring them. Under certain environmental laws and regulations, such as CERCLA and RCRA, the Company could incur strict joint and several liability due to damages to natural resources or for remediating hydrocarbons, hazardous substances or wastes disposed of or released by prior owners or operators. Moreover, an accidental release of materials into the environment during the Company's operations may cause it to incur significant costs and liabilities. The Company also could incur costs related to the clean-up of third-party sites to which it sent regulated substances for disposal or to which it sent equipment for cleaning and for damages to natural resources or other claims related to releases of regulated substances at or from such third-party sites.

Over time, the trend in environmental and occupational health and safety laws and regulations is to typically place more restrictions and limitations on activities that may adversely affect the environment or expose workers to injury. If existing legal requirements change or new legislative, regulatory or executive initiatives are developed and implemented in the future, the Company may be required to make significant, unanticipated capital and operating expenditures. The Company may not have insurance or be fully covered by insurance against all environmental and occupational health and safety risks. For more information on environmental and occupational health and safety matters, see the risk factors identified as Health, Safety and Environmental Risks in "Item 1A. Risk Factors."

Other regulation of the oil and gas industry. The Company's oil and gas operations are subject to laws and regulations that relate to matters including:

- the acquisition of seismic data;
- location, drilling and casing of wells;
- hydraulic fracturing;
- well production operations;
- disposal of produced water;
- regulation of transportation and sale of oil, NGLs and gas;
- surface usage;
- calculation and disbursement of royalty payments and production taxes; and
- restoration of properties used for oil and gas operations.

Development and production operations are subject to various regulations, including regulations requiring permits for the drilling of wells, the posting of bonds in connection with development and production activities and the filing of reports related to production operations. Texas, and some municipalities in which the Company operates, also regulate one or more of the following:

- the location of wells;
- the method of drilling and casing wells;
- the method and ability to fracture stimulate wells;
- the surface use and restoration of properties upon which wells are drilled;
- the disposal of produced water;

- the plugging and abandoning of wells; and
- notices to surface owners and other third parties.

State laws regulate the size of drilling and spacing units or proration units governing the drilling and production of oil and gas properties. The Company relies on voluntary pooling, production sharing agreements and the drilling of allocation wells to develop its leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce the Company's interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells and generally prohibit the venting or flaring of gas without a permit. These laws and regulations may limit the amount of oil and gas the Company can produce from the Company's wells, negatively affect the economic decision to continue to produce these wells or limit the number of wells or locations that the Company can economically drill.

Approximately one percent of the Company's U.S. oil and gas leases are granted or approved by the federal government and administered by the BLM. All of the Company's federal leases are outside of Texas and the Company has no current operations or plans to further develop the leases at this time. Such leases require compliance with detailed federal regulations and orders that regulate, among other matters, drilling and operations on lands covered by these leases and the calculation and disbursement of royalty payments to the federal government.

See "Regulatory Risks" and "Health, Safety and Environmental Risks" included in "Item 1A. Risk Factors" for additional information.

ITEM 1A. RISK FACTORS

The Company's operations and financial results are subject to various risks and uncertainties, including but not limited to those described below. Other risks are described in "Item 1. Business — Competition, Markets and Regulations," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk." The Company's business could also be affected by additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial. If any of these risks actually occur, it could materially harm the Company's business, financial condition or results of operations or impair the Company's ability to implement business plans or complete development activities as scheduled. In that case, the market price of the Company's common stock could decline. The following risk factors are summarized as general business and industry; operational; financial; health, safety and environmental; and regulatory.

General Business and Industry Risks

- The COVID-19 pandemic and related developments in the global oil markets have had, and depending on the progression of the pandemic, may continue to have, material adverse consequences for general economic, business and industry conditions and for the Company's operations, financial condition, results of operations, cash flows and liquidity and those of its purchasers, suppliers and other counterparties.
- Declining general economic, business or industry conditions could have a material adverse effect on the Company's results of operations.
- The Company may be unable to make attractive acquisitions and any acquisition it completes is subject to substantial risks that could materially and adversely affect its business.
- The Company's ability to complete dispositions of assets or sell partial interests in assets may be subject to factors beyond its control, and in certain cases, the Company may be required to retain liabilities for certain matters.
- The Company's operations and drilling activity are concentrated in the Midland Basin of West Texas; such concentration makes the Company vulnerable to risks associated with operating in a limited geographic area.
- The Company may not be able to obtain access on commercially reasonable terms or otherwise to gathering systems, pipelines and other processing, fractionation, refining, storage, transportation and export facilities to market its oil, NGL and gas production.
- The Company relies on a limited number of purchasers for a majority of its products.
- The refining industry and export facilities may be unable to absorb U.S. oil production, and the ability to export oil is subject to suspension; in any such case, the resulting surplus could depress prices and restrict the availability of markets.
- Estimates of proved reserves and future net cash flows are not precise. The actual quantities and net cash flows of the Company's proved reserves may prove to be lower than estimated.
- Because the Company's producing wells decline continually over time, the Company will need to mitigate these declines through drilling and production enhancement initiatives and/or acquisitions.
- A portion of the Company's total estimated proved reserves as of December 31, 2022 were undeveloped, and those proved reserves may not ultimately be developed.
- The Company faces significant competition and some of its competitors have resources in excess of the Company's available resources.
- The Company's business could be materially and adversely affected by security threats, including cybersecurity threats, and other disruptions.
- Provisions of the Company's charter documents and Delaware law may inhibit a takeover, which could limit the price investors might be willing to pay in the future for the Company's common stock.

Operational Risks

- The Company's operations involve many operational risks, some of which could result in unforeseen interruptions to the Company's operations and substantial losses to the Company for which the Company may not be adequately insured.
- Exploration and development drilling involve substantial costs and risks and may not result in commercially productive reserves.
- Part of the Company's strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.
- The Company's expectations for future drilling activities will be realized over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of such activities.
- Multi-well pad drilling may result in volatility in the Company's operating results.
- The Company's operations are substantially dependent upon the availability of water and its ability to dispose of produced water gathered from drilling and production activities.

- The Company's use of seismic data is subject to interpretation and may not accurately identify the presence of oil and gas, which could materially and adversely affect the results of its future drilling operations.
- The Company's gas processing and gathering systems are subject to operational and regulatory risks.

Financial Risks

- The prices of oil, NGLs and gas are highly volatile.
- Future declines in the price of oil, NGLs and gas could result in a reduction in the carrying value of the Company's proved oil and gas properties.
- The Company's actual production could differ materially from its forecasts.
- The Company could experience periods of higher costs if commodity prices rise.
- The Company is a party to debt instruments, a Credit Facility and other financial commitments that may limit the Company's ability to fund future business and financing activities.
- The Company's return of capital strategies, including its base and variable dividend policy and share repurchase program, may be changed at the discretion of the Board, and the Company's ability to declare and pay base and variable dividends and repurchase shares are subject to certain considerations.
- A failure by purchasers of the Company's production to satisfy their obligations to the Company could have a material adverse effect on the Company's results of operations.
- The Company's derivative risk management activities could result in financial losses, limit the Company's potential gains or fail to protect the Company from declines in commodity prices.
- Pioneer's ability to utilize its U.S. net operating loss carryforwards to offset future income taxes may be limited.
- The Company periodically evaluates its unproved oil and gas properties for impairment and could be required to recognize noncash charges in the earnings of future periods.
- The Company periodically evaluates its goodwill for impairment and could be required to recognize noncash charges in the earnings of future periods.

Health, Safety and Environmental Risks

- The Company's operations are subject to a series of risks arising out of the threat of climate change, energy conservation measures or initiatives that stimulate demand for alternative forms of energy.
- The nature of the Company's assets and production operations may impact the environment or cause environmental contamination.
- The Company's hydraulic fracturing and former sand mining operations may result in silica-related health issues and litigation.
- Increasing attention to ESG matters may impact the Company's business.

Regulatory Risks

- The Company's operations are subject to stringent environmental, oil and gas-related and occupational safety and health legal requirements.
- Laws, regulations and other executive actions or regulatory initiatives regarding hydraulic fracturing could increase the Company's cost of doing business and result in additional operating restrictions, delays or cancellations that could have a material adverse effect on the Company's business, results of operations and financial condition.
- Laws and regulations pertaining to protection of threatened and endangered species or to critical habitat, wetlands and natural resources could delay, restrict or prohibit the Company's operations and cause it to incur substantial costs.
- The Company's transportation of gas; sales and purchases of oil, NGLs and gas or other energy commodities; and any derivative activities related to such energy commodities, expose the Company to potential regulatory risks.
- The enactment of derivatives legislation could have a material adverse effect on the Company's ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with its business.
- The Company's bylaws provide that the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the exclusive forum for certain legal actions between the Company and its stockholders and that the federal district courts of the United States shall be the sole and exclusive forum for the resolution of causes of action arising under the Securities Act of 1933.
- Changes in tax laws or the interpretation thereof or the imposition of new or increased taxes or fees may adversely affect the Company's operations and cash flows.

General Business and Industry Risks

The COVID-19 pandemic and related developments in the global oil markets have had, and depending on the progression of the pandemic, may continue to have, material adverse consequences for general economic, business and industry conditions and for the Company's operations, financial condition, results of operations, cash flows and liquidity and those of its purchasers, suppliers and other counterparties.

The onset of the COVID-19 pandemic significantly affected the global economy, disrupted global supply chains and created significant volatility in the financial markets. In addition, the onset of the pandemic resulted in widespread travel restrictions, business closures and other restrictions that led to a significant reduction in demand for oil, NGLs and gas, resulting in oil prices declining significantly in the first quarter of 2020. While demand for and prices for oil, NGLs and gas have improved throughout 2021 and 2022 as travel restrictions, business closures and other restrictions were lifted, an increase in infections or the onset of a new variant of the virus could again reduce demand for and prices of oil, NGLs and gas. If this were to continue for a prolonged period, the Company, similar to the steps it took at the onset of the pandemic in 2020, may have to make changes to its operations and capital budgets, and the Company's operations, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected. Risks include, but are not limited to, the following:

- An extended decline in commodity prices could materially and adversely affect the amount of oil, NGLs and gas that the Company can produce economically, which may result in (i) the Company having to make significant downward adjustments to its estimated proved reserves and (ii) a shortfall in expected cash flows, which could require the Company to reduce capital spending or borrow funds to cover any such shortfall. In addition, the continuation of depressed prices may adversely affect the ability of the Company to pay dividends or repurchase shares of common stock in the future.
- A reduced demand for oil, combined with an oversupply of oil, would likely result in an oil surplus in the United States and worldwide. If the global demand for oil exports to foreign markets, or if the price that can be obtained in foreign markets does not support the transportation and other costs to reach those destinations, it may be uneconomical to invest in new wells and may cause the Company to shut in producing wells. The Company cannot be certain whether shut-in wells can successfully return to pre-shut-in production levels or that the costs required to return the wells to production will be economical.
- The Company's ability to develop and sell its production could be materially and adversely affected by the inability or unwillingness of third parties to provide sufficient processing, fractionation, refining, transportation, storage or export facilities to the Company. For example, at the onset of the COVID-19 pandemic, oil storage in the United States was, at times, near full capacity in many locations. If this were to again occur for an extended period, the Company's purchasers might decline to purchase the Company's oil, NGLs and gas, and the Company may not be able to store its production. Such a lack of market for or storage capacity for the Company's products could require that the Company shut in some portion of its production. The amount of oil in storage may also keep oil prices at low levels for an extended period, even after demand begins to rise.
- Under Texas law, the Texas Railroad Commission is empowered to prorate oil production in the state based on market demand. If the Texas Railroad Commission finds that waste is taking place or is reasonably imminent, it is empowered to adopt a rule or order to correct, prevent, or lessen the waste. If the Texas Railroad Commission imposes proration in the future, or if any other similar laws or regulations are imposed, those restrictions would limit the amount of oil, NGLs and gas the Company can produce.
- It is possible that any delay, reduction or curtailment of the Company's development and producing operations, whether due to regulatory actions or actions by the Company in reaction to market conditions, could result in the loss of acreage through lease expiration.
- Market conditions resulting from the effects of the COVID-19 pandemic, low oil prices or a negative or recessionary economy could also increase the risk that the purchasers of the Company's production, lenders under its credit agreement, counterparties to its derivative instruments and service providers may be unable to fulfill their obligations in a timely manner, or at all. If any such counterparty were to default on its obligations, such a default could have a material adverse effect on the Company's results of operations.
- The Company performs assessments of its proved and unproved oil and gas properties whenever events or circumstances indicate that the carrying values of those assets may not be recoverable. To the extent such tests indicate a reduction of the estimated useful life or estimated future cash flows of the Company's proved oil and gas properties, an impairment charge could be required to reduce the carrying value of its proved oil and gas properties to their fair value. In addition, goodwill is assessed for impairment whenever it is likely that events or circumstances indicate that the carrying value of a reporting unit exceeds its fair value.
- The Company's operations may be adversely affected if significant portions of its workforce are unable to work effectively, including because of illness, quarantines, social distancing, government actions, or other restrictions in

connection with the COVID-19 pandemic. The Company, as recommended by the Centers for Disease Control and Prevention, has implemented workplace restrictions, including guidance for employees to work remotely for health and safety reasons, where possible. As some employees may have been or may in the future be placed in workplaces where exposure to COVID-19 is possible, the Company may be subject to risk of liability should such employees allege that the Company failed to adequately mitigate the risk of exposure to COVID-19, to the extent obligated to do so. In addition, in order to facilitate remote working arrangements, some employees are accessing workspaces from their personal devices through cloud-based systems, which could increase cybersecurity risks to the Company and to its employees. There can be no assurance that the Company's operations will not be curtailed or suspended or otherwise adversely affected due to such workforce issues.

The Company is not able to predict the ultimate long-term impact of the COVID-19 pandemic on the Company's business, which will depend on numerous evolving factors and future developments that are beyond the Company's control, including the length of time that the pandemic continues, the speed and effectiveness of responses to combat the COVID-19 virus, the impact of the pandemic and its aftermath on the demand for oil, NGLs and gas, the response of the overall economy and the financial markets as well as the effect of governmental actions taken in response to the COVID-19 pandemic.

Declining general economic, business or industry conditions could have a material adverse effect on the Company's results of operations.

The economies in the United States and certain countries in Europe and Asia have been growing, with resulting improvements in industrial demand and consumer confidence. However, other economies, such as those of certain South American nations, continue to face economic struggles or slowing economic growth. If these conditions worsen, combined with a decline in economic growth in other parts of the world, there could be a significant adverse effect on global financial markets and commodity prices. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Global or national health concerns, including the outbreak of pandemic or contagious disease, such as the COVID-19 pandemic, may adversely affect the Company by (i) reducing demand for its oil, NGLs and gas because of reduced global or national economic activity, (ii) impairing its supply chain (for example, by limiting manufacturing of materials used in operations) and (iii) affecting the health of its workforce, rendering employees unable to work or travel. If the economic climate in the United States or abroad were to deteriorate, due to inflation, rising interest rates or otherwise, demand for petroleum products could diminish or stagnate, which could depress the prices at which the Company could sell its oil, NGLs and gas, affect the ability of the Company's vendors, suppliers and customers to continue operations and ultimately decrease the Company's cash flows and profitability. In addition, reduced worldwide demand for debt and equity securities issued by oil and gas companies may make it more difficult for the Company to raise capital to fund its operations or refinance its debt obligations.

The Company may be unable to make attractive acquisitions and any acquisition it completes is subject to substantial risks that could materially and adversely affect its business.

Acquisitions of oil and gas properties, including acreage trades, have from time to time contributed to the Company's growth. Acquisition opportunities in the oil and gas industry are very competitive, which can increase the cost of, or cause the Company to refrain from, completing acquisitions. The success of any acquisition will depend on a number of factors and involves potential risks, including, among other things:

- the inability to accurately forecast future commodity prices and estimate the costs to develop the acquired reserves, the recoverable volumes of the acquired reserves, rates of future production and future net cash flows attainable from the acquired reserves;
- the assumption of unknown liabilities, including environmental liabilities, and losses or costs for which the Company is not indemnified or for which the indemnity the Company receives is inadequate;
- the validity of assumptions about costs, including synergies;
- the effect on the Company's liquidity or financial leverage of using available cash or debt to finance acquisitions or from the amount of debt assumed as part of the acquisition;
- the diversion of management's attention from other business concerns; and
- an inability to hire, train or retain qualified personnel to manage and operate the Company's growing business and assets.

All of these factors affect whether an acquisition will ultimately generate cash flows sufficient to provide a suitable return on investment. Even though the Company performs a review of the properties it seeks to acquire that it believes is consistent with industry practices, such reviews are often limited in scope. As a result, among other risks, the Company's initial estimates of reserves may be subject to revision following an acquisition, which may materially and adversely affect the desired

benefits of the acquisition. See "Risks Associated with Acquisitions" included in "Item 1A. Risk Factors" for additional information.

The Company's ability to complete dispositions of assets or sell partial interests in assets may be subject to factors beyond its control, and in certain cases, the Company may be required to retain liabilities for certain matters.

The Company regularly reviews its property base for the purpose of identifying nonstrategic assets, the disposition of which would increase capital resources available for other activities and create organizational and operational efficiencies. In addition, from time to time, the Company sells an interest in its oil and gas properties for the purpose of assisting or accelerating the asset's development. Various factors could materially affect the ability of the Company to dispose of such nonstrategic assets or partial interests or complete announced dispositions, including the receipt of approvals of governmental agencies or third parties and the availability of purchasers willing to acquire the nonstrategic assets or partial interests on terms and at prices acceptable to the Company.

Sellers typically retain certain liabilities or indemnify buyers for certain pre-closing matters, such as matters of litigation, environmental contingencies, royalty obligations and income taxes. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release the Company from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a divestiture, the Company may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

The Company's operations and drilling activity are concentrated in the Midland Basin of West Texas, an area of high industry activity, which may affect its ability to obtain the personnel, equipment, services, resources and facilities access needed to complete its development activities as planned or result in increased costs; such concentration also makes the Company vulnerable to risks associated with operating in a limited geographic area.

The Company's producing properties are geographically concentrated in the Midland Basin of West Texas. Industry activity is high in the Midland Basin and demand for and costs of personnel, equipment, power, services and resources remains high. Any delay or inability to secure the personnel, equipment, power, services and resources could result in oil, NGL and gas production volumes being below the Company's forecasted volumes. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on the Company's results of operations, cash flow and profitability.

As a result of this concentration, the Company may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, state politics, market limitations, produced water disposal limitations, water or sand shortages, or extreme weather related conditions.

The Company may not be able to obtain access on commercially reasonable terms or otherwise to gathering systems, pipelines and other processing, fractionation, refining, storage, transportation and export facilities to market its oil, NGL and gas production.

The marketing of oil, NGL and gas production depends in large part on the availability, proximity and capacity of gathering systems, pipelines and other processing, fractionation, refining, storage, transportation and export facilities, as well as the existence of adequate markets. If there were insufficient capacity available on these systems, if these systems were unavailable to the Company or if access to these systems were to become commercially unreasonable, the price offered for the Company's production could be significantly depressed, or the Company could be forced to shut in some production or delay or discontinue drilling plans and commercial production following a discovery of hydrocarbons while it constructs its own facility or awaits the availability of third party facilities. The Company also relies (and expects to rely in the future) on facilities developed and owned by third parties in order to gather, store, process, transport, fractionate, refine, export and sell its oil, NGL and gas production. The Company's plans to develop and sell production from its oil and gas reserves could be materially and adversely affected by the inability or unwillingness of third parties to provide sufficient gathering, transportation, storage, processing, fractionation, refining or export facilities to the Company, especially in areas of planned expansion where such facilities do not currently exist. Additionally, certain of these challenges may be compounded by a high level of industry activity in the Permian Basin.

For example, following Hurricane Harvey in 2017 and Hurricanes Gustav and Ike in 2008, certain Permian Basin gas processors were forced to shut down their plants due to the inability of certain Texas Gulf Coast NGL fractionators to operate. The Company was able to produce its oil wells and vent or flare the associated gas; however, there is no certainty the Company will vent or flare gas in the future as a result of its emissions reduction efforts and potential changes in regulations. The amount of oil and gas that can be produced is subject to limitations in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, excessive pressure, physical damage to gathering, transportation, storage, processing,

fractionation, refining or export facilities, or lack of capacity at such facilities. The Company has periodically experienced high line pressure at its tank batteries, which has occasionally led to the flaring of gas due to the inability of the gas gathering systems in the areas to support the increased gas production. The curtailments arising from these and similar circumstances may last for a few days, and in many cases, the Company may be provided only limited, if any, notice as to when these circumstances will arise and their duration.

To the extent that the Company enters into transportation contracts with pipelines that are subject to the United States Federal Energy Regulatory Commission ("FERC") regulation, the Company is subject to FERC requirements related to use of such capacity. Any failure on the Company's part to comply with FERC's regulations and policies related to pipeline transportation, reporting requirements or other regulations, and any failure to comply with a FERC-related pipeline's tariff, could result in the imposition of civil and criminal penalties. In addition, any changes in FERC or state regulations or requirements on pipeline transportation may result in increased transportation costs on pipelines that are subject to such regulation, thereby negatively impacting the Company's profitability.

The Company relies on a limited number of purchasers for a majority of its products.

A limited number of companies purchase a majority of the Company's oil, NGLs and gas. The loss of a significant purchaser could have a material adverse effect on the Company's ability to sell its production.

The refining industry and export facilities may be unable to absorb U.S. oil production, and the ability to export oil is subject to suspension; in any such case, the resulting surplus could depress prices and restrict the availability of markets, which could materially and adversely affect the Company's results of operations.

Absent an expansion of U.S. refining and export capacity, an increase in U.S. production of oil could result in a surplus of these products in the U.S., which would likely cause prices for these commodities to fall and markets to constrict. Although U.S. law was changed in 2015 to permit the export of oil, exports may not occur if demand is lacking in foreign markets or the price that can be obtained in foreign markets does not support associated export capacity expansions, transportation and other costs. In such circumstances, the rate of return on the Company's capital projects would decline, possibly to levels that would make execution of the Company's drilling plans uneconomical, and a lack of market for the Company's products could require that the Company shut in some portion of its production. If this were to occur, the Company's production and cash flow could decrease, or could increase less than forecasted, which could have a material adverse effect on the Company's cash flow and profitability.

Under the 2015 federal law that lifted the ban on U.S. exports of oil, the President, in certain limited circumstances, has the authority to impose export licensing requirements or other restrictions on exports of oil from the U.S. for an initial period of up to one year, subject to extension. Such a limitation could result in a surplus of oil in the U.S., which would likely cause U.S. oil prices to fall.

Estimates of proved reserves and future net cash flows are not precise. The actual quantities and net cash flows of the Company's proved reserves may prove to be lower than estimated.

Numerous uncertainties exist in estimating quantities of proved reserves and future net cash flows therefrom. The estimates of proved reserves and related future net cash flows set forth in this Report are based on various assumptions, which may ultimately prove to be inaccurate.

Petroleum engineering is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. Estimates of economically recoverable oil and gas reserves and estimates of future net cash flows depend upon a number of variable factors and assumptions, including the following:

- historical production from the area compared with production from other producing areas;
- the quality and quantity of available data;
- the interpretation of that data;
- the assumed effects of regulations by governmental agencies;
- assumptions concerning future commodity prices; and
- assumptions concerning future development costs, operating costs, severance, ad valorem and excise taxes, gathering, processing, transportation and fractionation costs and workover and remedial costs.

Because all proved reserve estimates are to some degree subjective, each of the following items may differ materially from those assumed in estimating proved reserves:

- the quantities of oil and gas that are ultimately recovered;
- the production costs incurred to recover the reserves;

- the amount and timing of future development expenditures; and
- future commodity prices.

Furthermore, different reserve engineers may make different estimates of proved reserves and cash flows based on the same available data. The Company's actual production, revenues and expenditures with respect to proved reserves will likely differ from the estimates, and the differences may be material.

As required by the SEC, the estimated discounted future net cash flows from proved reserves are based on average prices preceding the date of the estimate and costs as of the date of the estimate, while actual future prices and costs may be materially higher or lower. Actual future net cash flows also will be affected by factors such as:

- the amount and timing of actual production;
- the level of future capital spending;
- increases or decreases in the supply of or demand for oil, NGLs and gas; and
- changes in governmental regulations or taxation.

Standardized Measure is a reporting convention that provides a common basis for comparing oil and gas companies subject to the rules and regulations of the SEC. In general, it requires the use of commodity prices that are based upon a historical 12-month unweighted average, as well as operating and development costs being incurred at the end of the reporting period. Consequently, it may not reflect the prices ordinarily received or that will be received for future oil and gas production because of seasonal price fluctuations or other varying market conditions, nor may it reflect the actual costs that will be required to produce or develop the oil and gas properties. Accordingly, estimates included herein of future net cash flows may be materially different from the future net cash flows that are ultimately received. In addition, the 10 percent discount factor, which is required by the SEC to be used in calculating discounted future net cash flows for reporting purposes, may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Company or the oil and gas industry in general. Therefore, the estimates of discounted future net cash flows or Standardized Measure in this Report should not be construed as accurate estimates of the current market value of the Company's proved reserves.

Because the Company's producing wells decline continually over time, the Company will need to mitigate these declines through drilling and production enhancement initiatives and/or acquisitions.

Producing oil and gas reservoirs are characterized by declining production rates, which vary depending upon reservoir characteristics and other factors. Because the Company's producing wells decline continually over time as those wells are produced, the Company will need to mitigate these declines through drilling and production enhancement initiatives and/or acquisitions of additional recoverable reserves. There can be no assurance that the Company will be able to develop, exploit, find or acquire sufficient additional reserves to replace its current or future production.

A portion of the Company's total estimated proved reserves as of December 31, 2022 were undeveloped, and those proved reserves may not ultimately be developed.

As of December 31, 2022, 11 percent of the Company's total estimated proved reserves were undeveloped. Recovery of undeveloped proved reserves requires significant capital expenditures and successful drilling. The Company's reserve data assumes that the Company can and will make these expenditures and conduct these operations successfully, which assumptions may not prove to be correct. If the Company chooses not to spend the capital to develop these proved undeveloped reserves, or if the Company is not otherwise able to successfully develop these proved undeveloped reserves, the Company will be required to write-off these proved reserves. In addition, under the SEC's rules, because proved undeveloped reserves may be booked only if they relate to wells planned to be drilled within five years of the date of booking, the Company may be required to write-off any proved undeveloped reserves that are not developed within this five-year timeframe. The Company's future production levels and, therefore, its future cash flow and profitability will be impacted if it is not able to successfully develop its undeveloped leasehold acreage.

A substantial portion of the Company's acreage is currently held under leases that require it to establish and maintain production of hydrocarbons in paying quantities, and such leases are typically held by production from horizontal wells and/or older, lower-producing vertical wells. Unless production in paying quantities is maintained from existing lease-holding wells, or is established during the primary term of the lease and then maintained thereafter with respect to these leases, the leases will terminate, and the Company will lose the right to develop the undeveloped leasehold acreage.

The Company faces significant competition and some of its competitors have resources in excess of the Company's available resources.

The oil and gas industry is highly competitive. The Company competes with a large number of companies, producers and operators in a number of areas such as:

- seeking to acquire oil and gas properties suitable for exploration or development;
- marketing oil, NGL and gas production; and
- seeking to acquire the equipment, services and expertise, including trained personnel, necessary to identify, evaluate, develop and operate its properties.

Some of the Company's competitors are larger and have substantially greater financial and other resources than the Company, and as such, the Company may be at a competitive disadvantage in the identification, acquisition and development of properties that complement the Company's operations. The Company also faces competition from companies that supply alternative sources of energy, such as wind, solar power or other renewable energy. Competition is expected to increase and in certain cases, governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and other parties are also promoting research into new technologies to accelerate the implementation of alternative energy sources.

The Company's business could be materially and adversely affected by security threats, including cybersecurity threats, and other disruptions.

As an oil and gas producer, the Company faces various security threats, including cybersecurity threats to gain unauthorized access to, or control of, sensitive information or to render data or systems corrupted or unusable; threats to the security of the Company's facilities and infrastructure or third party facilities and infrastructure, such as processing plants and pipelines; and threats from terrorist acts. The potential for such security threats has subjected the Company's operations to increased risks that could have a material adverse effect on the Company's business. In particular, the Company's implementation of various procedures and controls to monitor and mitigate security threats and to increase security for the Company's information, facilities and infrastructure may result in increased capital and operating costs. Costs for insurance have also increased as a result of security threats, and insurance coverage has become more difficult to obtain, and may not be available at prices acceptable to the Company or at all. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If any of these security breaches were to occur, they could lead to losses of sensitive information, critical infrastructure or capabilities essential to the Company's operations and could have a material adverse effect on the Company's reputation, financial position, results of operations and cash flows.

Cybersecurity attacks in particular are becoming more sophisticated. The Company relies extensively on information technology systems, including internet sites, computer software, data hosting facilities and other hardware and software platforms, some of which are hosted by third parties, to assist in conducting its business. The Company's technologies systems and networks, and those of its business associates may become the target of cybersecurity attacks, including without limitation denial-of-service attacks, malicious software, data privacy breaches by employees, insiders or others with authorized access, cyber or phishing-attacks, ransomware, attempts to gain unauthorized access to data and systems, and other electronic security breaches that could lead to disruptions in critical systems and materially and adversely affect the Company in a variety of ways, including the following:

- unauthorized access to and release of seismic data, reserves information, strategic information or other sensitive or proprietary information, which could have a material adverse effect on the Company's ability to compete for oil and gas resources;
- data corruption, communication interruption or other operational disruptions during drilling activities, which could result in the failure to reach the intended target or a drilling incident;
- data corruption or operational disruptions of production infrastructure, which could result in loss of production or accidental discharges;
- unauthorized access to and release of personal information of royalty owners, employees and vendors, or the data or confidential information of customers, suppliers or other third parties, which could expose the Company to allegations that it did not sufficiently protect that information;
- a cybersecurity attack on a vendor or service provider, which could result in supply chain disruptions and could delay or halt operations;
- a cybersecurity attack on third-party gathering, transportation, processing, fractionation, refining, storage or export facilities, which could delay or prevent the Company from transporting and marketing its production, resulting in a loss of revenues;

- a cybersecurity attack involving commodities exchanges or financial institutions, which could slow or halt commodities trading, thus preventing the Company from marketing its production or engaging in derivative activities, resulting in a loss of revenues;
- a cybersecurity attack on a communications network or power grid, which could cause operational disruptions resulting in the loss of revenues; and
- a cybersecurity attack on the Company's automated and surveillance systems, which could cause a loss in production and potential environmental hazards.

These events could damage the Company's reputation and lead to financial losses from remedial actions, loss of business or potential liability. Additionally, certain cyber incidents, such as surveillance, may remain undetected for an extended period of time.

While the Company has experienced cybersecurity incidents in the past, including attempts to gain unauthorized access to data and systems, inadvertent data exposures, distributed denial-of-service attacks and phishing-attacks, the Company has not suffered any material losses as a result of such events. However, there is no assurance that the Company will not suffer such losses in the future. As cyber threats continue to evolve, the Company may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities. Additionally, the continuing and evolving threat of cybersecurity attacks has resulted in evolving legal and compliance matters, including increased regulatory focus on prevention, which could require the Company to expend significant additional resources to meet such requirements.

Provisions of the Company's charter documents and Delaware law may inhibit a takeover, which could limit the price investors might be willing to pay in the future for the Company's common stock.

Provisions in the Company's certificate of incorporation and bylaws may have the effect of delaying or preventing an acquisition of the Company or a merger in which the Company is not the surviving company and may otherwise prevent or slow changes in the Board and management. In addition, because the Company is incorporated in Delaware, it is governed by the provisions of Section 203 of the Delaware General Corporation Law. These provisions could discourage an acquisition of the Company or other change in control transactions and thereby negatively affect the price that investors might be willing to pay in the future for the Company's common stock.

Operational Risks

The Company's operations involve many operational risks, some of which could result in unforeseen interruptions to the Company's operations and substantial losses to the Company for which the Company may not be adequately insured.

The Company's operations, including (i) drilling and completion activities and (ii) water distribution, collection and disposal activities, are subject to all the risks incident to the oil and gas development and production business, including:

- blowouts, cratering, explosions and fires;
- adverse weather effects;
- environmental hazards, such as NGL and gas leaks, oil and produced water spills, pipeline and vessel ruptures, encountering naturally occurring radioactive materials, and unauthorized discharges of toxic chemicals, gases, brine, well stimulation and completion fluids or other pollutants onto the surface or into the subsurface environment;
- high costs, shortages or delivery delays of equipment, labor or other services or materials, such as water and sand for hydraulic fracturing;
- facility or equipment malfunctions, failures or accidents;
- title problems;
- pipe or cement failures or casing collapses;
- uncontrollable flows of oil, gas or water;
- compliance with environmental and other governmental requirements, including executive actions and regulatory or legislative efforts under a Biden administration;
- lost or damaged oilfield workover and service tools;
- surface access restrictions;
- unusual or unexpected geological formations or pressure or irregularities in formations;
- terrorism, vandalism, extreme physical acts of activism against fossil fuel interests and physical, electronic and cybersecurity breaches and global or national health concerns, including the outbreak of a pandemic or contagious disease, such as the recent COVID-19 pandemic; and
- natural disasters.

The Company's overall exposure to operational risks may increase as its drilling activity expands, along with any associated increases in internally-provided water distribution, water collection, disposal or other services. In addition, any of these risks could adversely impact the Company's service providers and suppliers, causing its supply chain to be interrupted, slowed or rendered inoperable. Any of these risks could result in substantial losses to the Company due to injury or loss of life, damage to or destruction of wells, production facilities or other property and natural resources, clean-up responsibilities, regulatory investigations and penalties and suspension of operations.

The Company may not be insured or is not fully insured against certain of the risks described above, either because such insurance is not available or because of the high premium costs and deductibles associated with obtaining such insurance. Additionally, the Company relies, to a large extent, on facilities owned and operated by third parties, and damage to or destruction of those third-party facilities could adversely affect the ability of the Company to produce, gather, process, fractionate, refine, store, transport, export and sell its hydrocarbons.

Exploration and development drilling involve substantial costs and risks and may not result in commercially productive reserves.

Drilling involves numerous risks, including the risk that no commercially productive oil or gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain and drilling operations may be curtailed, delayed or canceled, or become costlier, as a result of a variety of factors, including:

- unexpected drilling conditions;
- unexpected pressure or irregularities in formations;
- equipment failures or accidents;
- construction delays;
- fracture stimulation accidents or failures;
- adverse weather conditions;
- restricted access to land for drilling or laying pipelines;
- title defects;
- lack of available gathering, transportation, processing, fractionation, storage, refining or export facilities;
- lack of available capacity on interconnecting transmission pipelines;
- access to, and the cost and availability of, the equipment, services, resources and personnel required to complete the Company's drilling, completion and operating activities; and
- restrictions, delays or cancellations imposed by or resulting from compliance with or changes in environmental and other governmental, regulatory or contractual requirements.

The Company's future drilling activities may not be successful and, if unsuccessful, the Company's proved reserves and production would decline, which could have an adverse effect on the Company's future results of operations and financial condition. While all drilling, whether developmental, extension or exploratory, involves these risks, exploratory and extension drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. The Company expects that it will continue to recognize exploration and abandonments expense in 2023.

Part of the Company's strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.

The Company's operations involve utilizing some of the latest drilling and completion techniques as developed by it and its service providers. Risks that the Company faces while drilling horizontal wells include, but are not limited to, the following:

- landing the wellbore in the desired drilling zone;
- staying in the desired drilling zone while drilling horizontally through the formation;
- running casing the entire length of the wellbore; and
- being able to run tools and other equipment consistently through the horizontal wellbore.

Risks that the Company faces while completing wells include, but are not limited to, the following:

- the ability to fracture stimulate the planned number of stages;
- the ability to run tools the entire length of the wellbore during completion operations; and
- the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage.

Drilling in emerging areas is more uncertain than drilling in areas that are more developed and have a longer history of established drilling operations. New discoveries and emerging formations have limited or no production history and, consequently, the Company is more limited in assessing future drilling results in these areas. If the Company's drilling results

are worse than anticipated, the return on investment for a particular project may not be as attractive as anticipated and the Company may recognize noncash charges to reduce the carrying value of its unproved properties in those areas.

The Company's expectations for future drilling activities will be realized over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of such activities.

The Company has identified drilling locations and prospects for future drilling opportunities, including development, exploratory, extension and infill drilling activities. These drilling locations and prospects represent a significant part of the Company's future drilling plans. For example, the Company's proved reserves as of December 31, 2022 include proved undeveloped reserves and proved developed non-producing reserves of 120 MMBbls of oil, 86 MMBbls of NGLs and 463 Bcf of gas. The Company's ability to drill and develop these locations depends on a number of factors, including the availability and cost of capital, regulatory approvals, negotiation of agreements with third parties, commodity prices, costs, access to and availability of equipment, services, resources and personnel and drilling results. There can be no assurance that the Company will drill these locations or that the Company will be able to produce oil or gas reserves from these locations or any other potential drilling locations. Well results vary by formation and geographic area, and the Company generally prioritizes its drilling activities to focus on remaining locations that are believed to offer the highest return. Changes in the laws or regulations on which the Company relies in planning and executing its drilling programs could materially and adversely impact the Company's ability to successfully complete those programs. For example, under current Texas laws and regulations, the Company may receive permits to drill, and may drill and complete, certain horizontal wells that traverse one or more units and/or leases; a change in those laws or regulations could materially and adversely impact the Company's ability to drill those wells. Because of these uncertainties, the Company cannot give any assurance as to the timing of these activities or that they will ultimately result in the realization of proved reserves or meet the Company's expectations for success. As such, the Company's actual drilling activities may materially differ from the Company's current expectations, which could have a material adverse effect on the Company's proved reserves, financial condition and results of operations.

Multi-well pad drilling may result in volatility in the Company's operating results.

The Company utilizes multi-well pad drilling, and wells drilled on a pad are not placed on production until all wells on the pad are drilled and completed. In addition, problems affecting a single well could adversely affect production from all of the wells on the pad. As a result, multi-well pad drilling can cause delays in the scheduled commencement of production, or interruptions in ongoing production. These delays or interruptions may cause volatility in the Company's operating results. Further, any delay, reduction or curtailment of the Company's development and producing operations due to operational delays caused by multi-well pad drilling could result in the loss of acreage through lease expiration.

The Company's operations are substantially dependent upon the availability of water and its ability to dispose of produced water gathered from drilling and production activities. Restrictions on the Company's ability to obtain water or dispose of produced water may have a material adverse effect on its financial condition, results of operations and cash flows.

Water is an essential component of the Company's drilling and hydraulic fracturing processes. Limitations or restrictions on the Company's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact its operations. Severe drought conditions can result in local water districts taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If the Company is unable to obtain water to use in its operations from local sources, it may need to be obtained from new sources and transported to drilling sites, resulting in increased costs, which could have a material adverse effect on its financial condition, results of operations and cash flows.

In addition, the Company must dispose of the fluids produced from oil and gas production operations, including produced water, which it does directly or through the use of third party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. One such concern arises from seismic events near underground disposal wells that are used for the disposal of produced water resulting from oil and gas activities. In 2016, the United States Geological Survey identified Texas as being among the states with areas of increased rates of induced seismicity that could be attributed to fluid injection or oil and gas extraction. In addition, a number of lawsuits have been filed alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. In response to these concerns, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells to assess any relationship between seismicity and the use of such wells. For example, in Texas, the Texas Railroad Commission has adopted rules governing the permitting or re-permitting of wells used to dispose of produced water and other fluids resulting from the production of oil and gas in order to address these seismic activity concerns within the state. Among other things, these rules require companies seeking permits for disposal wells to provide seismic activity data in permit applications, provide for more

frequent monitoring and reporting for certain wells and allow the state to modify, suspend or terminate permits on grounds that a disposal well is likely to be, or determined to be, causing seismic activity.

In response to recent seismic activity in the Midland Basin, the Texas Railroad Commission has pursued a series of actions commencing in the latter half of 2021, including suspending deep disposal activity and curtailing certain shallow disposal activities in the areas of heightened seismic activity. Such restrictions have not had a material impact on the Company's operations to date, but further restrictions across the basin as a result of more stringent regulations or legal directives, potential litigation or other developments could materially impact its ability to dispose of produced water, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's use of seismic data is subject to interpretation and may not accurately identify the presence of oil and gas, which could materially and adversely affect the results of its future drilling operations.

Even when properly used and interpreted, seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. As a result, the Company's drilling activities may not be successful or economic. In addition, the use of advanced technologies, such as 3-D seismic data, requires greater pre-drilling expenditures than traditional drilling strategies, and the Company could incur losses as a result of such expenditures.

The Company's gas processing and gathering systems are subject to operational and regulatory risks, which could result in significant damages and the loss of revenue.

As of December 31, 2022, the Company owns interests in 10 gas processing plants, including the related gathering systems. There are significant risks associated with the operation of gas processing plants and the associated gathering systems. Gas and NGLs are volatile and explosive and may include carcinogens. Damage to or improper operation of gas processing plants or gathering systems could result in an explosion or the discharge of toxic gases, which could result in significant damage claims in addition to interrupting a revenue source.

Moreover, while the Company's gas processing and gathering systems generally are not currently subject to FERC or state regulation with respect to rates or terms and conditions of service, there can be no assurance that such processing and gathering operations will continue to be unregulated in the future. Although these facilities may not be directly regulated, other laws and regulations may affect the availability of gas for gathering and processing, such as state regulations regarding production rates and the maximum daily production allowable from gas wells, which could impact the Company's business in these areas. Such regulation could result in additional costs and reduced revenues.

Financial Risks

The prices of oil, NGLs and gas are highly volatile. A sustained decline in these commodity prices could materially and adversely affect the Company's business, financial condition and results of operations.

The Company's revenues, profitability, cash flow and future rate of growth are highly dependent on commodity prices. Commodity prices may fluctuate widely in response to relatively minor changes in the supply of and demand for oil, NGLs and gas, market uncertainty and a variety of additional factors that are beyond the Company's control, such as:

- domestic and worldwide supply of and demand for oil, NGLs and gas;
- worldwide oil, NGL and gas inventory levels, including at Cushing, Oklahoma, the benchmark location for WTI oil prices, and the U.S. Gulf Coast, where the majority of the U.S. refinery capacity exists;
- volatility and trading patterns in the commodity-futures markets;
- the capacity of U.S. and international refiners to utilize U.S. supplies of oil and condensate;
- weather conditions;
- overall domestic and global political and economic conditions, including the imposition of tariffs or trade or other economic sanctions, political instability or armed conflict in Ukraine, Russia and other oil and gas producing regions, and the effect on global markets of the price cap on Russian oil;
- global or national health concerns, including the outbreak of pandemic or contagious disease, such as the recent COVID-19 virus, which may reduce the demand for oil, NGLs and gas because of reduced global or national economic activity;
- actions of OPEC, its members and other state-controlled oil companies relating to oil price and production controls;
- the price and quantity of oil, NGLs and LNG imports to and exports from the U.S.;
- technological advances or social attitudes or policies affecting energy consumption and energy supply;
- domestic and foreign governmental legislative efforts, executive actions and regulations, including environmental regulations, climate change regulations and taxation;

- the effect of energy conservation efforts;
- stockholder activism or activities by non-governmental organizations to limit certain sources of capital for the energy sector or restrict the exploration, development and production of oil and gas;
- the proximity, capacity, cost and availability of gathering systems, pipelines and other processing, fractionation, refinery, storage and export facilities; and
- the price, availability and acceptance of alternative fuels.

Commodity prices have historically been, and continue to be, extremely volatile. For example, the Brent oil prices in 2022 ranged from a high of $127.98 to a low of $76.10 per Bbl and NYMEX gas prices in 2022 ranged from a high of $9.68 to a low of $3.72 per MMBtu. The Company expects this volatility to continue. A further or extended decline in commodity prices could materially and adversely affect the Company's future business, financial condition, results of operations, liquidity or its ability to fund planned capital expenditures, pay dividends or repurchase shares of common stock. The Company makes price assumptions that are used for planning purposes, and a significant portion of the Company's cash outlays, including rent, salaries and noncancellable capital and transportation commitments, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, the Company's financial results are likely to be adversely and disproportionately affected because these cash outlays are not variable in the short-term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices.

Significant or extended price declines could also materially and adversely affect the amount of oil, NGLs and gas that the Company can produce economically, which may result in the Company having to make significant downward adjustments to its estimated proved reserves. A reduction in production could also result in a shortfall in expected cash flows and require the Company to reduce capital spending or borrow funds to cover any such shortfall. Any of these factors could negatively affect the Company's ability to replace its production and its future rate of growth.

Future declines in the price of oil, NGLs and gas could result in a reduction in the carrying value of the Company's proved oil and gas properties, which could materially and adversely affect the Company's results of operations.

Significant or extended price declines could result in the Company having to make downward adjustments to the carrying value of its proved oil and gas properties. The Company performs assessments of the recoverability of its oil and gas properties whenever events or circumstances indicate that the carrying values of those assets may not be recoverable. In order to perform these assessments, management uses various observable and unobservable inputs, including management's outlooks for (i) proved reserves and risk-adjusted probable and possible reserves, (ii) commodity prices, (iii) production costs, (iv) capital expenditures and (v) production. To the extent such tests indicate a reduction of the estimated useful life or estimated future cash flows of the Company's oil and gas properties, the carrying value may not be recoverable and therefore an impairment charge would be required to reduce the carrying value of the proved properties to their fair value. The Company may incur impairment charges in the future, which could materially affect the Company's results of operations in the period incurred. See Note 4 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

The Company's actual production could differ materially from its forecasts.

From time to time, the Company provides forecasts of expected quantities of future oil and gas production and other financial and operating results. These forecasts are based on a number of estimates and assumptions, including that none of the risks associated with the Company's oil and gas operations summarized in this "Item 1A. Risk Factors" occur. Production forecasts, specifically, are based on assumptions such as:

- expectations of production from existing wells and future drilling activity;
- the absence of facility or equipment malfunctions;
- the absence of adverse weather effects;
- expectations of commodity prices, which could experience significant volatility;
- expected well costs; and
- the assumed effects of regulation by governmental agencies, which could make certain drilling activities or production uneconomical.

Should any of these assumptions prove inaccurate, or should the Company's development plans change, actual production could be materially and adversely affected.

The Company could experience periods of higher costs if commodity prices rise. These increases could reduce the Company's profitability, cash flow and ability to complete development activities as planned.

Historically, the Company's capital and operating costs have risen during periods of increasing oil, NGL and gas prices. These cost increases result from a variety of factors beyond the Company's control, such as increases in the cost of electricity, steel and other raw materials that the Company and its vendors rely upon; increased demand for labor, services and materials as drilling activity increases; and increased production and ad valorem taxes. Costs may rise faster than increases in the Company's revenue if commodity prices rise, thereby negatively impacting the Company's profitability, cash flow and ability to complete development activities as scheduled and on budget. This impact may be magnified to the extent that the Company's ability to participate in the commodity price increases is limited by its derivative risk management activities. Moreover, inflation is an area of increasing economic concern with price increases in equipment, materials, labor and distribution costs leading to possible negative impacts on the Company's financial condition and results of operations.

The Company is a party to debt instruments, a Credit Facility and other financial commitments that may limit the Company's ability to fund future business and financing activities.

The Company is a borrower under fixed rate senior and convertible notes and maintains a revolving corporate credit facility (the "Credit Facility") that was undrawn as of December 31, 2022. The terms of the Company's borrowings specify scheduled debt repayments and require the Company to comply with certain associated covenants and restrictions. The Company's ability to comply with the debt repayment terms, associated covenants and restrictions is dependent on, among other things, factors outside the Company's direct control, such as commodity prices and interest rates. In addition, from time to time, the Company enters into arrangements and transactions that can give rise to material off-balance sheet obligations, including firm purchase, transportation and fractionation commitments, gathering, processing, transportation and storage commitments on uncertain volumes of future throughput, commitments to purchase minimum volumes of goods and services, operating lease agreements and drilling commitments. The Company's financial commitments could have important consequences to its business including, but not limited to, the following:

- the incurrence of charges associated with unused commitments if actual activities do not meet the Company's expectations at the time such commitments are entered into;
- increasing its vulnerability to adverse economic and industry conditions;
- limiting its flexibility to plan for, or react to, changes in its business and industry;
- limiting its ability to fund future development activities or engage in future acquisitions; and
- placing it at a competitive disadvantage compared to competitors that have less debt and/or fewer financial commitments.

The Company's ability to obtain additional financing is also affected by the Company's debt credit ratings and competition for available debt financing. A ratings downgrade could materially and adversely impact the Company's ability to access debt markets, increase the borrowing cost under the Company's Credit Facility and the cost of future debt and potentially require the Company to post letters of credit or other forms of credit support for certain obligations.

The Company's return of capital strategies, including its base and variable dividend policy and share repurchase program, may be changed at the discretion of the Board, and the Company's ability to declare and pay base and variable dividends and repurchase shares are subject to certain considerations.

Dividends, whether base or variable, are authorized and determined by the Board at its sole discretion. The Company's stock repurchase program has no time limit, may be modified, suspended or terminated at any time by the Board, and the repurchase of shares pursuant to the stock repurchase program approved by the Board are made from time to time based on management's discretion. Decisions regarding the payment of dividends and the repurchase of shares are subject to a number of considerations, including:

- cash available for distribution or repurchases;
- the Company's results of operations and anticipated future results of operations;
- the Company's financial condition, especially in relation to its anticipated future capital needs;
- the level of cash reserves the Company maintains to fund future capital expenditures;
- the Company's share price; and
- other factors the Board deems relevant.

The frequency and amount of dividends, if any, may vary significantly from amounts paid in previous periods. The Company can provide no assurance that it will continue to pay base or variable dividends or authorize share repurchases at the current rate or at all. Any elimination of or downward revision in the Company's base or variable dividend payout or stock

repurchase program could adversely affect the total return of an investment in and have a material adverse effect on the market price of the Company's common stock.

A failure by purchasers of the Company's production to satisfy their obligations to the Company could have a material adverse effect on the Company's results of operation.

The Company relies on a limited number of purchasers to purchase a majority of its products. To the extent that purchasers of the Company's production rely on access to the credit or equity markets to fund their operations, there is a risk that those purchasers could default in their contractual obligations to the Company if such purchasers were unable to access the credit or equity markets for an extended period of time. If for any reason the Company were to determine that it was probable that some or all of the accounts receivable from any one or more of the purchasers of the Company's production were uncollectible, the Company would recognize a charge in the earnings of that period for the probable loss.

The Company's derivative risk management activities could result in financial losses, limit the Company's potential gains or fail to protect the Company from declines in commodity prices; the Company may not enter into derivative arrangements with respect to future volumes if prices are unattractive.

The Company has historically entered into derivative arrangements covering a portion of its oil, NGL and gas production to mitigate the effect of commodity price volatility on the Company's net cash provided by operating activities and its net asset value, support the Company's annual capital expenditure plans and planned dividend payments. These derivative arrangements, on a combined basis, are subject to mark-to-market accounting treatment, and the changes in fair market value of the contracts are reported in the Company's statements of operations each quarter, which may result in significant noncash gains or losses.

While intended to reduce the effects of oil, NGL and gas price volatility, the Company's derivative arrangements may limit the Company's potential gains if prices rise over the price established by such arrangements. Conversely, the Company's derivative arrangements may be inadequate to protect the Company from continuing and prolonged declines in the price of oil, NGLs or gas. Global commodity prices are volatile. Such volatility challenges the Company's ability to forecast the price of oil, NGLs and gas, and, as a result, it may become more difficult for the Company to manage its derivative arrangements. In trying to manage its exposure to commodity price risk, the Company may end up with too many or too few derivatives, depending upon where commodity prices settle relative to the Company's derivative price thresholds and how the Company's oil, NGL and gas volumes and production mix fluctuate relative to expectations when the derivatives were entered.

The Company's derivative arrangements may also expose the Company to risk of financial loss in certain circumstances, including, but not limited to, when:

- production is less than the contracted derivative volumes;
- the counterparty to the derivative contract defaults on its contract obligations;
- there is a change in the expected differential between the underlying price in the derivative contract and actual prices received; or
- a sudden, unexpected event materially impacts oil and gas prices.

Failure to protect against declines in commodity prices exposes the Company to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which the Company could enter into derivative contracts on future volumes. The Company has significantly reduced its derivative arrangements for 2023 and beyond; therefore, any decreases in commodity prices for oil, NGLs and gas could have a material adverse effect on the Company's financial condition, cash flow, liquidity and results of operations.

The use of derivative risk management transactions involves the risk that the counterparties will be unable to meet the financial terms of such transactions. The Company is unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if the Company accurately predicts sudden changes, the Company's ability to negate the risk may be limited depending upon market conditions and the contractual terms of the transactions. During periods of declining commodity prices, the Company's derivative receivable positions generally increase, which increases the Company's counterparty credit exposure. In periods of lower commodity prices, if any of the Company's counterparties were to default on its obligations under the Company's derivative arrangements, such a default could (i) have a material adverse effect on the Company's results of operations, (ii) result in a larger percentage of the Company's future production being subject to commodity price changes and (iii) increase the likelihood that the Company's derivative arrangements may not achieve their intended strategic purposes.

Pioneer's ability to utilize its U.S. net operating loss carryforwards to offset future income taxes may be limited.

As of December 31, 2022, Pioneer had U.S. federal net operating loss carryforwards ("NOLs") of $1.1 billion which were incurred on or after January 1, 2018. These will not expire and will be carried forward indefinitely under current tax law.

Pioneer's ability to utilize these NOLs and other tax attributes to reduce future taxable income depends on many factors, including its future income, which cannot be assured. Section 382 of the Code ("Section 382") generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone an "ownership change" (as determined under Section 382). An ownership change generally occurs if one or more stockholders (or groups of stockholders) who are each deemed to own at least five percent of such corporation's stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. In the event that an ownership change occurs, utilization of the relevant corporation's NOLs would be subject to an annual limitation under Section 382, generally determined, subject to certain adjustments, by multiplying (i) the fair market value of such corporation's stock at the time of the ownership change by (ii) a percentage approximately equivalent to the yield on long-term tax-exempt bonds during the month in which the ownership change occurs. Any unused annual limitation may be carried over to later years.

The Company periodically evaluates its unproved oil and gas properties for impairment and could be required to recognize noncash charges in the earnings of future periods.

As of December 31, 2022, the Company carried unproved oil and gas property costs of $6.0 billion. GAAP requires periodic evaluation of these costs on a project-by-project basis. These evaluations are affected by the results of current and planned exploration activities, commodity price outlooks, planned future sales or expiration of all or a portion of the leases and the contracts and permits appurtenant to such projects. If the Company determines that a project is not expected to be developed based on the results of these evaluations, the Company will recognize a noncash charge in earnings in the period in which the unproved oil and gas properties is determined to be impaired.

The Company periodically evaluates its goodwill for impairment and could be required to recognize noncash charges in the earnings of future periods.

As of December 31, 2022, the Company had a carrying value for goodwill of $243 million. Goodwill is assessed for impairment annually during the third quarter and whenever facts or circumstances indicate that the carrying value of the Company's goodwill may be impaired, which may require an estimate of the fair values of the reporting unit's assets and liabilities. Those assessments may be affected by (i) positive or negative reserve adjustments, (ii) results of drilling activities, (iii) management's outlook for commodity prices and costs and expenses, (iv) changes in the Company's market capitalization, (v) changes in the Company's weighted average cost of capital and (vi) changes in income taxes. If the fair value of the reporting unit's net assets is not sufficient to fully support the goodwill balance in the future, the Company will reduce the carrying value of goodwill for the impaired value, with a corresponding noncash charge to earnings in the period in which goodwill is determined to be impaired. If incurred, an impairment of goodwill could result in a material noncash charge to the Company's earnings in the period in which goodwill is determined to be impaired.

Health, Safety and Environmental Risks

The Company's operations are subject to a series of risks arising out of the threat of climate change, energy conservation measures, or initiatives that stimulate demand for alternative forms of energy that could result in increased operating costs, limit the areas in which oil and gas production may occur and reduce demand for the oil and gas production it provides.

The threat of climate change continues to attract considerable attention in the United States and around the world. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. These efforts have included consideration of cap-and-trade programs, carbon taxes, GHG disclosure obligations and regulations that directly limit GHG emissions from certain sources. Moreover, President Biden highlighted addressing climate change as a priority of his administration, issued several executive orders related to climate change and recommitted the United States to long-term international goals to reduce emissions. In recent years the U.S. Congress has considered legislation to reduce emissions of GHGs, including methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of natural gas. For example, the Inflation Reduction Act of 2022 (the "IRA"), which appropriates significant federal funding for renewable energy initiatives and, for the first time ever, imposes a fee on GHG emissions from certain facilities, was signed into law in August 2022. The emissions fee and funding provisions of the law could increase operating costs within the oil and gas industry and accelerate the transition away from fossil fuels, which could in turn adversely affect the Company's business and results of operations.

The EPA has adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, impose new standards reducing methane emissions from oil and gas operations through limitations on venting and flaring and the implementation of enhanced emission leak detection and repair requirements, and together with the United States Department of Transportation ("DOT"), implement GHG emissions limits on vehicles manufactured for operation in the United States. The regulation of methane emissions from oil and gas

facilities has been subject to uncertainty in recent years and the EPA is currently proposing new and updated rules for both new and existing sources. The EPA's proposed rules, if finalized would make existing regulations more stringent, expand the scope of source types covered by the rules and require states to develop plans to reduce methane and volatile organic compound ("VOC") emissions from existing sources that must be at least as effective as presumptive standards set by EPA. Under the proposed rules, owners or operators of affected emission units or processes would have to comply with specific standards of performance that may include leak detection using optical gas imaging and subsequent repair requirements, reduction of emissions by 95 percent through capture and control systems, zero-emission requirements, operations and maintenance requirements and so-called green well completion requirements. The EPA is currently seeking comments on the supplemental proposed rule, and like each of the EPA's previous methane emission regulations, the adopted final rule is likely to face immediate litigation challenges. The BLM has also proposed rules to limit methane emissions for oil and gas operations on federal lands. Additionally, in January 2023 the Council on Environmental Quality (the "CEQ") released updated guidance for federal agency consideration of GHG emissions and climate change impacts in environmental reviews. While the Company cannot predict the final scope or compliance costs of these proposed regulatory requirements, any such requirements have the potential to adversely affect the Company's operations, financial results and cash flows.

At the international level, the United Nations ("UN") -sponsored "Paris Agreement" requires member states to submit non-binding, individually-determined reduction goals known as Nationally Determined Contributions every five years after 2020. President Biden has recommitted the United States to the Paris Agreement and, in April 2021, announced a goal of reducing the United States' emissions by 50 to 52 percent below 2005 levels by 2030. Additionally, at the UN Climate Change Conference of Parties ("COP26"), held in November 2021, the United States and the European Union jointly announced the launch of a Global Methane Pledge, an initiative committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including "all feasible reductions" in the energy sector. COP26 concluded with the finalization of the Glasgow Climate Pact, which stated long-term global goals (including those in the Paris Agreement) to limit the increase in the global average temperature and emphasized reductions in GHG emissions. These goals were reaffirmed at the November 2022 Conference of Parties ("COP27"). At COP27, the US also announced, in conjunction with the European Union and other partner countries, that it would develop standards for monitoring and reporting methane emissions to help create a market for low methane-intensity natural gas. Moreover, various state and local governments have also publicly committed to furthering the goals of the Paris Agreement. The full impact of these actions, and any legislation or regulation promulgated to fulfill the United States' commitments thereunder, is uncertain at this time, and it is unclear what additional initiatives may be adopted or implemented that may have adverse effects upon the Company's operations.

Governmental, scientific and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates elected to public office. President Biden has issued several executive orders focused on addressing climate change, including items that may impact costs to produce, or demand for, oil and gas. Additionally, in November 2021, the Biden Administration released "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," which establishes a roadmap to net zero emissions in the United States by 2050 through, among other things, improving energy efficiency, decarbonizing energy sources via electricity, hydrogen and sustainable biofuels, eliminating subsidies provided to the fossil fuel industry, reducing non-CO_2 GHG emissions and increasing the emphasis on climate-related risks across government agencies and economic sectors. The Biden Administration has also called for revisions and restrictions to the leasing and permitting programs for oil and gas development on federal lands. The DOI's comprehensive review of the federal leasing program resulted in a reduction in the volume of onshore land held for lease and an increased royalty rate. Other actions that could be pursued by the Biden Administration include the imposition of more restrictive requirements for the construction and permitting of pipeline infrastructure and LNG export facilities, as well as more restrictive GHG emissions limits for oil and gas facilities. Litigation risks are also increasing as a number of parties have sought to bring suit against various oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts. Should the Company be targeted by any such litigation, it may incur liability, which, to the extent that societal pressures or political or other factors are involved, could be imposed without regard to causation or contribution to the asserted damage, or to other mitigating factors. An unfavorable ruling in any such case could significantly impact the Company's operations and could have an adverse impact on the Company's financial condition.

There are also increasing financial risks for fossil fuel producers as shareholders currently invested in fossil fuel energy companies may elect in the future to shift some or all of their investments into other sectors. Institutional lenders who provide financing to fossil fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Although the Company cannot predict the effects of these actions, such limitation of investments in and financing for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities. Additionally, in March 2022, the SEC issued a

proposed rule that would mandate extensive disclosure of climate risks, including financial impacts, related governance and strategy and GHG emissions, for all U.S.-listed public companies. Although the final form and substance of this rule and its requirements are not yet known and its ultimate impact on the Company's business is uncertain, compliance with the proposed rule, if finalized, may result in additional legal, accounting and financial compliance costs.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for oil and natural gas, which could reduce the profitability of the Company's business. Additionally, political, litigation and financial risks may result in the Company restricting or cancelling production activities, incurring liability for infrastructure damages as a result of climatic changes or impairments to the Company's ability to continue to operate in an economic manner, which also could reduce the profitability of the Company's operations. To date, any costs related to climate change regulation has not had a material impact on the Company's production activities or otherwise materially and adversely affected their business. However, one or more of these developments could have a material adverse effect on the Company's business, financial condition and results of operation. As a final note, climate change may also result in various physical risks, such as the increased frequency or severity of extreme weather events (including storms, droughts, floods and wildfires) or changes in meteorological and hydrological patterns, that could adversely impact the Company's operations and supply chains. Such physical risks could result in damage to the Company's facilities or indirectly adversely impact the Company's supply chains or operations through, for example, water use curtailments in response to drought or decline in demand for the Company's products for heating purposes in response to warmer winters.

The nature of the Company's assets and production operations may impact the environment or cause environmental contamination, which could result in material liabilities to the Company.

The Company's assets and production operations may give rise to significant environmental costs and liabilities as a result of the Company's handling of petroleum hydrocarbons and wastes, because of air emissions and water discharges related to its operations, and due to past industry operations and waste disposal practices. The Company's oil and gas business involves the generation, handling, treatment, storage, transport and disposal of wastes, hazardous substances and petroleum hydrocarbons and is subject to environmental hazards, such as oil and produced water spills, NGL and gas leaks, pipeline and vessel ruptures and unauthorized discharges of such wastes, substances and hydrocarbons, that could expose the Company to substantial liability due to pollution and other environmental damage. The Company could also incur costs and liabilities arising out of the unintended release of its flowback water or certain other oilfield fluids that the Company injects or has injected into non-producing formations. Another consequence of such contamination may be lawsuits alleging that its operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. The occurrence of any one or more of these developments could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's hydraulic fracturing and former sand mining operations may result in silica-related health issues and litigation that could have a material adverse effect on the Company.

The Company routinely conducts hydraulic fracturing in its drilling and completion programs, which activity requires the management and use of significant volumes of sand. Additionally, the Company owns and formerly operated certain sand mining operations. The inhalation of respirable crystalline silica dust is associated with the lung disease silicosis. There is evidence of an association between crystalline silica exposure or silicosis and lung cancer and a possible association with other diseases, including immune system disorders, such as scleroderma. These health risks have been, and may continue to be, a significant issue confronting the commercial sand industry. The actual or perceived health risks of mining, processing and handling sand could materially and adversely affect the Company through the threat of product liability or personal injury lawsuits, enacted OSHA silica regulations and increased scrutiny by federal, state and local regulatory authorities. The occurrence of significant silica-related health issues as well as any pending or future claims or inadequacies of insurance coverage or contractual indemnification arising out of such issues could have a material adverse effect on the Company's results of operations.

Increasing attention to ESG matters may impact the Company's business.

Businesses across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Businesses that do not adapt to or comply with investor or stakeholder expectations and standards, which are continuing to evolve, or businesses that are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition and/or share price of such business entity could be materially and adversely affected. Increasing attention to climate change, increasing societal expectations on businesses to address climate change and potential consumer use of substitutes to energy

commodities may result in increased costs, reduced demand for the Company's hydrocarbon products, reduced profits, increased investigations and litigation and negative impacts on its share price and access to capital markets. Increasing attention to climate change, for example, may result in demand shifts for the Company's hydrocarbon products, additional governmental investigations and private litigation, an increase in shareholder activism as shareholders may attempt to effect changes to the Company's business or governance, whether by shareholder proposals, public campaigns, proxy solicitations or otherwise, or constraints in sources of capital as certain financial institutions, institutional investors and other sources of capital limit or eliminate their investment in oil and gas activities.

As part of the Company's ongoing effort to enhance its ESG efforts, its Board has established a Sustainability and Climate Oversight Committee, which is charged with the ongoing oversight of the Company's corporate climate-related risk analysis, as well as its Sustainability Report, Climate Risk Report and other related activities. The Company has established an aspirational long-term net zero (Scope 1 and Scope 2) emissions ambition to further strengthen the Company's ESG performance with interim targets as follows: (i) reduce its methane emissions intensity by 75 percent by 2030 and its Scope 1 and Scope 2 GHG emissions intensity by 50 percent by 2030, from a 2019 baseline and (ii) maintain a flaring intensity standard of less than one percent of gas produced and end routine flaring by 2030, with an aspirational goal to achieve it by 2025. The Company has also set an aspirational goal to reduce the freshwater used in its completions operations to 20 percent by 2026. While the Company may elect to establish and revise various voluntary ESG targets now or in the future, such targets are aspirational. The Company may not be able to meet such targets in the manner or on such a timeline as initially contemplated, including as a result of unforeseen material costs or technical difficulties associated with achieving such results. Some of these targets are dependent on or influenced by factors out of the control of the Company, including, but not limited to, the ability of suppliers to provide new equipment on schedule and the build out of sufficient electricity capacity in the areas the Company operates. Further, to the extent the Company elected to pursue such targets and were able to achieve the desired target levels, such achievement may have been accomplished as a result of entering into various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate its ESG impact instead of actual changes in ESG performance. However, even in those cases the Company cannot guarantee that sufficient quality environmental credits or offsets the Company does purchase will not subsequently be determined to have failed to result in GHG emission reductions for reasons out of the Company's control. Given the uncertainties related to the use of emerging technologies, the state of the markets for and availability of verified quality carbon offsets, the Company cannot predict whether or not it will be able to timely meet its net zero ambition, if at all.

In addition, voluntary disclosures regarding ESG matters, as well as any ESG disclosures mandated by law, could result in private litigation or government investigation or enforcement action regarding the sufficiency or validity of such disclosures. Moreover, the failure or a perception (whether or not valid) of failure to implement ESG strategies or achieve ESG goals or commitments, including any GHG reduction or neutralization goals or commitments, could result in private litigation and damage the Company's reputation, cause investors or consumers to lose confidence in the Company and negatively impact the Company's operations. While the Company may participate in various voluntary frameworks and certification programs to improve the ESG profile of its operations and services, such as the Company's participation in Project Veritas, The Environmental Partnership and OGMP 2.0, the Company cannot guarantee that such participation or certification will have the intended results on its ESG profile. Notwithstanding the Company's election to pursue aspirational targets now or in the future, it may receive pressure from investors, lenders or other groups to adopt more aggressive climate or other ESG-related goals, but the Company cannot guarantee it will be able to implement such goals because of potential costs or technical or operational obstacles. Conversely, governments and private parties are also increasingly filing lawsuits or initiating regulatory action based on allegations that certain public statements regarding ESG-related matters and practices by companies are "greenwashing," *i.e.* misleading information or false claims overstating potential ESG benefits. For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG-related misconduct, including greenwashing. Similar issues can also arise relating to aspirational statements such as net-zero or carbon neutrality targets that are made without an adequate basis to support such statements. While the Company is currently not a party to any of these lawsuits, they present a high degree of uncertainty regarding the extent to which oil and gas companies face an increased risk of liability stemming from climate change or ESG disclosures and practices.

Furthermore, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating business entities on their approach to ESG matters. Currently, there are no universal standards for such scores or ratings, but the importance of sustainability evaluations is becoming more broadly accepted by investors and shareholders. Such ratings are used by some investors to inform their investment and voting decisions. Additionally, certain investors use these scores to benchmark businesses against their peers and if a business entity is perceived as lagging, these investors may engage with such entities to require improved ESG disclosure or performance. Moreover, certain members of the broader investment community may consider a business entity's sustainability score as a reputational or other factor in making an investment decision. Consequently, a low sustainability score could result in exclusion of the Company's stock from consideration by certain investment funds, engagement by investors seeking to improve such scores and

a negative perception of the Company's operations by certain investors. Additionally, though the Company believes it can achieve its voluntary ESG targets and goals, any failure to realize or the perception of a failure to realize voluntary targets or long-term goals, could lead to a negative perception of the Company.

Regulatory Risks

The Company's operations are subject to stringent environmental, oil and gas-related and occupational safety and health legal requirements that could increase its costs of doing business and result in operating restrictions, delays or cancellations in the permitting, drilling or completion of oil and gas wells, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's oil and gas exploration and production operations are subject to stringent federal, state and local legal requirements governing, among other things, the drilling of wells (including allocation wells on two or more leaseholds that are not pooled), rates of production, the size and shape of drilling and spacing units or proration units, the transportation and sale of oil, NGLs and gas, the discharging of materials into the environment, environmental protection and occupational safety and health. These requirements may take the form of laws, regulations and executive actions, and noncompliance with these legal requirements may subject the Company to sanctions, including administration, civil or criminal penalties, remedial cleanups or corrective actions, delays in permitting or performance of projects, natural resource damages and other liabilities. Changes in administrative procedures or authorizations, court decisions and legislative action with respect to any of these areas, including authorizations for allocation wells, could have a material adverse effect on the Company's anticipated future production, results of operations and financial condition.

In connection with its operations, the Company must obtain and maintain numerous environmental and oil and gas related permits, approvals and certificates from various federal, state and local governmental authorities, and may incur substantial costs in doing so. The need to obtain permits has the potential to delay, curtail or cease the development of oil and gas projects. The Company may in the future be charged royalties on gas emissions or required to incur certain capital expenditures for air pollution control equipment or other air emissions-related issues. For example, in 2015, the EPA under the Obama Administration issued a final rule under the CAA, making the National Ambient Air Quality Standard ("NAAQS") for ground-level ozone more stringent. Since that time, the EPA has issued area designations with respect to ground-level ozone and, on December 31, 2020, published a final action that, upon conducting a periodic review of the ozone standard in accord with CAA requirements, elected to retain the 2015 ozone NAAQS without revision on a going-forward basis. However, in October 2021, the EPA announced it will reconsider its December 2020 decision and is targeting to complete its reconsideration by the end of 2023. If the EPA were to adopt more stringent NAAQS for ground-level ozone as part of its reconsideration of the December 2020 final action, state implementation of the revised NAAQS could, among other things, require installation of new emission controls on some of the Company's equipment, result in longer permitting timelines, and significantly increase the Company's capital expenditures and operating costs.

In another example, there continues to be uncertainty on the federal government's applicable jurisdictional reach under the CWA over waters of the United States ("WOTUS"), including wetlands, as the EPA and the U.S. Army Corps of Engineers ("Corps") under the Obama, Trump and Biden Administrations have pursued multiple rulemakings since 2015 in an attempt to determine the scope of such reach. While the EPA and Corps under the Trump Administration issued a final rule in April 2020 narrowing federal jurisdictional reach over WOTUS, two federal district courts vacated the 2020 rule during the third quarter of 2021. The EPA and the Corps have since published a new final rule, which will take effect on March 20, 2023, defining WOTUS according to the broader pre-2015 standards with updates to incorporate existing U.S. Supreme Court decisions and agency guidance regarding regional differences. However, the new rule has already been challenged in federal court. Moreover, the EPA and the Corps have announced an intent to develop a subsequent rule that further revises the definition of WOTUS and, separately, the U.S. Supreme Court is expected to rule on certain aspects of the definition in mid-2023. Separately, in April 2020, the U.S. Supreme Court held that, in certain cases, discharges from a point source to groundwater could fall within the scope of the CWA and require a permit. To the extent that any new rule or judicial determination expands the scope of the CWA's jurisdiction in areas where the Company conducts operations, such developments could delay, restrict or halt the development of projects, result in longer permitting timelines, or increased compliance expenditures or mitigation costs for the Company's operations, which may reduce the Company's rate of production of oil and gas and have a material adverse effect on the Company's business, results of operations and cash flows.

Additionally, the Company's operations are subject to federal and state laws and regulations, including the federal OSHA and comparable state statutes, whose purpose is to protect the health and safety of employees. Among other things, the OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in the Company's operations and that this information be provided to employees, state and local government authorities and citizens.

Compliance with these legal requirements, or any other new environmental or occupational safety and health laws, regulations or executive actions could, among other things, require the Company to install new or modified emission or safety controls on equipment or processes, incur longer permitting timelines and incur increased capital or operating expenditures, which costs may be significant. Additionally, one or more of these developments could impact the Company's oil and gas exploration, production and development activities, which could have a material adverse effect on its business, results of operations and financial condition.

Laws, regulations and other executive actions or regulatory initiatives regarding hydraulic fracturing could increase the Company's cost of doing business and result in additional operating restrictions, delays or cancellations that could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company routinely conducts hydraulic fracturing in its drilling and completion programs. Hydraulic fracturing is typically regulated by state oil and gas commissions, but the practice continues to attract considerable public, scientific and governmental attention in certain parts of the country, resulting in increased scrutiny and regulation, including by federal agencies.

Currently, hydraulic fracturing is generally exempt from regulation under the Underground Injection Control program of the SDWA, but the EPA has asserted federal regulatory authority over certain hydraulic fracturing activities. For example, the EPA has published permitting guidance for certain hydraulic fracturing processes involving the use of diesel fuel and issued a final regulation under the CWA prohibiting discharges to publicly owned treatment works of wastewater from onshore unconventional oil and gas extraction facilities. The EPA is also conducting a study of private wastewater treatment facilities (also known as centralized waste treatment ("CWT") facilities) accepting oil and natural gas extraction wastewater. The EPA is collecting data and information related to the extent to which CWT facilities accept such wastewater, available treatment technologies (and their associated costs), discharge characteristics, financial characteristics of CWT facilities and the environmental impacts of discharges from CWT facilities. In late 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances. Other government agencies, including the U.S. Department of Energy, the U.S. Geological Survey and the U.S. Government Accountability Office, have evaluated or are evaluating various aspects of hydraulic fracturing. These ongoing or proposed studies could spur initiatives to further regulate hydraulic fracturing and ultimately make it more difficult or costly for the Company to perform fracturing activities. Also, from time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. This or other federal legislation related to hydraulic fracturing may be considered again in the future, though the extent of any such legislation cannot be predicted at this time. Also, in 2016, the BLM under the Obama Administration published a final rule imposing more stringent standards on hydraulic fracturing on federal lands; however, in late 2018, the BLM, under the Trump Administration, published a final rule rescinding the 2016 final rule. Since that time, litigation challenging the BLM's 2016 final rule and the 2018 final rule has resulted in rescission in federal courts of both the 2016 rule and the 2018 final rule but appeals to those decisions are ongoing.

At the state level, many states have adopted legal requirements that have imposed new or more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing activities, including in states where the Company's oil and gas exploration and production activities occur. For example, the Texas Railroad Commission requires operators to disclose chemical ingredients and water volumes used in hydraulic fracturing treatments via the public FracFocus website. States could also elect to place prohibitions on hydraulic fracturing and local governments may seek to adopt ordinances within their jurisdictions regulating the time, place or manner of drilling activities in general or hydraulic fracturing activities in particular.

Laws and regulations pertaining to protection of threatened and endangered species or to critical habitat, wetlands and natural resources could delay, restrict or prohibit the Company's operations and cause it to incur substantial costs that may have a material adverse effect on the Company's development and production of reserves.

The federal ESA and comparable state laws were established to protect endangered and threatened species. Under the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act ("MBTA"). The U.S. Fish and Wildlife Service ("FWS"), during the Trump Administration, issued a final rule on January 7, 2021, which clarifies that criminal liability under the MBTA will apply only to actions "directed at" migratory birds, its nests, or its eggs; however, the FWS under the Biden Administration has since published a final rule in October 2021 revoking the January 2021 rule and affirmatively stating that the MBTA prohibits incidental takes of migratory birds. Some of the Company's operations are conducted in areas where protected species or their habitats are known to exist. In these areas, the Company may be obligated to develop and implement plans to avoid potential adverse effects to protected species and their habitats, and the Company may be

delayed, restricted or prohibited from conducting operations in certain locations or during certain seasons, such as breeding and nesting seasons, when the Company's operations could have an adverse effect on the species. In addition, the FWS may make new determinations on the listing of species as endangered or threatened under the ESA. The Company takes proactive measures to mitigate the risks of existing or future ESA regulations regarding certain species, like the Dunes Sagebrush Lizard and Lesser Prairie Chicken, that have the potential to impact the Company's operations. For example, the Company is a participant in the Candidate Conservation Agreement with Assurance ("CCAA") for the conservation of the Lesser Prairie Chicken. The terms of the CCAA enable the Company to minimize its impacts to and promote conservation of Lesser Prairie Chicken habitat but also maintain its development plans through the generation of habitat impact offsets. The southern and northern population segments of the Lesser Prairie Chicken were formally listed as endangered and threatened, respectively, by the FWS in November 2022. However, the Company's participation in the Lesser Prairie Chicken CCAA insulates the Company's operations from most of the adverse impacts of this listing. Should the habitat of the Lesser Prairie Chicken be expanded at a future date through the actions of the FWS, operations in areas pertaining to any expanded habitat would not be covered by the CCAA and future operations may require securing FWS permits. Separately, in August 2022, the FWS agreed, via a stipulated settlement agreement in a federal district court, to decide whether to list the Dunes Sagebrush Lizard as endangered or threatened by June 29, 2023. In January 2021, the FWS approved a CCAA covering the Dunes Sagebrush Lizard habitat in non-federal lands in certain counties of western Texas. The designation of previously unprotected species or the re-designation of under protected species as threatened or endangered in areas where the Company conducts operations could cause the Company to incur increased costs arising from species protection measures or could result in delays, restrictions or prohibitions on its development and production activities that could have a material adverse effect on the Company's ability to develop and produce reserves.

The Company's transportation of gas; sales and purchases of oil, NGLs and gas or other energy commodities and any derivative activities related to such energy commodities, expose the Company to potential regulatory risks.

The FERC, the Federal Trade Commission and the U.S. Commodities Futures Trading Commission ("CFTC") hold statutory authority to monitor certain segments of the physical and futures energy commodities markets relevant to the Company's business. These agencies have imposed broad regulations prohibiting fraud and manipulation of such markets. With regard to the Company's transportation of gas in interstate commerce, physical sales and purchases of oil, NGLs, gas or other energy commodities, and any derivative activities related to these energy commodities, the Company is required to observe the market-related regulations enforced by these agencies, which hold substantial enforcement authority. Failure to comply with such regulations, as interpreted and enforced, could result in agency actions that could materially and adversely affect the Company's results of operations and financial condition.

The enactment of derivatives legislation could have a material adverse effect on the Company's ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with its business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") enacted in July 2010, established federal oversight and regulation of the over-the-counter derivatives market and entities, such as the Company, that participate in that market. The Dodd-Frank Act requires the CFTC and the SEC to promulgate rules and regulations for its implementation. While many Dodd-Frank Act regulations are already in effect, the rulemaking and implementation process is ongoing, and the ultimate effect of the adopted rules and regulations and any future rules and regulations on the Company's business remain uncertain.

In 2020, the CFTC voted to adopt a final rule regarding position limits for certain physical commodity derivatives (the "Final Position Limits Rule"). The Final Position Limits Rule establishes new and amended position limits for futures and options contracts in various commodities (including oil and gas) and for swaps that are their economic equivalents. Under the Final Position Limits Rule, certain types of derivative transactions are exempt from these limits, provided that such derivative transactions satisfy the CFTC's requirements for certain enumerated "bona fide" derivative transactions, pass-through swaps and certain anticipatory hedges. The Final Position Limits Rule also includes new exemptions for conditional spot-month positions in gas, preexisting positions acquired in good faith and, in limited circumstances, upon request to the CFTC.

The CFTC has also adopted final rules regarding the aggregation requirements applicable to position limits (such rules, as expanded by the Final Positions Limits Rule, the "Aggregation Rule"). The Aggregation Rule requires the aggregation of positions in commodity futures contracts and the economically equivalent futures, options and swaps held by separate but related entities for purposes of determining compliance with position limits. These rules may affect both the size of the positions that the Company may hold and the ability or willingness of counterparties to trade with the Company, potentially increasing the costs of transactions. Moreover, such changes could materially reduce the Company's access to derivative opportunities, which could adversely affect revenues or cash flow during periods of low commodity prices. The ultimate effect of these rules and any additional regulations on the Company's business is uncertain.

In addition, certain banking regulators and the CFTC have adopted final rules establishing minimum margin requirements for uncleared swaps. Although the Company expects to qualify for the end-user exception from margin requirements for swaps entered into to manage its commercial risks, the application of such requirements to other market participants, such as swap dealers, may change the cost and availability of the swaps that the Company uses. If any of the Company's swaps do not qualify for the commercial end-user exception, the posting of collateral could reduce its liquidity and cash available for capital expenditures and could reduce its ability to manage commodity price volatility and the volatility in its cash flows.

The full impact of the Dodd-Frank Act and related regulatory requirements upon the Company's business will not be known until the regulations are fully implemented and the market for derivatives contracts has adjusted. In addition, it is possible that the Biden administration could expand regulation of the over-the-counter derivatives market and the entities that participate in that market through either the Dodd-Frank Act or the enactment of new legislation. The Dodd-Frank Act (and any regulations implemented thereunder) and any new legislation could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks the Company encounters and reduce the Company's ability to monetize or restructure existing derivative contracts. Further, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil and gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and gas. The Company's revenues could therefore be materially and adversely affected if a consequence of the Dodd-Frank Act and implementing regulations is to lower commodity prices.

The European Union and other non-U.S. jurisdictions have also implemented and continue to implement new regulations with respect to the derivatives market. To the extent the Company transacts with counterparties in foreign jurisdictions or counterparties with other businesses that subject them to regulations in foreign jurisdictions, the Company may become subject to, or otherwise affected by, such regulations. At this time, the impact of such regulations is not clear.

Regulation by the CFTC and banking regulators of the over-the-counter derivatives market and market participants could cause the Company's contract counterparties, which are generally financial institutions and other market participants, to curtail or cease their derivatives activities. The Company believes that these regulatory trends have contributed to a reduction in liquidity of the over-the-counter derivatives market, which could make it more difficult to engage in derivative transactions covering significant volumes of the Company's future production, and which could materially and adversely affect the cost and availability of derivatives to the Company. If the Company reduces its use of derivatives as a result of such regulation, the Company's results of operations may become more volatile and its cash flows may be less predictable, which could materially and adversely affect the Company's ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect on the Company, its financial condition and its results of operations.

The Company's bylaws provide, to the fullest extent permitted by law, that the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the exclusive forum for certain legal actions between the Company and its stockholders and that the federal district courts of the United States shall be the sole and exclusive forum for the resolution of causes of action arising under the Securities Act of 1933. These provisions could increase costs to bring a claim, discourage claims or limit the ability of the Company's stockholders to bring a claim in a judicial forum viewed by the stockholders as more favorable for disputes with the Company or the Company's directors, officers or other employees.

The Company's bylaws provide to the fullest extent permitted by law that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee, agent or stockholder of the Company to the Company or the Company's stockholders, (c) any action against the Company arising pursuant to any provision of the Delaware General Corporation Law or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (d) any action against the Company or any director, officer, other employee or agent of the Company asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Company's certificate of incorporation or the Company's bylaws. The Company's bylaws also provided that the federal district courts of the United States shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Although the Company's bylaws provide for an exclusive forum for causes of action under the Securities Act of 1933, its stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder. The choice of forum provisions may increase costs to bring a claim, discourage claims or limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or the Company's directors, officers or other employees, which may discourage such lawsuits against the Company or the Company's directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision

contained in the Company's bylaws to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving such action in other jurisdictions.

Changes in tax laws or the interpretation thereof or the imposition of new or increased taxes or fees may adversely affect the Company's operations and cash flows.

From time to time, U.S. federal and state level legislation has been proposed that would, if enacted into law, make significant changes to U.S. tax laws, including to certain key U.S. federal and state income tax provisions currently available to oil and natural gas exploration and development companies. Such legislative changes have included, but have not been limited to, (i) the elimination of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) an extension of the amortization period for certain geological and geophysical expenditures, (iv) the elimination of certain other tax deductions and relief previously available to oil and natural gas companies and (v) an increase in the U.S. federal income tax rate applicable to corporations such as the Company. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. Additionally, states in which the Company operates or owns assets may impose new or increased taxes or fees on oil and natural gas extraction. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws or the imposition of new or increased taxes or fees on natural gas and oil extraction could adversely affect the Company's operations and cash flows.

In addition, on August 16, 2022, President Biden signed into law the IRA, which includes, among other things, a corporate alternative minimum tax (the "CAMT"), provides for an investment tax credit for qualified biomass property and introduces a one percent excise tax on corporate stock repurchases after December 31, 2022. Under the CAMT, a 15 percent minimum tax will be imposed on certain adjusted financial statement income of "applicable corporations," which is effective beginning January 1, 2023. The CAMT generally treats a corporation as an applicable corporation in any taxable year in which the "average annual adjusted financial statement income" of the corporation and certain of its subsidiaries and affiliates for a three-taxable-year period ending prior to such taxable year exceeds $1 billion. The Company is currently assessing the potential impact of these legislative changes and will continue to evaluate the overall impact of other current, future and proposed regulations and interpretive guidance from tax authorities on the Company's effective tax rate and consolidated balance sheets. The Company is unable to predict whether any such changes or other proposals will ultimately be enacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Reserve Estimation Procedures and Audits

The information included in this Report about the Company's proved reserves as of December 31, 2022, 2021 and 2020 is based on evaluations prepared by the Company's engineers and audited by Netherland, Sewell & Associates, Inc. ("NSAI").

Reserve estimation procedures. The Company has established internal controls over reserve estimation processes and procedures to support the accurate and timely preparation and disclosure of reserve estimates in accordance with SEC requirements. These controls include oversight of the reserves estimation reporting processes by Pioneer's Corporate Reserves Group ("Corporate Reserves") and an annual external audit of substantial portions of the Company's proved reserves by NSAI.

Corporate Reserves is staffed with reservoir engineers who prepare reserve estimates using reservoir engineering information technology. Corporate Reserves interacts with the technical and production teams to ensure all available engineering and geologic data is taken into account prior to establishing or revising an estimate. There is oversight of the reservoir engineers by the Director of Corporate Reserves who is in turn subject to direct oversight by the Company's Executive Committee.

All reserve estimates, material assumptions and inputs used in reserve estimates and significant changes in reserve estimates are reviewed for appropriateness and compliance with SEC rules and U.S. GAAP. Annually, the Executive Committee reviews the reserve estimates, and any differences with NSAI for the portion of the reserves that it audits, before these estimates are approved. The engineers who participate in the reserve estimation and disclosure process periodically attend training provided by external consultants and through internal Pioneer programs. Additionally, Corporate Reserves has prepared and maintains written policies and guidelines for its staff to reference on reserve estimation and preparation to promote consistency in the preparation of the Company's reserve estimates and compliance with the SEC reserve estimation and reporting rules.

Proved reserves audits. The proved reserves audited by NSAI, in aggregate, represented the following:

	As of December 31,		
	2022	2021	2020
Proved reserves audited by NSAI	95 %	93 %	89 %
Pre-tax present value of proved reserves discounted at 10 percent audited by NSAI	98 %	96 %	100 %

In connection with the annual reserves audit, NSAI prepared its own estimates of the Company's proved reserves and compared its estimates to those prepared by the Company. NSAI determined that the Company's estimates of reserves were prepared in accordance with the definitions and regulations of the SEC, including the criteria of "reasonable certainty," as it pertains to expectations about the recoverability of reserves in future years, under existing economic and operating conditions, consistent with the definition in Rule 4-10(a)(24) of Regulation S-X. NSAI issued an unqualified audit opinion on the Company's proved reserves as of December 31, 2022, 2021 and 2020, respectively, based upon their evaluation. NSAI concluded that the Company's estimates of proved reserves were, in the aggregate, reasonable and had been prepared in accordance with Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers. NSAI's audit report as of December 31, 2022, which should be read in its entirety, is attached as Exhibit 99.1 to this Annual Report on Form 10-K.

Qualifications of proved reserves preparers and auditors. Corporate Reserves is staffed by petroleum engineers with extensive industry experience and is managed by the Director of Corporate Reserves, the technical person who is primarily responsible for overseeing the Company's reserves estimates. These individuals meet the professional qualifications of reserves estimators and reserves auditors as defined by the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information. The qualifications of the Director of Corporate Reserves include 43 years of international and domestic experience as a petroleum engineer, with 25 years focused on reserves reporting for independent oil and gas companies, including Pioneer. He has an additional 21 years of Permian Basin-focused production engineering, advanced reservoir engineering, petrophysics, consulting and special project research experience with major oil companies. His educational background includes an undergraduate degree in Geological Engineering, with a Petroleum Engineering emphasis.

NSAI provides worldwide petroleum property analysis services for energy clients, financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. The technical person primarily responsible for auditing the Company's reserves estimates is a Licensed Professional Engineer in the State of Texas and has been practicing consulting petroleum engineering at NSAI since 1993. He graduated with a Bachelor of Science degree in Chemical Engineering in 1983 and meets or exceeds the education, training and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information.

Technologies used in proved reserves estimates. Proved undeveloped reserves include those reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for completion. Undeveloped reserves may be classified as proved reserves on undrilled acreage directly offsetting development areas that are reasonably certain of production when drilled, or where reliable technology provides reasonable certainty of economic producibility. Undrilled locations may be classified as having undeveloped proved reserves only if an ability and intent has been established to drill the reserves within five years, unless specific circumstances justify a longer time period.

In the context of reserves estimations, reasonable certainty means a high degree of confidence that the quantities will be recovered and reliable technology means a grouping of one or more technologies (including computational methods) that has been field-tested and has been demonstrated to provide reasonable certainty that the results will be consistent and repeatable in the formation being evaluated or in an analogous formation. In estimating proved reserves, the Company uses several different traditional methods such as performance-based methods, volumetric-based methods and analogy with similar properties. In addition, the Company utilizes additional technical analysis such as seismic interpretation, wireline formation tests, geophysical logs and core data to provide incremental support for more complex reservoirs. Information from this incremental support is combined with the traditional technologies outlined above to enhance the certainty of the Company's proved reserve estimates.

Proved Reserves

The Company's oil and gas proved reserves are as follows:

	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf) (a)	Total (MBOE)	%
As of December 31, 2022:					
Developed	861,973	660,066	3,574,429	2,117,777	89 %
Undeveloped	110,045	78,379	422,562	258,851	11 %
	972,018	738,445	3,996,991	2,376,628	100 %
As of December 31, 2021:					
Developed	847,632	584,492	3,076,329	1,944,845	88 %
Undeveloped	119,996	85,488	430,379	277,214	12 %
	967,628	669,980	3,506,708	2,222,059	100 %
As of December 31, 2020:					
Developed	539,320	362,584	1,855,607	1,211,172	95 %
Undeveloped	29,464	16,603	84,493	60,149	5 %
	568,784	379,187	1,940,100	1,271,321	100 %

(a) Total proved gas reserves include 192,814 MMcf, 186,325 MMcf and 115,239 MMcf of gas that the Company expected to be produced and used as field fuel (primarily for compressors) as of December 31, 2022, 2021 and 2020, respectively.

The Company's Standardized Measure of total proved reserves are as follows:

	As of December 31,		
	2022	2021	2020
	(in millions)		
Proved developed reserves	$ 34,763	$ 24,992	$ 6,992
Proved undeveloped reserves	3,629	2,692	210
	$ 38,392	$ 27,684	$ 7,202

The NYMEX prices used for oil and gas reserve preparation, based upon SEC guidelines, were as follows:

	Year Ended December 31,		
	2022	2021	2020
Oil per Bbl	$ 93.67	$ 66.56	$ 39.57
Gas per Mcf	$ 6.36	$ 3.60	$ 1.98

See "Unaudited Supplementary Information" included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Description of Properties

Average daily oil, NGLs, gas and total production is as follows:

	Year Ended December 31, 2022
Oil (Bbls)	351,964
NGLs (Bbls)	160,294
Gas (Mcf) (a)	825,085
Total (BOE)	649,773

(a) Gas production excludes gas produced and used as field fuel.

Costs incurred are as follows:

	Year Ended December 31, 2022
	(in millions)
Proved property acquisition costs	$ 6
Unproved property acquisition costs	167
Exploration costs	3,161
Development costs	625
Asset retirement obligations	161
	$ 4,120

Development and exploratory/extension drilling activity is as follows:

	Year Ended December 31, 2022	
	Development	Exploratory/Extension
Beginning wells in progress	33	263
Wells spud	27	471
Successful wells	(49)	(442)
Ending wells in progress	11	292

As of December 31, 2022, the Company holds 964 thousand gross acres (856 thousand net acres), of which 948 thousand gross acres (844 thousand net acres) are located in the Spraberry/Wolfcamp field in the Midland Basin of West Texas. Pioneer is the largest acreage holder in the Spraberry/Wolfcamp field. In the southern portion of the Spraberry/Wolfcamp field, the Company has a joint venture ("JV") with Sinochem Petroleum USA LLC, a U.S. subsidiary of the Sinochem Group ("Sinochem"), that encompasses 212 thousand gross acres.

The oil produced from the Spraberry/Wolfcamp field in the Midland Basin is West Texas Intermediate Sweet, and the gas produced is casinghead gas with an average energy content of 1,400 Btu. The oil and gas are produced primarily from six formations (Spraberry, Jo Mill, Dean, Wolfcamp, Strawn and Atoka), at depths ranging from 7,500 feet to 14,000 feet. The Company believes that it has significant resource potential within its Spraberry, Jo Mill and Wolfcamp acreage, based on the Company's extensive geologic data covering the Middle Spraberry, Jo Mill and Lower Spraberry intervals, the Wolfcamp A, B, C and D intervals and the Company's drilling results.

During 2022, the Company successfully completed 393 horizontal wells and seven vertical wells in the non-JV portion of the Midland Basin and 91 horizontal wells in the southern JV portion of the Midland Basin. In the non-JV portion of the Midland Basin, 48 percent of the horizontal wells placed on production were Spraberry interval wells, 25 percent were Wolfcamp B interval wells, 24 percent were Wolfcamp A interval wells and the remaining three percent were Wolfcamp D interval wells. In the southern JV portion of the Midland Basin, all of the wells placed on production were Wolfcamp A or B interval wells.

The Company continues to complete acreage trades that allow the Company to drill wells with longer laterals, improving the expected returns of the wells. The Company estimates that the acreage trades completed in 2022 added 2.5 million lateral feet to the Company's drilling inventory.

The Company plans to operate 24 to 26 horizontal drilling rigs and six to seven frac fleets in the Midland Basin in 2023. The Company will continue to evaluate its drilling and completions program with future activity levels assessed regularly.

Selected Oil and Gas Information

Production, price and cost data. The price that the Company receives for the oil and gas it produces is largely a function of market supply and demand. Demand has historically been affected by global economic conditions, including the ongoing recession concerns, the Russia/Ukraine conflict, the COVID-19 pandemic, and weather and other seasonal conditions, such as hurricanes and tropical storms. Over or under supply of oil or gas can result in substantial price volatility. Historically, commodity prices have been volatile and the Company expects that volatility to continue in the future. A decline in oil, NGL and gas prices or poor drilling results could have a material adverse effect on the Company's financial position, results of operations, cash flows, quantities of oil and gas reserves that may be economically produced and the Company's ability to access the capital markets.

The following table sets forth production, price and cost data with respect to the Company's properties. These amounts represent the Company's historical results of operations without making pro forma adjustments for any acquisitions, divestitures or drilling activity that occurred during the respective years. The production amounts will not match the proved reserve volume tables in "Unaudited Supplementary Information" included in "Item 8. Financial Statements and Supplementary Data" because field fuel volumes are included in the proved reserve volume tables. Because of normal production declines, increased or decreased drilling activities and the effects of acquisitions or divestitures, the historical information presented below should not be interpreted as being indicative of future results.

	Year Ended December 31,		
	2022	2021	2020
Annual sales volumes:			
Oil (MBbls)	128,467	130,300	77,095
NGLs (MBbls)	58,507	52,204	31,376
Gas (MMcf)	301,156	256,931	155,662
Total (MBOE)	237,167	225,326	134,415
Average daily sales volumes:			
Oil (Bbls)	351,964	356,986	210,641
NGLs (Bbls)	160,294	143,026	85,728
Gas (Mcf)	825,085	703,919	425,307
Total (BOE)	649,773	617,332	367,253
Average prices:			
Oil (per Bbl)	$ 95.66	$ 67.60	$ 37.24
NGLs (per Bbl)	$ 37.67	$ 32.70	$ 15.62
Gas (per Mcf)	$ 6.03	$ 3.85	$ 1.73
Revenue (per BOE)	$ 68.77	$ 51.05	$ 27.01
Average costs (per BOE):			
Production costs:			
Lease operating expense	$ 3.89	$ 2.97	$ 3.00
Gathering, processing and transportation expense	4.21	3.14	2.59
Workover costs	1.03	0.45	0.24
Net natural gas plant income	(1.04)	(0.93)	(0.76)
	$ 8.09	$ 5.63	$ 5.07
Production and ad valorem taxes:			
Production taxes	$ 3.27	$ 2.41	$ 1.17
Ad valorem taxes	0.81	0.48	0.64
	$ 4.08	$ 2.89	$ 1.81
Depletion expense	$ 10.48	$ 10.81	$ 11.55

Productive wells. Productive wells consist of producing wells and wells capable of production, including oil wells awaiting connection to production facilities, gas wells awaiting pipeline connections to commence deliveries and shut-in wells. One or more completions in the same well bore are counted as one well. Any well in which one of the multiple completions is an oil completion is classified as an oil well.

Productive oil and gas wells attributable to the Company's properties are as follows:

As of December 31, 2022					
Gross Productive Wells			Net Productive Wells		
Oil	Gas	Total	Oil	Gas	Total
10,676	26	10,702	8,149	21	8,170

Developed, undeveloped and royalty leasehold acreage is as follows:

As of December 31, 2022				
Developed Acreage		Undeveloped Acreage		
Gross Acres	Net Acres	Gross Acres	Net Acres	Royalty Acreage
910,582	805,744	53,903	50,133	132,457

The expiration dates of the leases attributable to gross and net undeveloped acres are as follows:

	As of December 31, 2022	
	Acres Expiring	
	Gross	Net
2023 (a)	44,210	42,847
2024	2,252	2,248
2025	5,441	4,109
2026	—	—
2027	640	481
Thereafter	1,360	448
	53,903	50,133

(a) The Company has an active drilling program and ongoing efforts to extend leases that may not be drilled prior to expiration. The Company currently has no proved undeveloped reserve locations scheduled to be drilled after lease expiration. Approximately 39 thousand net acres expiring are subject to continuous drilling obligations, which the Company expects to meet with its active drilling program.

Drilling activities. The following table sets forth the number of gross and net wells drilled by the Company that were productive or dry holes. This information should not be considered indicative of future performance, nor should it be assumed that there was any correlation between the number of productive wells drilled and the oil and gas reserves generated thereby or the costs to the Company of productive wells compared to the costs of dry holes.

	Gross Wells			Net Wells		
	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2022	2021	2020
Productive wells:						
Development	49	54	13	45	52	12
Exploratory/extension	442	488	242	389	440	218
	491	542	255	434	492	230
Success ratio (a)	100 %	100 %	100 %	100 %	100 %	100 %

(a) Represents the ratio of those wells that were successfully completed as producing wells or wells capable of producing to total wells drilled and evaluated.

Wells in process of being drilled are as follows:

	As of December 31, 2022	
	Gross Wells	Net Wells
Development	11	11
Exploratory/extension	292	266
	303	277

ITEM 3. LEGAL PROCEEDINGS

The Company is party to various proceedings and claims incidental to its business. While many of these matters involve inherent uncertainty, the Company believes that the amount of the liability, if any, ultimately incurred with respect to these proceedings and claims will not have a material adverse effect on the Company's consolidated financial position as a whole or on its liquidity, capital resources or future annual results of operations. See Note 11 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth certain information as of the date of this Report regarding the Company's executive officers. All of the Company's executive officers serve at the discretion of the Board. There are no family relationships among any of the Company's directors or executive officers.

Name	Position	Age
Scott D. Sheffield	Chief Executive Officer	70
Richard P. Dealy	President and Chief Operating Officer	56
Mark S. Berg	Executive Vice President, Corporate Operations	64
J.D. Hall	Executive Vice President, Operations	57
Mark H. Kleinman	Executive Vice President and General Counsel	61
Elizabeth A. McDonald	Senior Vice President, Strategic Planning, Field Development and Marketing	44
Neal H. Shah	Senior Vice President and Chief Financial Officer	52
Tyson L. Taylor	Senior Vice President, Human Resources	44
Bonnie S. Black	Senior Vice President, Technology and Operations Support	51
Christopher L. Washburn	Vice President and Chief Accounting Officer	39

Scott D. Sheffield

Mr. Sheffield has served as the Company's Chief Executive Officer since February 2019, and held the additional title of President from February 2019 through the end of 2020. Previously, he had served as Chief Executive Officer of the Company from 1997 through December 31, 2016, and then as the Executive Chairman until December 31, 2017. He has served as a director of the Company since 1997 and had served as Chairman of the Board from 1999 through February 2019. Mr. Sheffield was the Chairman of the board of directors and Chief Executive Officer of Parker & Parsley Petroleum Company, a predecessor of the Company (together with its predecessor companies, "Parker & Parsley"), from January 1989 until the Company was formed in August 1997. Mr. Sheffield joined Parker & Parsley as a petroleum engineer in 1979, was promoted to Vice President - Engineering in September 1981, was elected President and a Director in April 1985, and became Parker & Parsley's Chairman of the board of directors and Chief Executive Officer on January 19, 1989. Before joining Parker & Parsley, Mr. Sheffield was employed as a production and reservoir engineer for Amoco Production Company. Mr. Sheffield is also a director of The Williams Companies, Inc. Mr. Sheffield is a distinguished graduate of the University of Texas with a Bachelor of Science degree in Petroleum Engineering.

Richard P. Dealy

Mr. Dealy was elected as the Company's President and Chief Operating Officer effective January 1, 2021. Prior to that, Mr. Dealy had served as the Company's Executive Vice President and Chief Financial Officer since November 2004. Mr. Dealy held positions for the Company as Vice President and Chief Accounting Officer from February 1998 to November 2004 and Vice President and Controller from August 1997 to January 1998. Mr. Dealy joined Parker & Parsley in July 1992 and was promoted to Vice President and Controller in 1996, in which position he served until August 1997. Before joining Parker & Parsley, Mr. Dealy was employed by KPMG LLP. Mr. Dealy is also a director of Compass Minerals International, Inc. Mr. Dealy graduated with honors from Eastern New Mexico University with a Bachelor of Business Administration degree in Accounting and Finance and is a Certified Public Accountant.

Mark S. Berg

Mr. Berg joined the Company as Executive Vice President and General Counsel in April 2005, serving in that capacity until January 2014, at which time he assumed broader executive responsibilities, most recently being elected to serve as Executive Vice President, Corporate Operations, in April 2019. Prior to joining the Company, Mr. Berg served as Executive Vice President, General Counsel and Secretary of American General Corporation, a Fortune 200 diversified financial services company, from 1997 through 2002. Subsequent to the sale of American General to American International Group, Inc., Mr. Berg joined Hanover Compressor Company as Senior Vice President, General Counsel and Secretary. He served in that capacity from May 2002 through April 2004. Mr. Berg began his career in 1983 with the Houston-based law firm of Vinson & Elkins L.L.P. He was a partner with the firm from 1990 through 1997. Mr. Berg is also a director of ProPetro Holding Corp. ("ProPetro") and a director and Vice Chairman of Permian Strategic Partnership Inc. Mr. Berg graduated Magna Cum Laude

and Phi Beta Kappa with a Bachelor of Arts degree from Tulane University in 1980. He earned his Juris Doctorate with honors from the University of Texas School of Law in 1983.

J. D. Hall

Mr. Hall was elected as the Company's Executive Vice President, Operations, in April 2019. Mr. Hall had previously held positions for the Company as Executive Vice President, Permian Operations, from August 2015 to April 2019, Executive Vice President, Southern Wolfcamp Operations from August 2014 to August 2015, Senior Vice President, South Texas Operations from June 2013 to August 2014, Vice President, South Texas Operations from February 2013 to June 2013, Vice President, South Texas Asset Team from September 2012 to February 2013 and Vice President, Eagle Ford Asset Team from January 2010 to September 2012. Prior to his positions in South Texas, he was the Operations Manager in Alaska from January 2005 to January 2010. He previously held several other positions with the Company, including managing offshore, onshore and international projects. He began his career with a predecessor company, MESA, Inc. ("MESA"), in 1989. He has a Bachelor of Science degree in Mechanical Engineering from Texas Tech University and is a registered professional engineer in Texas.

Mark H. Kleinman

Mr. Kleinman was elected as the Company's Executive Vice President and General Counsel in April 2019. He also held the positions of Senior Vice President and General Counsel from January 2014 through April 2019, Vice President from May 2006 until January 2014, Corporate Secretary from June 2005 through August 2015, and Chief Compliance Officer from June 2005 until May 2013. Mr. Kleinman earned a Bachelor of Arts degree in Government from the University of Texas and graduated, with honors, from the University of Texas School of Law.

Elizabeth A. McDonald

Ms. McDonald was elected as the Company's Senior Vice President, Strategic Planning, Field Development and Marketing, effective January 1, 2021. Ms. McDonald had previously held positions for the Company as Vice President, Permian Strategic Planning and Field Development, from May 2019 to January 2021, Vice President, Permian Infrastructure Development and Operations, from April 2018 to May 2019, Vice President, South Texas Asset Team, from March 2017 to April 2018, and Vice President, South Texas Subsurface, from August 2014 to March 2017. She joined the Company in 2005 as a reservoir engineer on the Engineering and Development team focused on the Gulf of Mexico and North Africa exploration projects, and has held a number of positions, including as Senior Reservoir Engineering Manager – South Texas Asset Team, Manager of Planning – Corporate Finance, Business Analyst – Worldwide Operations, Senior Reservoir Engineer – Central Gulf Coast Exploration and Reservoir Engineer – Engineering and Development. Ms. McDonald earned a Bachelor of Science, Petroleum Engineering degree in 2001 from Texas A&M University and is a registered professional engineer in Texas.

Neal H. Shah

Mr. Shah was elected as the Company's Senior Vice President and Chief Financial Officer, effective January 1, 2021. Mr. Shah joined the Company in June 2017 as Vice President, Investor Relations. Before joining the Company, Mr. Shah served as Senior Equity Research Analyst at Thrivent Asset Management from June 2016 to June 2017, and as Vice President at Nuveen LLC from March 2006 to June 2016. He has a financial and equity research background and has held various financial analysis positions at Piper Jaffray & Company, RBC Capital Markets and Goldman Sachs & Company. Mr. Shah earned a Bachelor of Science degree in Electrical Engineering from Louisiana State University and a Master of Business Administration degree from the Booth School of Business at the University of Chicago, where he was a Siebel Scholar and a recipient of the Irwin J. Biederman Leadership award.

Tyson L. Taylor

Ms. Taylor was elected as the Company's Senior Vice President, Human Resources, in November 2021. Prior to her current role, Ms. Taylor served as Vice President, Human Resources, from April 2019 through November 2021. Ms. Taylor has 20 years of Human Resources experience, including 11 years with the Company, during which she has worked in all areas of the Company's Human Resources department. Ms. Taylor previously held the positions of Vice President, Learning and Development, and Director, Organizational Development and Recruiting. Ms. Taylor earned a Bachelor of Business Administration from the University of North Texas and a Master of Business Administration from Southern Methodist University.

Bonnie S. Black

Ms. Black was elected as the Company's Senior Vice President, Technologies and Operations Support, in December 2022. Prior to her current role, Ms. Black served as Vice President of Drilling. In 2015, Ms. Black was named Vice President, Permian Well Planning & Permitting and also served as Vice President of Environmental and Sustainable Development from

2013 to 2015. Ms. Black joined the company in 2007 as a Health, Safety and Environmental manager after more than 25 years' experience in the oil and gas industry working in client-facing environmental consulting roles in Texas, Oklahoma and Alaska. Ms. Black holds a Bachelor of Science in Civil Engineering from Texas A&M University and is a registered professional engineer with a specialization in Environmental Engineering. At her alma mater, she is the Chair of the Civil & Environmental Advisory Council and an Executive Committee Member of the Aggie Women Engineering Network. Ms. Black also serves as an Advisory Board Member of the Undergraduate Practice Opportunities Program at Massachusetts Institute of Technology.

Christopher L. Washburn

Mr. Washburn was elected as the Company's Vice President and Chief Accounting Officer in October 2022. Mr. Washburn served as the Company's interim Chief Accounting Officer beginning in July 2022. He also held the position of the Company's Controller from March 2018 to July 2022. Prior to this role, Mr. Washburn has served in various accounting positions since joining the Company in 2006. Mr. Washburn earned a Bachelor of Business Administration degree and a Master of Professional Accounting degree from West Texas A&M University and is a Certified Public Accountant.

Officers are generally elected by the Board at its meeting on the day of each annual election of directors, with each such officer serving until a successor has been elected and qualified.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed and traded on the NYSE under the symbol "PXD." The Board has authority to declare dividends to the holders of the Company's common stock. The Board intends to continue the payment of dividends to the holders of the Company's common stock in the future. The declaration and payment of future dividends, however, will be at the discretion of the Board and will depend on, among other things, the Company's earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that the Board deems relevant.

As of February 21, 2023, the Company's common stock was held by 8,159 holders of record.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Purchases of the Company's common stock are as follows:

	Three Months Ended December 31, 2022			
Period	**Total Number of Shares Purchased (a)**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Amount of Shares that May Yet Be Purchased under Plans or Programs (b)**
October 1-31, 2022	139,902	$ 229.42	138,889	$ 2,718,728,180
November 1-30, 2022	556,284	$ 252.29	555,179	$ 2,578,657,478
December 1-31, 2022	1,012,810	$ 225.18	1,012,810	$ 2,350,597,194
	1,708,996		1,706,878	

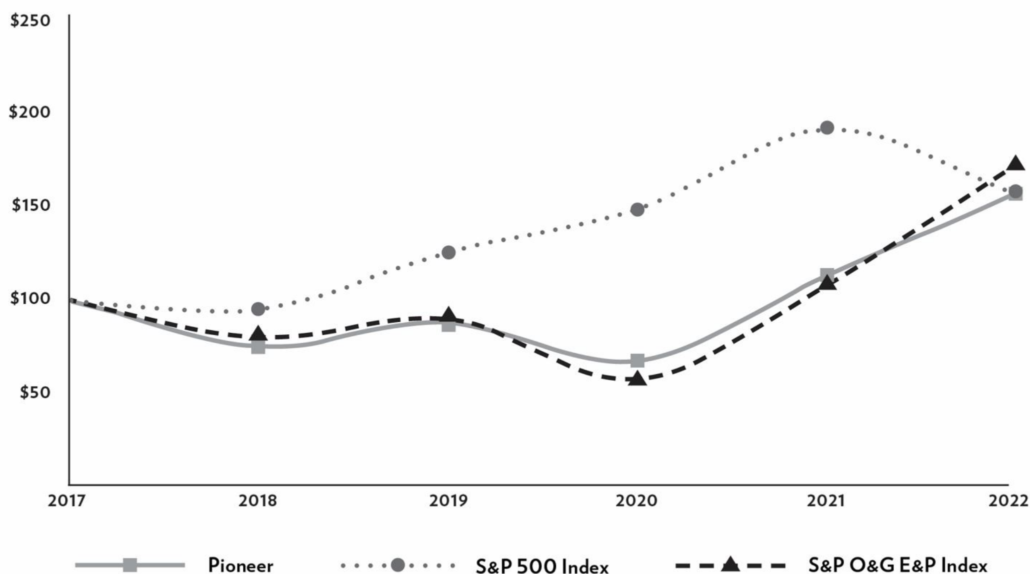
(a) Includes shares withheld from employees in order for employees to satisfy income tax withholding payments related to share-based awards that vested during the period.

(b) In February 2022, the Board authorized a $4 billion common stock repurchase program. The stock repurchase program has no time limit and may be modified, suspended or terminated at any time by the Board.

Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall the information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The graph below compares the cumulative total stockholder return on the Company's common stock during the five-year period ended December 31, 2022, with cumulative total returns during the same period for the Standard & Poor's ("S&P") 500 Index and the S&P Oil and Gas Exploration & Production Index.



	As of December 31,					
	2017	2018	2019	2020	2021	2022
Pioneer Natural Resources Company	$ 100.00	$ 76.23	$ 88.49	$ 68.27	$ 113.49	$ 157.60
S&P 500	$ 100.00	$ 95.62	$ 125.72	$ 148.85	$ 191.58	$ 156.89
S&P Oil & Gas Exploration & Production	$ 100.00	$ 80.50	$ 90.17	$ 58.24	$ 108.95	$ 172.69

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Acquisitions

The Company regularly seeks to acquire or trade for acreage that complements its operations, provides exploration and development opportunities, increases the lateral length of future horizontal wells and provides superior returns on investment. The Company's notable recent acquisitions include:

- In May 2021, the Company completed the acquisition of Double Eagle III Midco 1 LLC ("DoublePoint") in exchange for 27 million shares of Pioneer common stock and $1.0 billion of cash (the "DoublePoint Acquisition"). The Pioneer stock consideration transferred had a fair value of $4.2 billion.
- In January 2021, the Company completed the acquisition of Parsley Energy, Inc., a Delaware corporation that previously traded on the NYSE under the symbol "PE" ("Parsley"), pursuant to the Agreement and Plan of Merger, dated as of October 20, 2020, among Pioneer, certain of its subsidiaries, Parsley and Parsley's subsidiary, Parsley Energy, LLC (the "Parsley Acquisition"), in exchange for 52 million shares of Pioneer common stock. The Pioneer stock consideration transferred had a fair value of $6.9 billion.

Divestitures

The Company regularly reviews its asset base to identify nonstrategic assets, the disposition of which would increase capital resources available for other activities, create organizational and operational efficiencies and further the Company's objective of maintaining a strong balance sheet to ensure financial flexibility. The Company's notable recent divestitures include:

- In February 2022, the Company completed the sale of its equity interest in a gas gathering and processing system in northern Martin County for cash proceeds of $125 million. The sale was treated as a recovery of investment from a partial sale of proved property resulting in no gain or loss being recognized.
- In December 2021, the Company completed the sale of its assets in the Delaware Basin (the "Delaware Divestiture") to Continental Resources, Inc. for cash proceeds of $3.0 billion, after normal closing adjustments. The Company's Delaware Basin assets were acquired as part of the Parsley Acquisition.
- In October 2021, the Company completed the sale of 20 thousand net acres in western Glasscock County (the "Glasscock Divestiture") to Laredo Petroleum, Inc. ("Laredo") in exchange for $137 million in cash and 960 thousand shares of Laredo's common stock representing total consideration transferred of $206 million.

Financial and Operating Performance

The Company's financial and operating performance for the year ended December 31, 2022 included the following highlights:

- Net income attributable to common stockholders for the year ended December 31, 2022 was $7.8 billion ($31.13 per diluted share), as compared to net income of $2.1 billion ($8.61 per diluted share) for the same period in 2021. The primary components of the increase in earnings attributable to common stockholders include:
  - a $4.8 billion increase in oil and gas revenues, primarily due to (i) a 35 percent increase in average realized commodity prices per BOE in 2022 due to the continued recovery in oil, NGL and gas demand, low worldwide inventory levels, OPEC supplies being below agreed quotas and the impact to global oil and gas supplies resulting from sanctions against Russia related to their invasion of Ukraine and (ii) a five percent increase in daily sales volumes due to the Company's successful Spraberry/Wolfcamp horizontal drilling program and a full year of production from the assets acquired in the DoublePoint Acquisition in May 2021, partially offset by reduced production associated with the assets divested as part of the Delaware Divestiture in December 2021;
  - a $1.9 billion decrease in derivative losses, primarily due to a reduction in the Company's commodity derivative positions in 2022; and
  - a $1.2 billion change in net gain/loss on disposition of assets, primarily due to the Delaware Divestiture in December 2021;

  partially offset by:

  - a $1.5 billion increase in income taxes, primarily due to the increase in earnings in 2022 compared to 2021; and
  - a $1.0 billion increase in production costs, including taxes, primarily attributable to increases in (i) production taxes, ad valorem taxes and gathering, processing and transportation costs that are directly related to the

increase in commodity prices, (ii) lease operating expenses primarily due to inflationary pressures on power, fuel and labor costs, (iii) workover activity and (iv) a full year of production costs added from the assets acquired in the DoublePoint Acquisition in May 2021, partially offset by a decrease in production costs as a result of the Delaware Divestiture.

- During the year ended December 31, 2022, average daily sales volumes increased on a BOE basis by five percent to 649,773 BOEPD, as compared to 617,332 BOEPD during the same period in 2021.
- Average oil and NGL prices per Bbl and average gas prices per Mcf increased to $95.66, $37.67 and $6.03, respectively, during the year ended December 31, 2022, as compared to $67.60, $32.70 and $3.85, respectively, for the same period in 2021.
- Net cash provided by operating activities increased during the year ended December 31, 2022 to $11.3 billion, as compared to $6.0 billion for the same period in 2021. The increase in net cash provided by operating activities during the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to (i) the aforementioned increases in oil and gas revenues and daily sales volumes (ii) a decrease in cash used in derivative activities, partially offset by (i) an increase in income taxes, (ii) an increase in production costs, including production and ad valorem taxes and (iii) a reduction in cash flow associated with the assets divested as part of the Delaware Divestiture.
- During the year ended December 31, 2022, the Company paid base dividends of $1.1 billion, or $4.38 per share, and variable dividends of $5.2 billion, or $21.68 per share, as compared to base dividends of $487 million, or $2.23 per share, and variable dividends of $1.1 billion, or $4.53 per share for the same period in 2021.
- During the year ended December 31, 2022, the Company repurchased 7.2 million shares for $1.6 billion under the Company's stock repurchase program, as compared to repurchases of 1.4 million shares for $250 million during the same period in 2021.
- As of December 31, 2022 and December 31, 2021, the Company's net debt to book capitalization was 15 percent and 12 percent, respectively.

Oil and Gas Industry Considerations

The COVID-19 pandemic resulted in a severe worldwide economic downturn, significantly disrupting the demand for oil throughout the world, and created significant volatility, uncertainty and turmoil in the oil and gas industry. The decrease in demand for oil, combined with excess supply of oil and related products, resulted in oil prices declining significantly beginning in late February 2020. Since mid-2020, oil prices have improved, with demand steadily increasing despite the uncertainties surrounding the COVID-19 variants, and related responses by governments worldwide with regards to travel restrictions, business closures and other restrictions, which have continued to inhibit a full global demand recovery. In addition, worldwide oil inventories, from a historical perspective, remain low and concerns exist with the ability of OPEC and other oil producing nations to meet forecasted future oil demand growth, with many OPEC countries not able to produce at their OPEC agreed upon quota levels due to their limited capital investments directed towards developing incremental oil supplies over the past few years. Furthermore, sanctions, import bans and price caps on Russia have been implemented by various countries in response to the war in Ukraine, further impacting global oil supply. As a result of these and other oil and gas supply constraints, the world has experienced significant increases in energy costs. During December 2022, OPEC announced a continuation of its 2 MMBOPD production cut that started in November 2022 related to the uncertainty surrounding the global economy and future oil demand. As a result of the current global supply and demand imbalances, oil and gas prices have remained strong with average NYMEX oil and NYMEX gas prices for the three months ended December 31, 2022 being $82.64 per Bbl and $6.26 per Mcf, respectively, as compared to $77.19 per Bbl and $5.84 per Mcf, respectively, for the same period in 2021. In addition, the ongoing pandemic, combined with the Russia/Ukraine conflict, has resulted in global supply chain disruptions, which has led to significant cost inflation and the potential for a global recession. Specifically, the Company's 2022 capital program was impacted by higher than expected inflation in steel, diesel and chemical prices, among other items.

Global oil price levels and inflationary pressures will ultimately depend on various factors that are beyond the Company's control, such as (i) the ability of OPEC and other oil producing nations to manage the global oil supply, (ii) the impact of sanctions and import bans on production from Russia, (iii) the timing and supply impact of any Iranian sanction relief on their ability to export oil, (iv) the effectiveness of responses by businesses and governments to combat any additional outbreaks of the COVID-19 virus and their impact on domestic and worldwide demand, (v) the global supply chain constraints associated with manufacturing and distribution delays, (vi) oilfield service demand and cost inflation, (vii) political stability of oil consuming countries and (viii) increasing expectations that the world may be heading into a global recession. The Company continues to assess and monitor the impact of these factors and consequences on the Company and its operations.

First Quarter 2023 Outlook

Based on current estimates, the Company expects the following operating and financial results for the first quarter of 2023:

	Three Months Ending March 31, 2023
	Guidance
	($ in millions, except per BOE amounts)
Average daily production (MBOE)	659 - 687
Average daily oil production (MBbls)	349 - 364
Production costs per BOE	$11.75 - $13.25
DD&A per BOE	$10.50 - $12.00
Exploration and abandonments expense	$10 - $20
General and administrative expense	$78 - $88
Interest expense	$27 - $32
Other expense	$20 - $40
Cash flow impact from firm transportation (a)	$(50) - $(90)
Cash income taxes	$70 - $100
Effective tax rate	22% - 27%

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(a) The cash flow impact from firm transportation is primarily based on (i) the forecasted differential between Midland WTI oil prices and Brent oil prices less the costs to transport purchased oil from the areas of the Company's production to the Gulf Coast and (ii) oil price fluctuations between the time the Company purchases the oil from its areas of operation and when the oil is delivered and sold to Gulf Coast refineries or exported to international markets. To the extent that the Company's Gulf Coast sales of purchased oil does not cover the purchase price and associated firm transport costs, the Company's results of operations will reflect the negative cash flow impact attributable to the shortfall.

2023 Capital Budget

The Company's capital budget for 2023 is expected to be in the range of (i) $4.45 billion to $4.75 billion of development related capital, which includes drilling and completion related activities, and the construction of tank batteries, saltwater disposal facilities and water infrastructure, and (ii) $150 million to $200 million of exploration, environmental and other capital, principally related to drilling four Barnett/Woodford formation wells in the Midland Basin, additional testing of the Company's enhanced oil recovery ("EOR") project and adding electric power infrastructure for future drilling, completions and production operations. The 2023 capital budget excludes acquisitions, asset retirement obligations, capitalized interest, geological and geophysical general and administrative expense, corporate facilities and vehicles.

The 2023 capital budget is expected to be funded from operating cash flow and, if necessary, from cash and cash equivalents on hand or borrowings under the Company's Credit Facility.

Results of Operations

Results of operations should be read together with the Company's consolidated financial statements and related notes included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. See the Company's Annual Report on Form 10-K for the year ended December 31, 2021 for a discussion of the Company's 2021 results of operations as compared to the Company's 2020 results of operations.

Oil and gas revenues. The Company's oil and gas revenues are derived from sales of oil, NGL and gas production. Increases or decreases in the Company's revenues, profitability and future production are highly dependent on commodity prices. Prices are market driven and future prices will fluctuate due to supply and demand factors, availability of transportation, seasonality, geopolitical developments and economic factors, among other items.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Oil and gas revenues	$ 16,310	$ 11,503	$ 4,807

Average daily sales volumes are as follows:

	Year Ended December 31,		
	2022	2021	% Change
Oil (Bbls)	351,964	356,986	(1 %)
NGLs (Bbls)	160,294	143,026	12 %
Gas (Mcf) (a)	825,085	703,919	17 %
Total (BOE)	649,773	617,332	5 %

(a) Gas production excludes gas produced and used as field fuel.

Average daily BOE sales volumes increased for the year ended December 31, 2022, as compared to the same period in 2021, primarily due to the Company's successful Spraberry/Wolfcamp horizontal drilling program and a full year of production from the assets acquired in the DoublePoint Acquisition in May 2021, partially offset by reduced production of 47 MBOE per day associated with the assets divested as part of the Company's Delaware Divestiture in December 2021, which had a higher percentage of oil production than the Company's Midland Basin assets.

The oil, NGL and gas prices reported by the Company are based on the market prices received for each commodity. Commodity prices for the year ended December 31, 2022, as compared to the same period in 2021, increased due to the continued recovery in oil, NGL and gas demand, low worldwide inventory levels, OPEC supplies being below agreed quotas and the impact to global oil and gas supplies resulting from sanctions against Russia related to their invasion of Ukraine. The average prices are as follows:

	Year Ended December 31,		
	2022	2021	% Change
Oil price per Bbl	$ 95.66	$ 67.60	42 %
NGL price per Bbl	$ 37.67	$ 32.70	15 %
Gas price per Mcf	$ 6.03	$ 3.85	57 %
Price per BOE	$ 68.77	$ 51.05	35 %

Net sales of purchased commodities. The Company enters into pipeline capacity commitments in order to secure available oil, NGL and gas transportation capacity from the Company's areas of production and to secure diesel supply from the Gulf Coast. The Company also enters into purchase commitments to secure sand supply for the Company's operations in the Midland Basin. The Company enters into purchase transactions with third parties and separate sale transactions with third parties to diversify a portion of the Company's oil and gas sales to (i) Gulf Coast refineries, (ii) Gulf Coast and West Coast gas markets and (iii) international oil markets, and to satisfy unused gas pipeline capacity commitments. The Company periodically sells diesel and sand to unaffiliated third parties in the Permian Basin if it has supply in excess of its operational needs. Revenues and expenses from these transactions are generally presented on a gross basis in sales of purchased commodities and purchased commodities expense in the accompanying consolidated statements of operations as the Company acts as a principal in the transaction by assuming both the risks and rewards of ownership, including credit risk, of the commodities purchased and the responsibility to deliver the commodities sold. In conjunction with the Company's downstream sales, the Company also enters into pipeline capacity and storage commitments in order to secure available oil and gas transportation capacity from the Company's areas of production to downstream sales points and storage capacity at downstream sales points. The transportation and storage costs associated with these transactions are included in purchased commodities expense.

The net effect of third party purchases and sales of commodities is as follows:

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Sales of purchased commodities	$ 8,074	$ 6,367	$ 1,707
Purchased commodities expense	8,235	6,560	1,675
	$ (161)	$ (193)	$ 32

The change in net sales of purchased commodities for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to improved margins on the Company's downstream Gulf Coast refinery and export oil sales.

Firm transportation payments on excess pipeline capacity are included in other expense in the accompanying consolidated statements of operations. See Note 16 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Interest and other income, net.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Interest and other income, net	$ 119	$ 23	$ 96

The change in interest and other income for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to (i) interest income of $36 million, as compared to $1 million, (ii) a noncash gain on the Company's short-term investment in Laredo of $17 million, as compared to a noncash loss of $11 million and (iii) changes in the fair value of the Company's investment in affiliate resulting in a noncash gain of $37 million, as compared to a noncash gain of $12 million.

See Note 4 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Derivative loss, net.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Commodity price derivatives:			
Noncash derivative gain, net	$ 158	$ 437	$ (279)
Cash payments/deferred obligations on settled derivatives, net (a)	(358)	(2,595)	2,237
Total commodity derivative loss, net	(200)	(2,158)	1,958
Marketing derivatives:			
Noncash derivative gain (loss), net	(63)	14	(77)
Cash payments on settled derivatives, net	(66)	(39)	(27)
Total marketing derivative loss, net	(129)	(25)	(104)
Conversion option derivatives:			
Noncash derivative gain, net	1	—	1
Cash receipts on settled derivatives, net	13	—	13
Total conversion option derivative gain, net	14	—	14
Derivative loss, net	$ (315)	$ (2,183)	$ 1,868

(a) The year ended December 31, 2021 includes $521 million of losses attributable to the early settlement of certain 2022 oil and gas commodity derivatives primarily related to (i) the termination of certain of its 2022 oil and gas commodity derivative positions and (ii) entering into equal and offsetting oil and gas commodity derivative trades, which had the net effect of eliminating future fair value changes to certain of its 2022 derivative positions.

Commodity price derivatives. The Company primarily utilizes derivative contracts to reduce the effect of price volatility on the commodities the Company produces and sells. The oil and gas price impact related to the Company's commodity price derivatives are as follows:

	Year Ended December 31,			
	2022		2021	
	Net Cash Payments (in millions)	Price Impact	Net Cash Payments (in millions)	Price Impact
Oil derivative payments (a)	$ (8)	$ (0.06) per Bbl	$ (1,819)	$ (13.96) per Bbl
Gas derivative payments, net (b)	(350)	$ (1.16) per Mcf	(255)	$ (0.99) per Mcf
	$ (358)		$ (2,074)	

(a) Excludes the effect from early settlement of certain of the Company's oil derivative contracts, resulting in cash payments of $316 million and $192 million for the year ended December 31, 2022 and 2021, respectively.
(b) Excludes the effect from early settlement of certain of the Company's gas derivative contracts, resulting in cash payments of $12 million and $1 million for the year ended December 31, 2022 and 2021, respectively.

Marketing derivatives. The Company uses marketing derivatives to diversify its oil pricing to Gulf Coast and international markets. As of December 31, 2022, the Company's marketing derivatives reflect long-term marketing contracts whereby the Company agreed to purchase and simultaneously sell barrels of oil at an oil terminal in Midland, Texas.

In October 2019, the Company agreed to purchase and simultaneously sell 50 thousand barrels of oil per day beginning January 1, 2021 and ending December 31, 2026.

In April 2022, the Company agreed to purchase and simultaneously sell (i) 40 thousand barrels of oil per day beginning May 1, 2022 and ending April 30, 2027 and (ii) 30 thousand barrels of oil per day beginning August 1, 2022 and ending July 31, 2027.

The price the Company pays to purchase the oil volumes under the purchase contract is based on a Midland WTI price and the price the Company receives for the oil volumes sold is the WASP that a non-affiliated counterparty receives for selling oil through a Gulf Coast storage and export facility at prices that are highly correlated with Brent oil prices during the same month of the purchase. Based on the form of the long-term marketing contracts, the Company accounts for the contracts as derivative instruments not designated as hedges.

Conversion option derivatives. In May 2020, the Company issued $1.3 billion principal amount of convertible senior notes due 2025 (the "Convertible Notes"). Certain holders of the Convertible Notes exercised their conversion option during the year ended December 31, 2022. Per the terms of the notes indenture, the Company elected to settle the conversions in cash, with settlement occurring 25 trading days from the notice of conversion (the "Settlement Period"). The Company's election to settle an exercised conversion option in cash results in a forward contract during the Settlement Period that is accounted for as a derivative instrument not designated as a hedge. The Company's conversion option derivatives represent the change in the cash settlement obligation that occurs during the Settlement Period related to conversion options exercised by certain holders of the Company's Convertible Notes.

The Company's open derivative contracts are subject to market risk. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" and Note 4 and Note 5 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Gain (loss) on disposition of assets, net.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Gain (loss) on disposition of assets, net	$ 106	$ (1,067)	$ 1,173

The net gain on disposition of assets for the year ended December 31, 2022 is primarily due to the Company's divestment of certain undeveloped acres and producing wells in the Midland Basin for cash proceeds of $164 million, resulting in a gain on the sales of $110 million.

The net loss on disposition of assets for the year ended December 31, 2021 is primarily due to the completion of the Delaware Divestiture, resulting in the Company recording a loss of $1.1 billion.

See Note 3 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Oil and gas production costs.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Oil and gas production costs	$ 1,922	$ 1,267	$ 655

Total production costs per BOE are as follows:

	Year Ended December 31,		
	2022	2021	% Change
Lease operating expense (a)	$ 3.89	$ 2.97	31 %
Gathering, processing and transportation expense (b)	4.21	3.14	34 %
Workover costs (a)	1.03	0.45	129 %
Net natural gas plant income (c)	(1.04)	(0.93)	12 %
	$ 8.09	$ 5.63	44 %

(a) Lease operating expense and workover costs represent the components of oil and gas production costs over which the Company has management control.

(b) Gathering, processing and transportation expense represents the costs to (i) gather, process, transport and fractionate the Company's gas and NGLs to a point of sale and, to a lesser extent, (ii) gather and transport certain of the Company's oil production to a point of sale.

(c) Net natural gas plant income represents the earnings from the Company's ownership share of gas processing facilities that gather and process the Company's and third party gas.

The change in the Company's production costs per BOE during the year ended December 31, 2022, as compared to the same period in 2021, is due to the following:

- Lease operating expense per BOE increased primarily due to inflationary pressures on power, fuel and labor costs;
- Gathering, processing and transportation expense per BOE increased primarily due to increased gas processing costs as a result of (i) an increase in gas and NGL prices attributable to the contractual volumes retained by the processor as payment for their services and (ii) an increase in gas processing plant electricity costs, which the processor passes through to each gas producer;
- Workover costs per BOE increased due to an increase in workover activity as a result of improved commodity prices being realized in 2022, which increased the economic benefit of repairing certain of the Company's oil and gas wells; and
- Net natural gas plant income per BOE increased primarily due to improved gas and NGL prices, partially offset by the loss of net natural gas plant income associated with the Company's Martin County Gas Processing Divestiture in February 2022.

Production and ad valorem taxes.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Production and ad valorem taxes	$ 965	$ 651	$ 314

Production and ad valorem taxes per BOE are as follows:

	Year Ended December 31,		
	2022	2021	% Change
Production taxes per BOE	$ 3.27	$ 2.41	36 %
Ad valorem taxes per BOE	0.81	0.48	69 %
	$ 4.08	$ 2.89	41 %

In general, production taxes and ad valorem taxes are directly related to commodity price changes; however, Texas ad valorem taxes are based upon prior year commodity prices, whereas production taxes are based upon current year commodity prices.

The change in production taxes per BOE for the year ended December 31, 2022, as compared to the same period in 2021, is due to the aforementioned increase in oil, NGL and gas commodity prices. The change in ad valorem taxes per BOE for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to an increase in prior year commodity prices that are used to determine current year ad valorem taxes.

Depletion, depreciation and amortization expense.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Depletion, depreciation and amortization	$ 2,530	$ 2,498	$ 32

Total DD&A expense per BOE is as follows:

	Year Ended December 31,		
	2022	2021	% Change
DD&A per BOE	$ 10.67	$ 11.08	(4 %)
Depletion expense per BOE	$ 10.48	$ 10.81	(3 %)

The change in DD&A and depletion expense per BOE for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to additions of proved reserves attributable to the aforementioned successful Spraberry/Wolfcamp drilling program and improved commodity prices (which has the effect of extending the economic life of producing wells). See "Unaudited Supplementary Information" included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Exploration and abandonments expense.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Geological and geophysical	$ 34	$ 46	$ (12)
Leasehold abandonments and other	7	5	2
	$ 41	$ 51	$ (10)

The change in geological and geophysical costs for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to the one-time relicensing of certain Parsley seismic data in connection with the Parsley Acquisition during 2021.

Leasehold abandonment costs primarily represent the abandonment of certain unproved properties that the Company no longer plans to drill before the leases expire.

During the year ended December 31, 2022 and 2021, the Company drilled and evaluated 442 and 488 exploratory/extension wells, respectively, with 100 percent successfully completed as discoveries.

See Note 6 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

General and administrative expense.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Cash general and administrative expense	$ 293	$ 244	$ 49
Noncash general and administrative expense	41	48	(7)
	$ 334	$ 292	$ 42

Total general and administrative expense per BOE is as follows:

	Year Ended December 31,		
	2022	2021	% Change
Cash general and administrative expense	$ 1.24	$ 1.08	15 %
Noncash general and administrative expense	0.17	0.21	(19 %)
	$ 1.41	$ 1.29	9 %

The change in cash general and administrative expense per BOE for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to (i) $20 million of charitable contributions to various Ukraine humanitarian aid organizations in response to the Russia/Ukraine conflict and (ii) incremental general and administrative costs associated with an increase in headcount due to the Parsley Acquisition and DoublePoint Acquisition. The change in noncash general and administrative expense per BOE for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to changes in the market value of investments underlying the Company's deferred compensation obligation.

Interest expense.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Cash interest expense	$ 118	$ 151	$ (33)
Noncash interest expense	10	10	—
	$ 128	$ 161	$ (33)

The change in cash interest expense for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to (i) the early extinguishment of the Company's 0.750% Senior Notes due 2024 and the 4.450% Senior Notes due 2026 during February 2022, (ii) the repayment of the Company's 3.950% Senior Notes due 2022 that matured in July 2022 and (iii) the early extinguishment of the Company's 5.625% Senior Notes due 2027 during October 2022, partially offset by the issuance in May 2021 of $750 million of 0.550% Senior Notes due 2023.

The weighted average cash interest rate on the Company's indebtedness for the year ended December 31, 2022 decreased to 1.6 percent, as compared to 1.9 percent for the same period in 2021.

See Note 7 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Other expense.

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Other expense	$ 173	$ 410	$ (237)

The change in other expense for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to $244 million of transaction costs during 2021 related to the Parsley Acquisition and DoublePoint Acquisition and $80 million of costs during 2021 related to covering firm gas commitments due to Winter Storm Uri, partially offset by (i) $39 million in net losses attributable to the early extinguishment of the Company's 0.750% Senior Notes due 2024, 4.450% Senior Notes due 2026 and 5.625% Senior Notes due 2027 during 2022 and (ii) $23 million of impairment expense to adjust the carrying values of a held for sale unoccupied field office and certain operating lease right-of-use assets to their estimated fair values during 2022.

See Note 16 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Income tax provision.

	Year Ended December 31,		
	2022	2021	Change
	(in millions, except percentages)		
Income tax provision	$ (2,106)	$ (628)	$ (1,478)
Effective tax rate	21 %	23 %	(2 %)

The change in income tax provision for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to an increase of $7.2 billion in income before income taxes. The Company's effective tax rate differed from the U.S. statutory rate of 21 percent in 2021 primarily due to state income taxes. The Company settled certain state unrecognized tax benefits during the year ended December 31, 2022 resulting in lower 2022 state income taxes.

Based on the Company's earnings, the Company's available tax attributes were not sufficient to offset taxable U.S. federal income in 2022. As a result, the Company made U.S. net federal cash tax payments totaling $424 million during the year ended December 31, 2022. Additionally, the Company made state cash tax payments totaling $21 million during the same period. Cash taxes were paid from operating cash flows and cash on hand.

On August 16, 2022, President Biden signed into law the IRA, which includes, among other things, the CAMT. Under the CAMT, a 15 percent minimum tax will be imposed on certain adjusted financial statement income of "applicable corporations," which is effective for tax years beginning after December 31, 2022. The CAMT generally treats a corporation as an "applicable corporation" in any taxable year in which the "average annual adjusted financial statement income" of the corporation and certain of its subsidiaries and affiliates for a three-taxable-year period ending prior to such taxable year exceeds $1 billion. The IRA also establishes a one percent excise tax on stock repurchases made by publicly traded U.S. corporations, effective for stock repurchases after December 31, 2022. The IRA did not impact the Company's current year tax provision or the Company's consolidated financial statements, but the new provisions could impact future periods.

See Note 17 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Liquidity and Capital Resources

Liquidity. The Company's primary sources of short-term liquidity are (i) cash and cash equivalents, (ii) net cash provided by operating activities, (iii) sales of investments, (iv) unused borrowing capacity under its Credit Facility, (v) issuances of debt or equity securities and (vi) other sources, such as sales of nonstrategic assets.

The Company's short-term and long-term liquidity requirements consist primarily of (i) capital expenditures, (ii) acquisitions of oil and gas properties, (iii) payments of contractual obligations, including debt maturities, (iv) dividends and share repurchases, (v) income taxes and (vi) working capital obligations. Funding for these requirements may be provided by any combination of the Company's sources of liquidity. Although the Company expects that its sources of funding will be adequate to fund its 2023 liquidity requirements, no assurance can be given that such funding sources will be adequate to meet the Company's future needs.

2023 capital budget. The Company's capital budget for 2023 is expected to be in the range of (i) $4.45 billion to $4.75 billion of development related capital, which includes drilling and completion related activities, and the construction of tank batteries, saltwater disposal facilities and water infrastructure, and (ii) $150 million to $200 million of exploration, environmental and other capital, principally related to drilling four Barnett/Woodford formation wells in the Midland Basin, additional testing of the Company's EOR project and adding electric power infrastructure for future drilling, completions and production operations. The 2023 capital budget excludes acquisitions, asset retirement obligations, capitalized interest, geological and geophysical general and administrative expense, corporate facilities and vehicles.

The 2023 capital budget is expected to be funded from operating cash flow and, if necessary, from cash and cash equivalents on hand or borrowings under the Company's Credit Facility.

Capital resources. As of December 31, 2022, the Company had no outstanding borrowings under its Credit Facility, leaving $2.0 billion of unused borrowing capacity. The Credit Facility requires the maintenance of a ratio of total debt to book capitalization, subject to certain adjustments, not to exceed 0.65 to 1.0. The Company was in compliance with all of its debt covenants as of December 31, 2022. The Company also had unrestricted cash on hand of $1.0 billion as of December 31, 2022.

Sources and uses of cash during the year ended December 31, 2022, as compared to the same period in 2021, are as follows:

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Net cash provided by operating activities	$ 11,348	$ 6,046	$ 5,302
Net cash used in investing activities	$ (3,586)	$ (856)	$ 2,730
Net cash used in financing activities	$ (10,614)	$ (2,807)	$ 7,807

Operating activities. The change in net cash flow provided by operating activities for the year ended December 31, 2022, as compared to the same period in 2021, is primarily due to (i) an increase in oil and gas revenues as a result of higher commodity prices and sales volumes attributable to the Company's successful Spraberry/Wolfcamp horizontal drilling program and a full year of sales volumes from the DoublePoint Acquisition and (ii) a decrease in cash used in derivative activities, partially offset by (i) an increase in income taxes, (ii) an increase in production costs, including production and ad valorem

taxes and (iii) a reduction in operating cash flow associated with the assets divested as part of the Delaware Divestiture in December 2021.

Investing activities. The Company's significant investing activities for the years ended December 31, 2022 and 2021 are as follows:

- 2022: The Company (i) used $3.9 billion for additions to oil and gas properties, (ii) received proceeds from the maturity of commercial paper investments and the Company's short-term investment in Laredo common stock of $1.1 billion, (iii) purchased commercial paper for $1.0 billion (iv) received proceeds from disposition of assets of $367 million and (v) used $113 million for additions to other assets and other property, plant and equipment.
- 2021: The Company (i) used $3.2 billion for additions to oil and gas properties, (ii) received proceeds from the disposition of assets of $3.2 billion, primarily related to the Delaware Divestiture, (iii) used $943 million for the DoublePoint Acquisition, (iv) used $118 million for additions to other assets and other property, plant and equipment and (v) acquired $117 million of cash in the Parsley Acquisition.

Financing activities. The Company's significant financing activities for the years ended December 31, 2022 and 2021 are as follows:

- 2022: The Company (i) paid dividends of $6.3 billion, (ii) paid $1.5 billion to redeem $1.4 billion of its outstanding 0.750% senior notes due 2024, 4.450% senior notes due 2026 and 5.625% senior notes due 2027, having aggregate principal amounts of $750 million, $500 million and $179 million, respectively, (iii) repurchased $1.7 billion of its common stock, (iv) paid $857 million to settle exercised conversion options related to the Company's Convertible Notes, (v) repaid $244 million associated with the maturity of its 3.950% senior notes due in July 2022, (vi) paid $192 million of other liabilities and (vii) received $103 million in proceeds of privately negotiated capped call transactions with certain financial institution counterparties (the "Capped Call") related to the aforementioned exercised conversion options.
- 2021: The Company (i) received proceeds from the May 2021 issuance of 0.550% senior notes due May 2023 ("May 2021 Senior Notes Offering"), net of $4 million of issuance costs and discounts, of $746 million, (ii) received proceeds from the January 2021 issuance of 0.750% senior callable notes due January 2024, 1.125% senior notes due January 2026 and 2.150% senior notes due January 2031 ("January 2021 Senior Notes Offering"), net of $24 million of issuance costs and discounts, of $2.5 billion, (iii) borrowed and repaid $650 million on the Company's Credit Facility, (iv) repaid the Parsley and DoublePoint credit facilities, which had outstanding balances of $397 million and $240 million, respectively, (v) repaid $140 million associated with the maturity of its 3.450% senior notes due in January 2021, (vi) used proceeds from the May 2021 Senior Notes Offering to pay $731 million to redeem DoublePoint's 7.750% senior notes due 2025, (vii) used proceeds from the January 2021 Senior Notes Offering to pay $1.6 billion to redeem Parsley's 5.250% senior notes due 2025, Parsley's 5.375% senior notes due 2025 and Jagged Peak's 5.875% senior notes due 2026 (assumed by Parsley in a prior acquisition), (viii) paid $852 million to purchase a portion of Parsley's 5.625% senior notes due 2027 and Parsley's 4.125% senior notes due 2028 pursuant to a cash tender offer, (ix) paid dividends of $1.6 billion, (x) repurchased $269 million of its common stock and (xi) paid $164 million of other liabilities.

Dividends/distributions. During the year ended December 31, 2022, the Company paid base dividends of $1.1 billion, or $4.38 per common share, compared to $487 million, or $2.23 per common share, during the year ended December 31, 2021.

In addition to its base dividend program, the Company has a variable dividend strategy whereby the Company pays a quarterly variable dividend of up to 75 percent of the prior quarter's free cash flow remaining after its base dividend. Free cash flow is a non-GAAP financial measure. As used by the Company, free cash flow is defined as net cash provided by operating activities, adjusted for changes in operating assets and liabilities, less capital expenditures. The Company believes this non-GAAP measure is a financial indicator of the Company's ability to internally fund acquisitions, debt maturities, dividends and share repurchases after capital expenditures. Capital expenditures exclude acquisitions, asset retirement obligations, capitalized interest, geological and geophysical general and administrative expenses, information technology capital investments and additions to corporate facilities. During the year ended December 31, 2022, the Company paid variable dividends of $5.2 billion, or $21.68 per common share, compared to $1.1 billion, or $4.53 per common share, during the year ended December 31, 2021.

On February 22, 2023, the Board declared a quarterly base dividend of $1.10 per share and a quarterly variable dividend of $4.48 per share for shareholders of record on March 6, 2023, with a payment date of March 17, 2023. Future base and variable dividends are at the discretion of the Board, and, if declared, the Board may change the dividend amount based on the Company's outlook for commodity prices, liquidity, debt levels, capital resources, free cash flow or other factors. The Company can provide no assurance that dividends will be authorized or declared in the future or as to the amount of any future dividends.

Any future variable dividends, if declared and paid, will fluctuate based on the Company's free cash flow, which will depend on a number of factors beyond the Company's control, including commodity prices.

Off-balance sheet arrangements. From time to time, the Company enters into arrangements and transactions that can give rise to material off-balance sheet obligations of the Company. As of December 31, 2022, the material off-balance sheet arrangements and transactions that the Company had entered into included (i) firm purchase, transportation, storage and fractionation commitments, (ii) open purchase commitments and (iii) contractual obligations for which the ultimate settlement amounts are not fixed and determinable. The contractual obligations for which the ultimate settlement amounts are not fixed and determinable include (a) derivative contracts that are sensitive to future changes in commodity prices or the Company's share price, (b) gathering, processing and transportation commitments on uncertain volumes of future throughput and (c) indemnification obligations following certain divestitures.

In connection with its divestiture transactions, the Company may retain certain liabilities and provide the purchaser certain indemnifications, subject to defined limitations, which may apply to identified pre-closing matters, including matters of litigation, environmental contingencies, royalties and income taxes. Also associated with its divestiture transactions, the Company has issued and received guarantees to facilitate the transfer of contractual obligations, such as firm transportation agreements or gathering and processing arrangements. The Company does not recognize a liability if the fair value of the obligation is immaterial or the likelihood of making payments under these guarantees is remote.

Other than the off-balance sheet arrangements described above, the Company has no transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect the Company's liquidity or availability of or requirements for capital resources. The Company expects to enter into similar contractual arrangements in the future and additional firm purchase, transportation, storage and fractionation arrangements, in order to support the Company's business plans. See Note 11 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Convertible senior notes. In May 2020, the Company issued $1.3 billion principal amount of convertible senior notes due 2025. The Convertible Notes bear a fixed interest rate of 0.250% per year, with interest payable on May 15 and November 15 of each year. The Convertible Notes will mature on May 15, 2025, unless earlier redeemed, repurchased or converted. The Convertible Notes are unsecured obligations ranking equally in right of payment with all other senior unsecured indebtedness of the Company.

The Convertible Notes are convertible into shares of the Company's common stock at an adjusted conversion rate of 10.2823 shares of the Company's common stock per $1,000 principal amount of the Convertible Notes (subject to further adjustment pursuant to the terms of the notes indenture, the "Conversion Rate"), which represents an adjusted conversion price of $97.25 per share (subject to further adjustment pursuant to the terms of the notes indenture, the "Conversion Price") as of December 31, 2022. As a result of the quarterly base and variable dividends declared through December 31, 2022, the Conversion Rate increased from the initial rate of 9.1098 shares of the Company's common stock per $1,000 principal amount of the Convertible Notes and the Conversion Price decreased from $109.77. Future declarations of quarterly base and variable dividends in excess of $0.55 per common share will cause further adjustments to the Conversion Rate and the Conversion Price pursuant to the terms of the notes indenture. Upon conversion, the Convertible Notes may be settled in cash, shares of the Company's common stock or a combination thereof, at the Company's election.

Holders of the Convertible Notes may convert their notes at their option prior to February 15, 2025 under the following circumstances:

- during the quarter following any quarter during which the last reported sales price of the Company's common stock for at least 20 of the last 30 consecutive trading days of such quarter exceeds 130 percent of the Conversion Price;
- during the five-day period following any five consecutive trading day period when the trading price of the Convertible Notes is less than 98 percent of the product of the last reported sales price of the Company's common stock and the Conversion Rate;
- upon notice of redemption by the Company; or
- upon the occurrence of specified corporate events, including certain consolidations or mergers.

On or after February 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time. The Company may not redeem the Convertible Notes prior to May 20, 2023, and after such date, may redeem the Convertible Notes only if the last reported sale price of the Company's common stock has been at least 130 percent of the Conversion Price for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides the notice of redemption. The redemption price is equal to 100 percent of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest.

During the last 30 consecutive trading days of the fourth quarter of 2022, the last reported sales prices of the Company's common stock exceeded 130 percent of the Conversion Price for at least 20 trading days, causing the Convertible Notes to become convertible at the option of the holders during the three month period ending March 31, 2023. During the twelve months ended December 31, 2022, certain holders of the Convertible Notes exercised their conversion option resulting in the Company redeeming $361 million of the outstanding principal amount of the Convertible Notes for total cash payments of $857 million. The Company reserves its right under the notes indenture to elect to settle the Convertible Notes in cash, shares of the Company's common stock or a combination of cash and common stock. See Note 7 and Note 18 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Contractual obligations. The Company's contractual obligations include long-term debt, leases (primarily related to contracted drilling rigs, office facilities and other equipment), capital funding obligations, derivative obligations, firm transportation, storage and fractionation commitments, minimum annual gathering, processing and transportation commitments and other liabilities. Other joint owners in the properties operated by the Company could incur portions of the costs represented by these commitments.

Firm commitments. The Company has short-term and long-term firm purchase, gathering, processing, transportation, fractionation and storage commitments representing take-or-pay agreements, which include contractual commitments (i) to purchase sand, water and diesel for use in the Company's drilling and completion operations, (ii) with midstream service companies and pipeline carriers for future gathering, processing, transportation, fractionation and storage and (iii) with oilfield services companies that provide drilling and pressure pumping services. The Company does not expect to be able to fulfill all of its short-term and long-term firm transportation volume obligations from projected production of available reserves; consequently, the Company plans to purchase third party volumes to satisfy its firm transportation commitments if it is economic to do so; otherwise, it will pay demand fees for any commitment shortfalls. The Company also has open purchase commitments for inventories, materials and other property and equipment ordered, but not received, as of December 31, 2022. See Note 11 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Long-term debt. As of December 31, 2022, the Company's outstanding debt is comprised of senior notes, including senior notes issued by Parsley, and convertible senior notes. The senior notes and convertible senior notes issued by the Company rank equally, but are structurally subordinated to all obligations of the Company's subsidiaries. See Note 7 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Operating leases. The Company's short-term and long-term lease obligations primarily relate to contracted drilling rigs, storage tanks, equipment and office facilities. See Note 10 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Derivative obligations. The Company's commodity, marketing and conversion option derivatives are periodically measured and recorded at fair value and continue to be subject to market and/or credit risk. As of December 31, 2022, these contracts represented net liabilities of $139 million. The ultimate liquidation value of the Company's commodity and marketing derivatives will be dependent upon actual future commodity prices, which may differ materially from the inputs used to determine the derivatives' fair values as of December 31, 2022. The ultimate liquidation of the Company's conversion option derivatives will be dependent on the Company's daily volumetric weighted average share price during the Settlement Period. See Note 4 and Note 5 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for additional information.

Other liabilities. The Company's other liabilities represent current and noncurrent other liabilities that are primarily comprised of litigation and environmental contingencies, asset retirement obligations, a finance lease for the corporate headquarters office building, deferred compensation retirement plan obligations and other obligations for which neither the ultimate settlement amounts nor their timings can be precisely determined in advance. See Note 9 and Note 11 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Book capitalization and current ratio. The Company's net book capitalization as of December 31, 2022 was $26.4 billion, consisting of cash and cash equivalents of $1.0 billion, debt of $4.9 billion and equity of $22.5 billion. The Company's net debt to book capitalization increased to 15 percent as of December 31, 2022 from 12 percent as of December 31, 2021. The Company's ratio of current assets to current liabilities was 0.96:1 as of December 31, 2022, as compared to 1.52:1 as of December 31, 2021.

Debt ratings. The Company is rated as investment grade by three credit rating agencies. The Company's credit ratings are subject to regular reviews by the credit rating agencies. The Company believes that each of the rating agencies considers

many factors in determining the Company's ratings, including: (i) production growth opportunities, (ii) liquidity, (iii) debt levels, (iv) asset composition and (v) proved reserve mix. A reduction in the Company's debt ratings could increase the interest rates that the Company incurs on Credit Facility borrowings and could negatively impact the Company's ability to obtain additional financing or the interest rate, fees and other terms associated with such additional financing.

Critical Accounting Estimates

The Company prepares its consolidated financial statements for inclusion in this Report in accordance with GAAP. See Note 2 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information. The following is a discussion of the Company's most critical accounting estimates, judgments and uncertainties that are inherent in the Company's application of GAAP.

Successful efforts method of accounting. The Company utilizes the successful efforts method of accounting for oil and gas producing activities as opposed to the alternate acceptable full cost method. In general, the Company believes that net assets and net income are more conservatively measured under the successful efforts method of accounting for oil and gas producing activities than under the full cost method, particularly during periods of active exploration. The critical difference between the successful efforts method of accounting and the full cost method is that under the successful efforts method, exploratory dry holes and geological and geophysical exploration costs are charged against earnings during the periods in which they occur; whereas, under the full cost method of accounting, such costs and expenses are capitalized as assets, pooled with the costs of successful wells and charged against the earnings of future periods as a component of depletion expense.

Proved reserve estimates. Estimates of the Company's proved reserves included in this Report are prepared in accordance with GAAP and SEC guidelines. The accuracy of a proved reserve estimate is a function of:

- the quality and quantity of available data;
- the interpretation of that data;
- the accuracy of various mandated economic assumptions; and
- the judgment of the persons preparing the estimate.

The Company's proved reserve information included in this Report as of December 31, 2022, 2021 and 2020 was prepared by the Company's engineers and audited by independent petroleum engineers with respect to the Company's major properties. Estimates prepared by third parties may be higher or lower than those included herein.

Because these estimates depend on many assumptions, all of which may substantially differ from future actual results, proved reserve estimates will be different from the quantities of oil and gas that are ultimately recovered. In addition, results of drilling, testing and production after the date of an estimate may justify, positively or negatively, material revisions to the estimate of proved reserves.

It should not be assumed that the Standardized Measure included in this Report as of December 31, 2022 is the current market value of the Company's estimated proved reserves. In accordance with SEC requirements, the Company based the 2022 Standardized Measure on a twelve month average of commodity prices on the first day of each month in 2022 and prevailing costs on the date of the estimate. Actual future prices and costs may be materially higher or lower than the prices and costs utilized in the estimate. See "Item 2. Properties" and Unaudited Supplementary Information included in "Item 8. Financial Statements and Supplementary Data" for additional information.

The Company's estimates of proved reserves materially impact depletion expense. If the estimates of proved reserves decline, the rate at which the Company records depletion expense will increase, reducing future net income. Such a decline may result from lower commodity prices, which may make it uneconomical to drill for and produce higher cost fields. In addition, a decline in proved reserve estimates may impact the outcome of the Company's assessment of its proved properties and goodwill for impairment.

Suspended wells. The Company suspends the costs of exploratory/extension wells that discover hydrocarbons pending a final determination of the commercial potential of the discovery. The ultimate disposition of these well costs is dependent on the results of future drilling activity and development decisions. If the Company decides not to pursue additional appraisal activities or development of these fields, the costs of these wells will be charged to exploration and abandonments expense.

The Company does not carry the costs of drilling an exploratory/extension well as an asset in its consolidated balance sheets following the completion of drilling unless both of the following conditions are met:

- the well has found a sufficient quantity of reserves to justify its completion as a producing well; and
- the Company is making sufficient progress assessing the reserves and the economic and operating viability of the project.

Due to the capital intensive nature and the geographical location of certain projects, it may take an extended period of time to evaluate the future potential of an exploration project and the economics associated with making a determination on its commercial viability. In these instances, the project's feasibility is not contingent upon price improvements or advances in technology, but rather the Company's ongoing efforts and expenditures related to accurately predicting the hydrocarbon recoverability based on well information, gaining access to other companies' production data in the area, transportation or processing facilities and/or getting partner approval to drill additional appraisal wells. These activities are ongoing and being pursued constantly. Consequently, the Company's assessment of suspended exploratory/extension well costs is continuous until a decision can be made that the project has found sufficient proved reserves to sanction the project or is determined to be noncommercial and is charged to exploration and abandonments expense. See Note 6 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Deferred tax asset valuation allowances. The Company continually assesses both positive and negative evidence to determine whether it is more likely than not that its deferred tax assets can be realized prior to their expiration. Pioneer monitors Company-specific, oil and gas industry and worldwide economic factors and based on that information, along with other data, reassesses the likelihood that the Company's net operating loss carryforwards and other deferred tax attributes in the U.S. federal, state, local and foreign tax jurisdictions will be utilized prior to their expiration. There can be no assurance that facts and circumstances will not materially change and require the Company to establish deferred tax asset valuation allowances in certain jurisdictions in a future period.

Litigation and environmental contingencies. The Company makes judgments and estimates in recording liabilities for ongoing litigation and environmental remediation. Actual costs can materially vary from such estimates for a variety of reasons. The ultimate cost of litigation can vary from estimates based on differing interpretations of laws and opinions and assessments on the amount of damages that may become payable. Similarly, environmental remediation liabilities are subject to change because of changes in laws and regulations, developing information relating to the extent and nature of site contamination and improvements in technology. A liability is recorded for these types of contingencies if the Company determines the loss to be both probable and reasonably estimable. See Note 11 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Valuation of other assets and liabilities at fair value. The Company periodically measures and records certain assets and liabilities at fair value. The assets and liabilities that the Company measures and records at fair value on a recurring basis include equity investments, deferred compensation plan assets, commodity derivative contracts, marketing derivative contracts, conversion option derivatives and interest rate contracts. Other assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances. The assets and liabilities that the Company measures and records at fair value on a nonrecurring basis can include inventories, proved and unproved oil and gas properties, assets acquired and liabilities assumed in business combinations, goodwill and other long-lived assets that are written down to fair value when they are determined to be impaired or held for sale. The Company also measures and discloses certain financial assets and liabilities at fair value, such as long-term debt. The valuation methods used by the Company to measure the fair values of these assets and liabilities may require considerable management judgment and estimates to derive the inputs necessary to determine fair value estimates, such as future prices, credit-adjusted risk-free rates and current volatility factors. See Note 4 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

New Accounting Pronouncements

The effects of new accounting pronouncements are discussed in Note 2 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, the Company's financial position is routinely subject to a variety of risks, including market risks associated with changes in commodity prices, changes in the Company's share price, which impacts the settlement value of convertible notes where holders have exercised their conversion option, interest rate movements on outstanding debt and credit risks. The following quantitative and qualitative information is provided about financial instruments to which the Company was a party as of December 31, 2022, and from which the Company may incur future gains or losses from changes in commodity prices or the Company's share price. The Company does not enter into any financial instruments, including derivatives, for speculative or trading purposes.

Commodity price risk. The Company's primary market risk exposure is related to the price it receives from the sale of its oil, NGL and gas production. Realized pricing is volatile and is determined by market prices that fluctuate with changes in supply and demand for these products throughout the world. The price the Company receives for its production depends on many factors outside of the control of the Company, including differences in commodity pricing at the point of sale versus market index prices. Reducing the Company's exposure to price volatility helps secure funds to be used in its capital program

and to fund general working capital needs, debt obligations, dividends and share repurchases, among other uses. The Company mitigates its commodity price risk by (i) maintaining financial flexibility with a strong balance sheet, (ii) using derivative financial instruments and (iii) sales of purchased commodities.

Commodity price derivatives. The Company primarily utilizes derivative contracts to reduce the effect of price volatility on the commodities the Company produces and sells. The Company's decision on the quantity and price at which it executes commodity derivative contracts, if it so chooses, is based in part on its view of current and future market conditions. The Company may choose not to enter into derivative positions for expected production if the commodity price forecast for certain time periods is deemed to be unfavorable. Additionally, the Company may choose to liquidate existing derivative positions prior to the expiration of their contractual maturity in order to monetize gain positions or minimize loss positions if it is anticipated that the commodity price forecast is expected to improve. Proceeds, if any, can be used for the purpose of funding the Company's capital program, general working capital needs, debt obligations, dividends and share repurchases, among other uses. While derivative positions limit the downside risk of adverse price movements, they also limit future revenues from upward price movements.

As of December 31, 2022, the Company did not have any material outstanding commodity derivative contracts. See Note 4 and Note 5 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for a description of the Company's open derivative positions and additional information.

Sales of purchased commodities. The Company enters into pipeline capacity commitments in order to secure available oil, NGL and gas transportation capacity from the Company's areas of production and to secure diesel supply from the Gulf Coast. The Company also enters into purchase commitments to secure sand supply for the Company's operations in the Midland Basin. The Company enters into purchase transactions with third parties and separate sale transactions with third parties to diversify a portion of the Company's oil and gas sales to (i) Gulf Coast refineries, (ii) Gulf Coast and West Coast gas markets and (iii) international oil markets, and to satisfy unused gas pipeline capacity commitments. The Company periodically sells diesel and sand to unaffiliated third parties in the Permian Basin if it has supply in excess of its operational needs.

Marketing derivatives. The Company uses marketing derivatives to diversify its oil pricing to Gulf Coast and international markets. As of December 31, 2022, the Company's marketing derivatives reflect long-term marketing contracts whereby the Company agreed to purchase and simultaneously sell barrels of oil at an oil terminal in Midland, Texas.

In October 2019, the Company agreed to purchase and simultaneously sell 50 thousand barrels of oil per day beginning January 1, 2021 and ending December 31, 2026.

In April 2022, the Company agreed to purchase and simultaneously sell (i) 40 thousand barrels of oil per day beginning May 1, 2022 and ending April 30, 2027 and (ii) 30 thousand barrels of oil per day beginning August 1, 2022 and ending July 31, 2027.

The price the Company pays to purchase the oil volumes under the purchase contracts is based on a Midland WTI price and the price the Company receives for the oil volumes sold is the WASP that a non-affiliated counterparty receives for selling oil through a Gulf Coast storage and export facility at prices that are highly correlated with Brent oil prices during the same month of the purchase. Based on the form of the long-term marketing contracts, the Company accounts for the contracts as derivative instruments not designated as hedges.

The Company could experience mark-to-market fluctuations in the fair value of its marketing derivatives based on changes in (i) the differential between Midland WTI and Brent and (ii) the historical monthly differential between Brent oil prices and the corresponding WASP of the counterparty to the marketing derivatives ("WASP Differential Deduction") if it deviates from historical levels. For example, a 10 percent increase or decrease in the differential between Midland WTI and Brent would impact the fair value of the Company's marketing derivatives recorded by $83 million and a 10 percent increase or decrease in the WASP Differential Deduction would impact the fair value of the Company's marketing derivatives recorded by $28 million as of December 31, 2022. See Note 4 and Note 5 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for a description of the Company's open derivative positions and additional information.

Company share price risk. When holders of the Company's Convertible Notes exercise their conversion option, the Company is subject to market risks related to changes in the Company's share price that occur during the 25 trading day Settlement Period. See Note 4, Note 5 and Note 7 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for a description of the Company's open conversion option derivative positions and additional information.

Interest rate risk. As of December 31, 2022, the Company had no variable rate debt outstanding under the Credit Facility and, consequently, no related exposure to interest rate risk. As of December 31, 2022, the Company had $4.9 billion of fixed rate long-term debt outstanding with a weighted average cash interest rate of 1.6 percent. Although changes in interest rates may affect the fair value of the Company's fixed rate long-term debt, any changes would not expose the Company to the risk of earnings or cash flow losses. The Company has no interest rate derivative instruments outstanding; however, it may enter into derivative instruments in the future to mitigate interest rate risk. See Note 4 and Note 7 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Credit risk. The Company's primary concentration of credit risks are associated with the collection of receivables resulting from the sale of oil and gas production and purchased commodities, and the risk of a counterparty's failure to meet its obligations under derivative contracts with the Company.

The Company's commodities are sold to various purchasers who must be prequalified under the Company's credit risk policies and procedures. The Company monitors exposure to counterparties primarily by reviewing credit ratings, financial criteria and payment history. Where appropriate, the Company obtains assurances of payment, such as a guarantee by the parent company of the counterparty, a letter of credit or other credit support. Historically, the Company's credit losses on commodity receivables have not been material.

The Company uses credit and other financial criteria to evaluate the credit standing of, and to select, counterparties to its derivative instruments. Although the Company does not obtain collateral or otherwise secure the fair value of its derivative instruments, associated credit risk is mitigated by the Company's credit risk policies and procedures.

The Company has entered into International Swap Dealers Association Master Agreements ("ISDA Agreements") with each of its commodity derivative counterparties. The terms of the ISDA Agreements provide the Company and the counterparties with right of set off upon the occurrence of defined acts of default by either the Company or a counterparty to a derivative contract, whereby the party not in default may set off all derivative liabilities owed to the defaulting party against all derivative asset receivables from the defaulting party. See Note 5 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Pioneer Natural Resources Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pioneer Natural Resources Company (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 23, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Depletion, Depreciation and Amortization of Proved Oil and Gas Properties

Description of the Matter

At December 31, 2022, the net book value of the Company's proved oil and gas properties was $23,622 million, and depletion, depreciation and amortization (DD&A) expense was $2,530 million for the year then ended. As described in Note 2 to the consolidated financial statements, the Company follows the successful efforts method of accounting for its oil and gas properties. Under the successful efforts method of accounting, the capitalized costs of proved properties are depleted using the unit-of-production method based on proved reserves, as estimated by the Company's engineers. Proved oil and gas reserves are prepared using standard geological and engineering methods generally recognized in the petroleum industry based on evaluations of estimated in-place hydrocarbon volumes using financial and non-financial inputs. Judgment is required by the Company's engineers in interpreting the data used to estimate reserves. Estimating proved oil and gas reserves requires the selection and evaluation of inputs, including historical production, oil and gas price assumptions, and future operating and capital cost assumptions, among others. Because of the complexity involved in estimating oil and gas reserves, management used independent petroleum engineers to audit the estimates prepared by the Company's engineers as of December 31, 2022.

Auditing the Company's DD&A calculation is especially complex because of the use of the work of the Company's engineers and the independent petroleum engineers and the evaluation of management's determination of the inputs described above used by these engineers in estimating proved oil and gas reserves.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls that address the risks of material misstatement relating to the DD&A calculation, including controls over the completeness and accuracy of the financial data used in estimating proved oil and gas reserves.

Our testing of the Company's DD&A calculation included, among other procedures, evaluating the professional qualifications and objectivity of the Company's engineers responsible for the preparation of the reserve estimates and the independent petroleum engineers used to audit the estimates. On a sample basis, we tested the completeness and accuracy of the financial data used in the estimation of proved oil and gas reserves by agreeing significant inputs to source documentation, where available, and assessing the inputs for reasonableness based on our review of corroborative evidence and consideration of any contrary evidence. Additionally, we performed analytic procedures on select inputs into the oil and gas reserve estimate as well as lookback procedures on the output. Finally, we tested that the DD&A calculation is based on the appropriate proved oil and gas reserves amounts from the Company's reserve report.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 1998.
Dallas, Texas
February 23, 2023

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,032	$ 3,847
Restricted cash	—	37
Accounts receivable, net	1,853	1,685
Income taxes receivable	164	1
Inventories	424	369
Investment in affiliate	172	135
Short-term investments, net	—	58
Other	81	41
Total current assets	3,726	6,173
Oil and gas properties, using the successful efforts method of accounting:		
Proved properties	38,465	34,454
Unproved properties	6,008	6,063
Accumulated depletion, depreciation and amortization	(14,843)	(12,335)
Total oil and gas properties, net	29,630	28,182
Other property and equipment, net	1,658	1,694
Operating lease right-of-use assets	340	348
Goodwill	243	243
Other assets	143	171
	$ 35,740	$ 36,811
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable:		
Trade	$ 2,487	$ 2,380
Due to affiliates	150	179
Interest payable	33	53
Income taxes payable	63	45
Current portion of long-term debt	779	244
Derivatives	44	538
Operating leases	125	121
Other	206	513
Total current liabilities	3,887	4,073
Long-term debt	4,125	6,688
Derivatives	96	25
Deferred income taxes	3,867	2,038
Operating leases	236	243
Other liabilities	988	907
Equity:		
Common stock, $.01 par value; 500,000,000 shares authorized; 244,703,342 and 244,144,444 shares issued as of December 31, 2022 and December 31, 2021, respectively	2	2
Additional paid-in capital	18,779	19,123
Treasury stock, at cost; 8,667,824 and 1,366,610 shares as of December 31, 2022 and December 31, 2021, respectively	(1,925)	(248)
Retained earnings	5,685	3,960
Total equity	22,541	22,837
Commitments and contingencies		
	$ 35,740	$ 36,811

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Year Ended December 31,		
	2022	2021	2020
Revenues and other income:			
Oil and gas	$ 16,310	$ 11,503	$ 3,630
Sales of purchased commodities	8,074	6,367	3,394
Interest and other income (loss), net	119	23	(67)
Derivative loss, net	(315)	(2,183)	(281)
Gain (loss) on disposition of assets, net	106	(1,067)	9
	24,294	14,643	6,685
Costs and expenses:			
Oil and gas production	1,922	1,267	682
Production and ad valorem taxes	965	651	242
Depletion, depreciation and amortization	2,530	2,498	1,639
Purchased commodities	8,235	6,560	3,633
Exploration and abandonments	41	51	47
General and administrative	334	292	244
Accretion of discount on asset retirement obligations	15	7	9
Interest	128	161	129
Other	173	410	321
	14,343	11,897	6,946
Income (loss) before income taxes	9,951	2,746	(261)
Income tax benefit (provision)	(2,106)	(628)	61
Net income (loss) attributable to common stockholders	$ 7,845	$ 2,118	$ (200)
Net income (loss) per share attributable to common stockholders:			
Basic	$ 32.61	$ 9.06	$ (1.21)
Diluted	$ 31.13	$ 8.61	$ (1.21)
Weighted average shares outstanding:			
Basic	240	233	165
Diluted	252	246	165
Dividends declared per share	$ 25.44	$ 6.83	$ 2.20

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY
(in millions, except share data and dividends per share)

	Shares Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Equity
	(in thousands)					
Balance as of December 31, 2019	165,547	$ 2	$ 9,161	$ (1,069)	$ 4,042	$ 12,136
Dividends declared ($2.20 per share)	—	—	—	—	(364)	(364)
Convertible senior notes:						
Equity component	—	—	230	—	—	230
Capped call	—	—	(113)	—	—	(113)
Deferred tax provision	—	—	(25)	—	—	(25)
Exercise of stock options and employee stock purchases	98	—	(2)	11	—	9
Purchases of treasury stock	(1,634)	—	—	(176)	—	(176)
Stock-based compensation:						
Vested compensation awards, net	466	—	—	—	—	—
Compensation costs included in net loss	—	—	72	—	—	72
Net loss	—	—	—	—	(200)	(200)
Balance as of December 31, 2020	164,477	2	9,323	(1,234)	3,478	11,569
Dividends declared ($6.83 per share)	—	—	—	—	(1,658)	(1,658)
Cumulative effect of accounting change on convertible senior notes:						
Equity component	—	—	(230)	—	28	(202)
Deferred tax provision	—	—	50	—	(6)	44
Exercise of stock options and employee stock purchases	134	—	(4)	17	—	13
Purchases of treasury stock	(1,517)	—	—	(269)	—	(269)
Shares issued or reissued for acquisitions	78,842	—	9,878	1,238	—	11,116
Stock-based compensation:						
Vested compensation awards, net	842	—	—	—	—	—
Compensation costs included in net income	—	—	73	—	—	73
Compensation costs included in net income associated with acquisitions	—	—	33	—	—	33
Net income	—	—	—	—	2,118	2,118
Balance as of December 31, 2021	242,778	$ 2	$ 19,123	$ (248)	$ 3,960	$ 22,837

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (continued)
(in millions, except share data and dividends per share)

	Shares Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Equity
	(in thousands)					
Balance as of December 31, 2021	242,778	$ 2	$ 19,123	$ (248)	$ 3,960	$ 22,837
Dividends declared ($25.44 per share)	—	—	—	—	(6,120)	(6,120)
Convertible senior note conversions:						
Conversion premium	—	—	(496)	—	—	(496)
Capped call proceeds	—	—	103	—	—	103
Issuance fees and deferred taxes	—	—	(26)	—	—	(26)
Exercise of stock options and employee stock purchases	47	—	(3)	10	—	7
Purchases of treasury stock	(7,348)	—	—	(1,687)	—	(1,687)
Stock-based compensation:						
Vested compensation awards, net	559	—	—	—	—	—
Compensation costs included in net income	—	—	78	—	—	78
Net income	—	—	—	—	7,845	7,845
Balance as of December 31, 2022	236,036	$ 2	$ 18,779	$ (1,925)	$ 5,685	$ 22,541

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER NATURAL RESOURCES COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	$ 7,845	$ 2,118	$ (200)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depletion, depreciation and amortization	2,530	2,498	1,639
Exploration expenses	7	4	11
Deferred income taxes	1,807	583	(52)
(Gain) loss on disposition of assets, net	(106)	1,067	(9)
Loss on early extinguishment of debt, net	39	2	27
Accretion of discount on asset retirement obligations	15	7	9
Interest expense	10	10	34
Derivative-related activity	(96)	(451)	325
Amortization of stock-based compensation	78	106	72
Investment valuation adjustments	(54)	(1)	64
South Texas contingent consideration valuation adjustment	—	—	42
South Texas deficiency fee obligation, net	(18)	(10)	80
Other	144	150	115
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(171)	(607)	309
Income taxes receivable	(164)	(3)	(3)
Inventories	(59)	(125)	(20)
Other assets	(113)	(18)	27
Accounts payable	(274)	1,059	(179)
Interest payable	(20)	(53)	(19)
Income taxes payable	18	41	1
Other liabilities	(70)	(331)	(203)
Net cash provided by operating activities	11,348	6,046	2,070
Cash flows from investing activities:			
Proceeds from disposition of assets	367	3,244	60
Proceeds from short-term investments	1,100	—	—
Purchases of short-term investments, net	(1,020)	—	—
Cash used in acquisitions, net of cash acquired	—	(826)	—
Additions to oil and gas properties	(3,920)	(3,156)	(1,589)
Additions to other assets and other property and equipment	(113)	(118)	(126)
Net cash used in investing activities	(3,586)	(856)	(1,655)
Cash flows from financing activities:			
Proceeds from issuance of senior notes, net of discount	—	3,247	1,091
Proceeds from issuance of convertible senior notes	—	—	1,323
Purchase of derivatives related to issuance of convertible senior notes	—	—	(113)
Borrowings under credit facility	—	650	800
Repayment of credit facilities	—	(1,287)	(800)
Repayment of long-term debt	(2,576)	(3,371)	(1,198)
Proceeds from capped call on convertible notes	103	—	—
Payments of other liabilities	(192)	(164)	(173)
Payments of financing fees	—	(32)	(36)
Purchases of treasury stock	(1,687)	(269)	(176)
Exercise of stock options and employee stock purchases	7	13	9
Dividends paid	(6,269)	(1,594)	(346)
Net cash provided by (used in) financing activities	(10,614)	(2,807)	381
Net increase (decrease) in cash, cash equivalents and restricted cash	(2,852)	2,383	796
Cash, cash equivalents and restricted cash, beginning of period	3,884	1,501	705
Cash, cash equivalents and restricted cash, end of period	$ 1,032	$ 3,884	$ 1,501

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1. Organization and Nature of Operations

Pioneer is a Delaware corporation whose common stock is listed and traded on the NYSE. The Company is a large independent oil and gas exploration and production company that explores for, develops and produces oil, NGLs and gas in the Midland Basin in West Texas.

NOTE 2. Summary of Significant Accounting Policies

Principles of consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries since their acquisition or formation. All material intercompany balances and transactions have been eliminated.

Use of estimates in the preparation of financial statements. Preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Depletion of oil and gas properties is determined using estimates of proved oil and gas reserves. There are numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. Similarly, evaluations for impairment of proved and unproved oil and gas properties are subject to numerous uncertainties including, among others, estimates of future recoverable proved and risk-adjusted probable reserves, commodity price outlooks and prevailing market rates of other sources of income and costs. Actual results could differ from the estimates and assumptions utilized.

Cash and cash equivalents. The Company's cash and cash equivalents include depository accounts held by banks and marketable securities (including commercial paper and time deposits) with original issuance maturities of 90 days or less.

Restricted cash. The Company's restricted cash included funds held in escrow to cover deficiency fee payments in connection with the Company's 2019 sale of its Eagle Ford assets and other remaining assets in South Texas (the "South Texas Divestiture"). During the year ended December 31, 2022, the Company settled the remaining deficiency fee obligations related to the South Texas Divestiture utilizing the funds held in escrow. Interest income related to restricted cash is recorded in interest and other income in the consolidated statements of operations.

Accounts receivable, net. The Company's net accounts receivable balance is primarily comprised of oil and gas sales receivables, joint interest receivables, accounts receivable due from affiliates and other receivables for which the Company does not require collateral security. The Company's share of oil and gas production is sold to various purchasers who must be prequalified under the Company's credit risk policies and procedures. The Company records allowances for doubtful accounts based on historical collection experience, current and future economic and market conditions, the length of time that the accounts receivables have been outstanding and the financial condition of its purchasers. The Company's credit risk related to collecting accounts receivables is mitigated by using credit and other financial criteria to evaluate the credit standing of the entity obligated to make payment on the accounts receivable, and where appropriate, the Company obtains assurances of payment, such as a guarantee by the parent company of the counterparty, letters of credit or other credit support.

The Company considers forward-looking information to estimate expected credit losses. The Company establishes allowances for bad debts equal to the estimable portions of accounts receivable for which failure to collect is expected to occur. The Company estimates uncollectible amounts for joint interest receivables based on the length of time that the accounts receivables have been outstanding, historical collection experience and current and future economic and market conditions. Allowances for doubtful accounts are recorded as reductions to the carrying values of the receivables included in the Company's consolidated balance sheets and are recorded in other expense in the consolidated statements of operations in the accounting periods during which failure to collect an estimable portion is determined to be probable. The Company's allowance for doubtful accounts totaled $10 million and $9 million as of December 31, 2022 and 2021, respectively.

Inventories. The Company's inventories consist of materials, supplies and commodities. The Company's materials and supplies inventory is primarily comprised of oil and gas maintenance materials and repair parts, water, sand and other operating supplies. The materials and supplies inventory is primarily acquired for use in future drilling and production operations or repair operations and is carried at the lower of cost or net realizable value, on a weighted average cost basis. Valuation allowances for materials and supplies inventories are recorded as reductions to the carrying values of the materials and supplies

inventories included in the Company's consolidated balance sheets and as charges in other expense in the consolidated statements of operations.

Commodity inventories are carried at the lower of cost or market, on a first-in, first-out basis. The Company's commodity inventories consist of oil, NGL, gas and diesel volumes held in storage or as linefill in pipelines. Any valuation allowances of commodity inventories are recorded as reductions to the carrying values of the commodity inventories included in the Company's consolidated balance sheets and as charges to other expense in the consolidated statements of operations.

The components of inventories are as follows:

	As of December 31,	
	2022	2021
	(in millions)	
Materials and supplies	$ 146	$ 99
Commodities	278	270
Total inventories	$ 424	$ 369

Investment in affiliate. Based on the Company's ownership in ProPetro Holding Corp. ("ProPetro") and representation on the ProPetro board of directors, ProPetro is considered an affiliate and deemed to be a related party. The Company uses the fair value option to account for its equity method investment in ProPetro with any changes in fair value recorded in interest and other income (loss) in the consolidated statements of operations. The carrying value of the Company's investment in ProPetro is included in investment in affiliate in the consolidated balance sheets. See Note 4, Note 12 and Note 15 for additional information.

Short-term investments. During the year ended December 31, 2022, the Company's short-term investments included commercial paper investments that were carried at amortized cost and classified as held-to-maturity as the Company had the intent and ability to hold them until they matured. Commercial paper is included in cash and cash equivalents if it has maturity dates that are less than 90 days at the date of purchase; otherwise, investments are reflected in short-term investments in the consolidated balance sheets based on their maturity dates. As of December 31, 2022, all commercial paper investments held as short-term investments had matured.

In October 2021, the Company completed the sale of approximately 20,000 net acres in western Glasscock County (the "Glasscock Divestiture") to Laredo Petroleum, Inc. ("Laredo") in exchange for $137 million in cash and 960 thousand shares of Laredo's common stock. During the year ended December 31, 2022, the Company sold the 960 thousand shares of Laredo common stock. The shares were treated as an investment in equity securities measured at fair value with changes in fair value recorded in interest and other income (loss) in the consolidated statements of operations. See Note 4 and Note 15 for additional information.

Oil and gas properties. The Company utilizes the successful efforts method of accounting for its oil and gas properties. Under this method, all costs associated with productive wells and nonproductive development wells are capitalized while nonproductive exploration costs and geological and geophysical expenditures are expensed. Oil and gas leasehold acquisition costs are capitalized when incurred and included as unproved oil and gas properties in the consolidated balance sheets.

The Company does not carry the costs of drilling an exploratory well as an asset in its consolidated balance sheets following the completion of drilling unless both of the following conditions are met: (i) the well has found a sufficient quantity of reserves to justify its completion as a producing well and (ii) the Company is making sufficient progress assessing the reserves and the economic and operating viability of the project. The Company's exploratory wells include extension wells that extend the limits of a known reservoir.

Due to the capital intensive nature and the geographical location of certain projects, it may take an extended period of time to evaluate the future potential of an exploration project and the economics associated with making a determination on its commercial viability. In these instances, the project's feasibility is not contingent upon price improvements or advances in technology, but rather the Company's ongoing efforts and expenditures related to accurately predicting the hydrocarbon recoverability based on well information, gaining access to other companies' production data in the area, transportation or processing facilities, and/or getting partner approval to drill additional appraisal wells. These activities are ongoing and being pursued constantly. Consequently, the Company's assessment of suspended exploratory/extension well costs is continuous until

a decision can be made that the project has found sufficient proved reserves to sanction the project or is determined to be noncommercial and is charged to exploration and abandonments expense. See Note 6 for additional information.

As of December 31, 2022, the Company owned a participating interest in 10 gas processing plants, including the related gathering systems. The Company's ownership interests in the gas processing plants are primarily to accommodate handling the Company's gas production and thus are considered a component of the capital and operating costs of the respective fields that the plants service. The operators of the plants process the Company's and third-party gas volumes for a fee. The Company's share of revenues and expenses derived from volumes processed through the plants are reported as components of oil and gas production costs. Revenues generated from the plants for the years ended December 31, 2022, 2021 and 2020 were $274 million, $271 million and $178 million, respectively. Expenses attributable to the plants for the same respective periods were $27 million, $61 million and $76 million. The capitalized costs of the plants are included in proved oil and gas properties and are depleted using the unit-of-production method along with the other capitalized costs of the field that they service.

The capitalized costs of proved properties are depleted using the unit-of-production method based on proved reserves. Costs of significant nonproducing properties, wells in the process of being drilled and in-process development projects are excluded from depletion until the related project is completed and proved reserves are established or, if unsuccessful, abandonments expense is recognized.

Proceeds from the sales of individual properties and the capitalized costs of individual properties sold or abandoned are credited and charged, respectively, to accumulated depletion, depreciation and amortization, if doing so does not materially impact the depletion rate of its amortization base. Generally, no gain or loss is recorded until an entire amortization base is sold. However, gain or loss is recorded from the sale of less than an entire amortization base if the disposition is significant enough to materially impact the depletion rate of the remaining properties in the amortization base.

Other property and equipment, net. Other property and equipment is recorded at cost. The carrying values of other property and equipment, net of accumulated depreciation, as of December 31, 2022 and 2021, respectively, are as follows:

	As of December 31,	
	2022	2021
	(in millions)	
Land and buildings (a)	$ 835	$ 889
Water infrastructure (b)	709	682
Information technology	55	56
Transport and field equipment (c)	25	29
Furniture and fixtures	21	24
Sand reserves	13	14
Total other property and equipment, net	$ 1,658	$ 1,694

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(a) Includes land, buildings, any related improvements to land and buildings and a finance lease entered into by the Company for its corporate headquarters in Irving, Texas. See Note 10 for additional information.
(b) Includes costs for water pipeline infrastructure and water supply wells.
(c) Includes vehicles and aircraft.

Other property and equipment is net of accumulated depreciation of $371 million and $313 million as of December 31, 2022 and 2021, respectively. Other property and equipment is depreciated over its estimated useful life on a straight-line basis when the asset is placed into service. Buildings are generally depreciated over 20 to 39 years. Water infrastructure is generally depreciated over three to 50 years. Equipment, vehicles, aircraft, furniture and fixtures and information technology assets are generally depreciated over three to 10 years. Sand reserves are depleted on a units-of-production basis.

Leases. The Company enters into operating leases for drilling rigs, storage tanks, equipment and buildings, and has one finance lease for its corporate headquarters in Irving, Texas. The Company recognizes lease expense on a straight-line basis over the lease term. Lease right-of-use assets and liabilities are initially recorded on the lease commencement date based on the present value of lease payments over the lease term. As most of the Company's lease contracts do not provide an implicit discount rate, the Company uses its incremental borrowing rate, which is determined based on information available at the commencement date of a lease. Leases may include renewal, purchase or termination options that can extend or shorten the term of the lease. The exercise of those options is at the Company's sole discretion and is evaluated at inception and throughout

the contract to determine if a modification of the lease term is required. Leases with an initial term of 12 months or less are not recorded as a lease right-of-use asset and liability. See Note 10 for additional information.

Impairment of long-lived assets. The Company performs assessments of its long-lived assets to be held and used, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable.

An impairment loss on proved oil and gas properties is indicated if the sum of the expected future cash flows, including cash flows from the Company's water services business that are used in the development of the assets, is less than the carrying amount of the assets, including the carrying value of the Company's water services business. In these circumstances, the Company recognizes an impairment charge for the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Unproved oil and gas properties are periodically assessed for impairment on a project-by-project basis. These impairment assessments are affected by the results of current and planned exploration activities, commodity price outlooks, planned future property sales or expiration of all or a portion of such projects. If the Company's assessment determines that a project is not expected to be developed, the Company will recognize an impairment charge at that time. Impairment charges for unproved oil and gas properties are recorded in exploration and abandonments expense in the consolidated statements of operations.

Whenever events or changes in circumstances indicate that the carrying amount of other long-lived assets, including the Company's operating lease right-of-use assets, may not be recoverable, an impairment assessment is performed and the Company recognizes an impairment charge for the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets determined using either a discounted future cash flow model or another appropriate fair value method.

See Note 4 and Note 16 for additional information.

Goodwill. Goodwill is assessed for impairment whenever it is more likely than not that events or circumstances indicate the carrying value of a reporting unit exceeds its fair value, but no less often than annually. An impairment charge is recorded for the amount by which the carrying amount exceeds the fair value of a reporting unit in the period it is determined to be impaired.

The Company performed its annual quantitative assessment of goodwill during the third quarter of 2022 to determine whether it was more likely than not that the fair value of the Company's reporting unit was less than its carrying amount. See Note 4 for additional information.

Capitalized interest. The Company capitalizes interest from external borrowings on expenditures for significant development projects (having an expected construction period of one year or longer) until such projects are ready for their intended use. Capitalized interest is added to the cost of the underlying asset and is amortized over the useful lives of the assets in the same manner as the underlying assets.

Asset retirement obligations. The Company records a liability for the fair value of an asset retirement obligation in the period in which the associated asset is acquired or placed into service, if a reasonable estimate of fair value can be made. Fair value is determined using a present value approach, incorporating assumptions about estimated amounts and timing of settlements. Asset retirement obligations are generally capitalized as part of the carrying value of the long-lived asset to which it relates. Conditional asset retirement obligations that meet the definition of liabilities are recorded when incurred and when fair value can be reasonably estimated.

The Company includes the current and noncurrent portions of asset retirement obligations in other current liabilities and other liabilities, respectively, in the consolidated balance sheets and expenditures are included as cash used in operating activities in the consolidated statements of cash flows. See Note 9 for additional information.

Treasury stock. Treasury stock purchases are recorded at cost. Upon reissuance, the cost of treasury shares held is reduced by the average purchase price per share of the aggregate treasury shares held.

Revenue recognition. The Company recognizes revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Oil sales. The Company recognizes oil sales revenue when (i) control/custody transfers to the purchaser and (ii) the agreed-upon index price, net of any price differentials, is fixed and determinable. Any costs incurred prior to the transfer of control to the customer, such as gathering and transportation costs, are recognized as oil and gas production costs.

NGL and gas sales. Under the majority of the Company's gas processing contracts, gas is delivered to a midstream processing entity and the Company elects to take residue gas and NGLs in-kind at the tailgate of the gas processing plant. The Company recognizes revenue when the products are delivered (custody transfer) to the ultimate third-party purchaser at a contractually agreed-upon delivery point at a specified index price, with gathering and processing fees recognized as oil and gas production costs. For NGL and gas products that the Company does not take in-kind, the Company recognizes revenue when the products are delivered to the midstream gathering or processing entity at a specified index price, net of downstream gathering and processing fees.

Net sales of purchased commodities. The Company enters into pipeline capacity commitments in order to secure available oil, NGL and gas transportation capacity from the Company's areas of production and to secure diesel supply from the Gulf Coast. The Company also enters into purchase commitments to secure sand supply for the Company's operations in the Midland Basin. The Company enters into purchase transactions with third parties and separate sale transactions with third parties to diversify a portion of the Company's oil and gas sales to (i) Gulf Coast refineries, (ii) Gulf Coast and West Coast gas markets and (iii) international oil markets, and to satisfy unused gas pipeline capacity commitments. The Company periodically sells diesel and sand to unaffiliated third parties in the Permian Basin if it has supply in excess of its operational needs. Revenues and expenses from these transactions are generally presented on a gross basis in sales of purchased commodities and purchased commodities expense in the accompanying consolidated statements of operations as the Company acts as a principal in the transaction by assuming both the risks and rewards of ownership, including credit risk, of the commodities purchased and the responsibility to deliver the commodities sold. In conjunction with the Company's downstream sales, the Company also enters into pipeline capacity and storage commitments in order to secure available oil and gas transportation capacity from the Company's areas of production to downstream sales points and storage capacity at downstream sales points. The transportation and storage costs associated with these transactions are included in purchased commodities expense. See Note 14 for additional information.

Derivatives. All of the Company's derivatives are accounted for as non-hedge derivatives and are recorded at estimated fair value in the consolidated balance sheets. All changes in the fair values of its derivative contracts are recorded as gains or losses in the earnings of the periods in which they occur. The Company periodically enters into commodity price derivative positions, including oil production derivatives, NGL production derivatives and gas production derivatives. From time to time, the Company enters into contracts that contain embedded derivatives. These contracts are reviewed when they are entered into in order to identify and account for the derivative components. The Company's marketing derivatives, derivatives related to exercised conversion options on convertible senior notes and a derivative associated with contingent consideration were deemed derivatives embedded in host contracts.

The Company enters into derivatives under master netting arrangements, which, in an event of default, allows the Company to offset payables to and receivables from the defaulting counterparty. The Company classifies the fair value amounts of derivative assets and liabilities executed under master netting arrangements as net current or noncurrent other assets or net current or noncurrent derivative liabilities, whichever the case may be, by instrument type and counterparty.

The Company enters into International Swap Dealers Association Master Agreements ("ISDA Agreements") with its commodity price derivative counterparties. The terms of the ISDA Agreements provide the Company and the counterparties with rights of set off upon the occurrence of defined acts of default by either the Company or a counterparty to a derivative, whereby the party not in default may set off all derivative liabilities owed to the defaulting party against all derivative asset receivables from the defaulting party. See Note 4 and Note 5 for additional information.

Income taxes. The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss and tax credit carryforwards. The amount of deferred taxes on these temporary differences is determined using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on projected future taxable income, applicable tax strategies and the expected timing of the reversals of existing temporary differences. A

valuation allowance is provided when it is more likely than not (likelihood of greater than 50 percent) that some portion or all of the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based upon the technical merits of the position. If all or a portion of the unrecognized tax benefit is sustained upon examination by the taxing authorities, the tax benefit will be recognized as a reduction to the Company's deferred tax liability and will affect the Company's effective tax rate in the period it is recognized. See Note 17 for additional information.

The Company records any tax-related interest charges as interest expense and any tax-related penalties as other expense in the consolidated statements of operations.

Stock-based compensation. Stock-based compensation expense for restricted stock awards and units ("Equity Awards") and performance units ("Performance Awards") expected to be settled in the Company's common stock are measured at the grant date or modification date, as applicable, using the fair value of the award, and is recorded, net of estimated forfeitures, on a straight line basis over the requisite service period of the respective award. The fair value of Equity Awards are determined on the grant date or modification date, as applicable, using the prior day's closing share price. The fair value of Performance Awards are determined using a Monte Carlo simulation model. The Company has no program, plan or practice to coordinate the timing of grants of stock-based compensation with the release of material nonpublic information.

Equity Awards and Performance Awards are net settled by withholding shares of the Company's common stock to satisfy income tax withholding payments due upon vesting. Remaining vested shares are remitted to individual employee brokerage accounts. Shares to be delivered upon vesting of Equity Awards and Performance Awards are made available from authorized, but unissued, shares.

Restricted stock units expected to be settled in cash on their vesting dates, rather than in common stock ("Liability Awards"), are included in accounts payable – due to affiliates in the consolidated balance sheets. The fair value of Liability Awards on the grant date is determined using the prior day's closing share price. The Company recognizes the value of Liability Awards on a straight line basis over the requisite service period of the award. Liability Awards are recorded at fair value as of each balance sheet date using the closing share price on the balance sheet date. Changes in the fair value of Liability Awards are recorded as increases or decreases to stock-based compensation expense.

Equity Awards, Performance Awards and Liability Awards participate in dividends during their vesting periods and generally vest over three years. See Note 8 for additional information.

Net income (loss) per share. The Company's basic net income per share attributable to common stockholders is computed as (i) net income attributable to common stockholders, (ii) less participating share-based basic earnings (iii) divided by weighted average basic shares outstanding. The Company's diluted net income per share attributable to common stockholders is computed as (i) basic net income attributable to common stockholders, (ii) plus the reallocation of participating earnings, if any, (iii) plus the after-tax interest expense associated with the Company's convertible senior notes that are assumed to be converted into shares (iv) divided by weighted average diluted shares outstanding, which assumes the Company's convertible senior notes were converted into shares of the Company's common stock at the beginning of the reporting period. Diluted net income per share attributable to common stockholders is calculated under both the two-class method and the treasury stock method and the more dilutive of the two calculations is presented. During periods in which the Company realizes a net loss attributable to common stockholders, securities or other contracts to issue common stock would be dilutive to loss per share; therefore, conversion into common stock is assumed not to occur. See Note 18 for additional information.

Segments. Based upon how the Company is organized and managed, the Company has one reportable operating segment, which is oil and gas development, exploration and production. The Company considers its water services business and sales of purchased commodities as ancillary to its oil and gas development, exploration and producing activities and manages them to support such activities. In addition, the Company has a single, company-wide management team that allocates capital resources to maximize profitability and measures financial performance as a single enterprise.

Adoption of new accounting standards. There have not been any new standards issued that the Company considers material to its accounting or disclosures.

NOTE 3. Acquisition and Divestiture Activities

Acquisitions. The Company regularly seeks to acquire or trade for acreage that complements its operations, provides exploration and development opportunities, increases the lateral length of future horizontal wells and provides superior returns on investment.

DoublePoint acquisition. On May 4, 2021, the Company acquired Double Eagle III Midco 1 LLC ("DoublePoint") pursuant to a definitive membership interest purchase agreement dated April 1, 2021 (the "DoublePoint Acquisition") in exchange for 27 million shares of Pioneer common stock and $1.0 billion of cash. The Pioneer stock consideration transferred had a fair value of $4.2 billion.

Parsley acquisition. On January 12, 2021, the Company acquired Parsley Energy, Inc., a Delaware corporation that previously traded on the NYSE under the symbol "PE" ("Parsley"), pursuant to the Agreement and Plan of Merger, dated as of October 20, 2020, among Pioneer, certain of its subsidiaries, Parsley and Parsley Energy, LLC (the "Parsley Acquisition").

As part of the Parsley Acquisition, each eligible share of Parsley Class A common stock and each membership interest unit of Parsley Energy, LLC were automatically converted into the right to receive 0.1252 (the "Exchange Ratio") shares of Pioneer common stock. As a result, the Company issued 52 million shares of Pioneer common stock upon the consummation of the Parsley Acquisition, representing total stock consideration transferred of $6.9 billion.

Both the Parsley Acquisition and the DoublePoint Acquisition were accounted for using the acquisition method under ASC Topic 805, Business Combinations, which requires all assets acquired and liabilities assumed to be recorded at fair value at the acquisition date.

Other acquisitions. During 2022, 2021 and 2020, consideration transferred to acquire primarily undeveloped acreage for future exploration activities in the Spraberry/Wolfcamp field of the Midland Basin totaled $193 million, $58 million and $14 million, respectively.

Divestitures. The Company regularly reviews its asset base to identify nonstrategic assets, the disposition of which would increase capital resources available for other activities, create organizational and operational efficiencies and further the Company's objective of maintaining a strong balance sheet to ensure financial flexibility.

- During the year ended December 31, 2022, the Company divested certain undeveloped acres and producing wells in the Midland Basin for (i) cash proceeds of $164 million and (ii) ownership interests in certain Midland Basin undeveloped acres and producing wells valued at $8 million. The Company recorded a gain on these sales of $110 million, which is reflected in net gain (loss) on disposition of assets in the consolidated statements of operations.
- In February 2022, the Company completed the sale of its equity interest in certain gas gathering and processing systems in northern Martin County for cash proceeds of $125 million (the "Martin County Gas Processing Divestiture"). The sale was treated as a recovery of investment from a partial sale of proved property resulting in no gain or loss being recognized.
- In December 2021, the Company completed the sale of its assets in the Delaware Basin (the "Delaware Divestiture") to Continental Resources, Inc. for cash proceeds of $3.0 billion, after normal closing adjustments. The Company recognized a loss of $1.1 billion, which is reflected in net gain (loss) on disposition of assets in the consolidated statements of operations for the year ended December 31, 2021. The Company's Delaware Basin assets were acquired as part of the Parsley Acquisition.
- In October 2021, the Company completed the sale of 20 thousand net acres in western Glasscock County to Laredo in exchange for $137 million in cash and 960 thousand shares of Laredo's common stock, representing total consideration transferred of $206 million, after normal closing adjustments. The Company recognized a gain of $1 million, which is reflected in net gain (loss) on disposition of assets in the consolidated statements of operations for the year ended December 31, 2021.
- In March 2021, the Company sold its well services business to a third party for (i) net cash proceeds of $20 million and (ii) up to $4 million of additional cash proceeds to be earned through March 2024. The Company recorded a gain on the sale of $9 million, which is reflected in net gain (loss) on disposition of assets in the consolidated statements of operations.

- In May 2020, the Company completed the sale of certain vertical wells and approximately 1,500 undeveloped acres in Upton County of the Permian Basin for net cash proceeds of $6 million. The Company recorded a gain of $6 million associated with the sale.

NOTE 4. Fair Value Measurements

The Company determines fair value based on the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based upon inputs that market participants use in pricing an asset or liability, which are characterized according to a hierarchy that prioritizes those inputs based on the degree to which they are observable. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The three input levels of the fair value hierarchy are as follows:

- Level 1 – quoted prices for identical assets or liabilities in active markets.
- Level 2 – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates) and inputs derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – unobservable inputs for the asset or liability, typically reflecting management's estimate of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including discounted cash flow models.

Assets and liabilities measured at fair value on a recurring basis. Assets and liabilities measured at fair value on a recurring basis are as follows:

	As of December 31, 2022			
	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(in millions)			
Assets:				
Investment in affiliate	$ 172	$ —	$ —	$ 172
Deferred compensation plan assets	65	—	—	65
Conversion option derivatives	—	1	—	1
	$ 237	$ 1	$ —	$ 238
Liabilities:				
Marketing derivatives	$ —	$ —	$ 140	$ 140

	As of December 31, 2021			
	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(in millions)			
Assets:				
Investment in affiliate	$ 135	$ —	$ —	$ 135
Deferred compensation plan assets	74	—	—	74
Short-term investments	58	—	—	58
	$ 267	$ —	$ —	$ 267
Liabilities:				
Commodity price derivatives (a)	$ —	$ 486	$ —	$ 486
Marketing derivatives	—	—	77	77
	$ —	$ 486	$ 77	$ 563

(a) Includes $328 million as of December 31, 2021 of liabilities recorded in the fourth quarter of 2021 related to entering into equal and offsetting oil and gas commodity derivative trades that had the net effect of eliminating future fair value changes to certain of the Company's 2022 derivative obligations.

Investment in affiliate. The Company elected the fair value option for measuring its equity method investment in ProPetro. The fair value of the Company's investment in ProPetro common stock is determined using Level 1 inputs based on observable prices on a major exchange. See Note 12 and Note 15 for additional information.

Deferred compensation plan assets. The Company's deferred compensation plan assets include investments in equity and mutual fund securities that are actively traded on major exchanges. The fair value of these investments is determined using Level 1 inputs based on observable prices on major exchanges.

Short-term investments. In October 2021, the Company received 960 thousand shares of Laredo as partial consideration for its Glasscock Divestiture. The shares were treated as an investment in equity securities measured at fair value. The fair value of the Company's investment in Laredo common stock was determined using Level 1 inputs based on observable prices on a major exchange. During the year ended December 31, 2022, the Company sold all 960 thousand shares of Laredo common stock. See Note 3 and Note 15 for additional information.

Conversion option derivatives. In May 2020, the Company issued $1.3 billion principal amount of convertible senior notes due 2025 (the "Convertible Notes"). Certain holders of the Convertible Notes exercised their conversion option during the year ended December 31, 2022. Per the terms of the notes indenture, the Company elected to settle the conversions in cash, with settlement occurring 25 trading days from the notice of conversion (the "Settlement Period"). The Company's election to settle an exercised conversion option in cash results in a forward contract during the Settlement Period that is accounted for as a derivative instrument not designated as a hedge. The change in fair value of the conversion option derivatives during the Settlement Period is primarily determined based on Level 2 inputs related to the daily volumetric weighted average prices ("VWAP") of the Company's common stock during the Settlement Period. See Note 5, Note 7 and Note 19 for additional information.

Commodity price derivatives. The asset and liability measurements for the Company's commodity price derivative contracts are determined using Level 2 inputs. The Company utilizes discounted cash flow and option-pricing models for valuing its commodity price derivatives.

The values attributable to the Company's commodity price derivatives were determined based on inputs that include (i) the contracted notional volumes, (ii) independent active market price quotes, (iii) the applicable estimated credit-adjusted risk-free rate yield curve and (iv) the implied rate of volatility inherent in the collar contracts, which is based on active and independent market-quoted volatility factors. The Company's commodity price derivatives represent oil basis swap contracts as of December 31, 2022 and oil and gas swap contracts, collar contracts and basis swap contracts as of December 31, 2021.

Commodity price derivative assets and liabilities recorded in the consolidated balance sheets were less than $1 million as of December 31, 2022. See Note 5 for additional information.

Marketing derivatives. The Company's marketing derivatives reflect long-term marketing contracts whereby the Company agreed to purchase and simultaneously sell barrels of oil at an oil terminal in Midland, Texas. The price the Company pays to purchase the oil volumes under the purchase contract is based on a Midland oil price and the price the Company receives for the oil volumes sold is the WASP that the non-affiliated counterparty receives for selling oil through a Gulf Coast storage and export facility at prices that are highly correlated with Brent oil prices during the same month of the purchase. Based on the form of the long-term marketing contracts, the Company accounts for the contracts as derivative instruments not designated as hedges. The asset and liability measurements for the long-term marketing contracts are determined using both Level 2 and 3 inputs. The Company utilizes a discounted cash flow model for valuing the marketing derivatives.

The values attributable to the Company's marketing derivatives are determined based on Level 2 inputs that include (i) the contracted notional volumes, (ii) independent active market price quotes, (iii) the applicable estimated credit-adjusted risk-free rate yield curve and (iv) stated contractual rates. The Level 3 inputs attributable to the Company's marketing derivatives include the historical monthly differential between Brent oil prices and the corresponding WASP of the counterparty to the marketing derivatives ("WASP Differential Deduction") and, to a lesser extent, an estimated annual cost inflation rate. The average WASP Differential Deduction used in the fair value determination as of December 31, 2022 and 2021 was $1.67 per barrel and $2.19 per barrel, respectively. The WASP Differential Deduction and the estimated annual cost inflation rate reflects management's best estimate of future results utilizing historical performance, but these estimates are not observable inputs by a market participant and contain a high degree of uncertainty. The Company experiences mark-to-market fluctuations in the fair value of its marketing derivatives based on changes in the WASP Differential Deduction if it deviates from historical levels. For example, a 10 percent increase or decrease in the WASP Differential Deduction would impact the fair value of the Company's marketing derivatives recorded by $28 million as of December 31, 2022. See Note 5 for additional information.

Assets and liabilities measured at fair value on a nonrecurring basis. Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances. These assets and liabilities can include inventories, proved and unproved oil and gas properties, assets acquired and liabilities assumed in business combinations, goodwill and other long-lived assets that are written down to fair value when they are determined to be impaired or held for sale.

Proved oil and gas properties. The Company performs assessments of its proved oil and gas properties, which are accounted for under the successful efforts method of accounting, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future cash flows, including cash flows from the Company's water services business that are used in the development of the assets, is less than the carrying amount of the assets, including the carrying value of the water services business. In these circumstances, the Company recognizes an impairment charge for the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Based on management's commodity price outlooks as December 31, 2022, which represent long-term commodity price outlooks that are internally developed based on third party future commodity price estimates as of the measurement date ("Management's Price Outlook"), the Company determined events and circumstances did not indicate that the carrying value of the Company's proved properties were not recoverable.

Unproved oil and gas properties. Unproved oil and gas properties are periodically assessed for impairment on a project-by-project basis. These impairment assessments are affected by the results of current and planned exploration activities, commodity price outlooks, planned future property sales or expiration of all or a portion of such projects. If the Company's assessment determines that a project is not expected to be developed, the Company will recognize an impairment charge at that time. Impairment charges for unproved oil and gas properties are recorded in exploration and abandonments expense in the consolidated statements of operations. During the years ended December 31, 2022, 2021 and 2020, the Company recorded noncash impairment charges of $7 million, $4 million and $11 million, respectively, to exploration and abandonments expense in the consolidated statements of operations.

Other long-lived assets. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment charge is measured as the amount by which the carrying amount of the asset exceeds its estimated fair value. As a result of the Company's impairment assessments of other long-lived assets, the Company recorded $23 million of

noncash impairment charges to other expense in the consolidated statements of operations. See Note 16 for additional information.

Goodwill. Goodwill is assessed for impairment whenever it is more likely than not that events or circumstances indicate the carrying value of a reporting unit exceeds its fair value, but no less often than annually. An impairment charge is recorded for the amount by which the carrying amount exceeds the fair value of a reporting unit in the period it is determined to be impaired.

Based on the Company's annual assessment of the fair value of goodwill as of July 1, 2022, the Company determined that its goodwill was not impaired. As of December 31, 2022, there were no material changes in events or circumstances that would warrant a reassessment for impairment.

Financial instruments not carried at fair value. Carrying values and fair values of financial instruments that are not carried at fair value in the consolidated balance sheets are as follows:

	As of December 31, 2022		As of December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Assets:				
Cash and cash equivalents (a)	$ 1,032	$ 1,032	$ 3,847	$ 3,847
Restricted cash (a) (b)	$ —	$ —	$ 37	$ 37
Liabilities:				
Current portion of long-term debt:				
Convertible senior notes (c)	$ 29	$ 69	$ —	$ —
Senior notes (c)	$ 750	$ 738	$ 244	$ 247
Long-term debt:				
Convertible senior notes (c)	$ 925	$ 2,184	$ 1,307	$ 2,359
Senior notes (c)	$ 3,200	$ 2,696	$ 5,381	$ 5,390

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(a) Fair value approximates carrying value due to the short-term nature of the instruments.
(b) Represents funds in escrow for use in deficiency fee payments associated with the Company's South Texas Divestiture. See Note 2 and Note 11 for additional information.
(c) Fair value is determined using Level 2 inputs. The Company's senior notes are quoted, but not actively traded on major exchanges; therefore, fair value is based on periodic values as quoted on major exchanges. See Note 7 for additional information.

The Company has other financial instruments consisting primarily of receivables, payables, prepaid expenses and other current assets and liabilities that approximate fair value due to the nature of the instrument and their relatively short maturities. Non-financial assets and liabilities initially measured at fair value include assets acquired and liabilities assumed in business combinations, goodwill and asset retirement obligations.

NOTE 5. Derivative Financial Instruments

The Company's derivatives are accounted for as non-hedge derivatives and all changes in the fair values of its derivative contracts are recognized as gains or losses in the earnings of the periods in which they occur.

The Company uses credit and other financial criteria to evaluate the credit standing of, and to select, counterparties to its derivative instruments. Although the Company does not obtain collateral or otherwise secure the fair value of its derivative instruments, associated credit risk is mitigated by the Company's credit risk policies and procedures. See Note 2 for additional information.

Commodity derivatives. As of December 31, 2022, the Company has outstanding oil derivative contracts with JP Morgan Chase for three thousand Bbls per day of Brent/WTI basis swaps for January 2024 through December 2024. The basis swap contracts fix the basis differential between the WTI index price (the price at which the Company buys Midland Basin oil for

transport to the Gulf Coast) and the Brent index price (the price at which a portion of the Midland Basin purchased oil is sold in the Gulf Coast market) at a weighted average differential of $4.33 in order to reduce the Company's basis risk.

Marketing derivatives. The Company uses marketing derivatives to diversify its oil pricing to Gulf Coast and international markets. As of December 31, 2022, the Company's marketing derivatives reflect long-term marketing contracts entered into with Occidental Energy Marketing, Inc. ("Oxy") whereby the Company agreed to purchase and simultaneously sell barrels of oil at an oil terminal in Midland, Texas.

In October 2019, the Company agreed to purchase and simultaneously sell 50 thousand barrels of oil per day beginning January 1, 2021 and ending December 31, 2026.

In April 2022, the Company agreed to purchase and simultaneously sell (i) 40 thousand barrels of oil per day beginning May 1, 2022 and ending April 30, 2027 and (ii) 30 thousand barrels of oil per day beginning August 1, 2022 and ending July 31, 2027.

The price the Company pays to purchase the oil volumes under the purchase contracts is based on a Midland WTI price and the price the Company receives for the oil volumes sold is the WASP that Oxy receives for selling oil through a Gulf Coast storage and export facility at prices that are highly correlated with Brent oil prices during the same month of the purchase. Based on the form of the long-term marketing contracts, the Company accounts for the contracts as derivative instruments not designated as hedges. See Note 4 for additional information.

Conversion option derivatives. The Company's conversion option derivatives represent the change in the cash settlement obligation that occurs during the Settlement Period related to conversion options exercised by certain holders of the Convertible Notes. For the year ended December 31, 2022, the conversion options attributable to $390 million of the principal amount of the Convertible Notes were exercised by the holders of the notes, of which $29 million remains in the Settlement Period as of December 31, 2022. See Note 4 and Note 7 for additional information.

Fair value. The fair value of derivative financial instruments not designated as hedging instruments are as follows:

As of December 31, 2022

Type	Consolidated Balance Sheet Location	Fair Value	Gross Amounts Offset in the Consolidated Balance Sheet	Net Fair Value Presented in the Consolidated Balance Sheet
			(in millions)	
Assets:				
Conversion option derivatives	Other - current	$ 1	$ —	$ 1
Liabilities:				
Marketing derivatives	Derivatives - current	$ 44	$ —	$ 44
Marketing derivatives	Derivatives - noncurrent	$ 96	$ —	$ 96

As of December 31, 2021

Type	Consolidated Balance Sheet Location	Fair Value	Gross Amounts Offset in the Consolidated Balance Sheet	Net Fair Value Presented in the Consolidated Balance Sheet
			(in millions)	
Liabilities:				
Commodity price derivatives	Derivatives - current	$ 486	$ —	$ 486
Marketing derivatives	Derivatives - current	$ 52	$ —	$ 52
Marketing derivatives	Derivatives - noncurrent	$ 25	$ —	$ 25

Gains and losses recorded to net derivative loss in the consolidated statements of operations related to derivative financial instruments not designated as hedging instruments are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Commodity price derivatives:			
Noncash derivative gain (loss), net	$ 158	$ 437	$ (213)
Cash receipts (payments/deferred obligations) on settled derivatives, net (a)	(358)	(2,595)	66
Total commodity derivative loss, net	(200)	(2,158)	(147)
Marketing derivatives:			
Noncash derivative gain (loss), net	(63)	14	(112)
Cash payments on settled derivatives, net	(66)	(39)	—
Total marketing derivative loss, net	(129)	(25)	(112)
Conversion option derivatives:			
Noncash derivative gain, net	1	—	—
Cash receipts on settled derivatives, net	13	—	—
Total conversion option derivative gain, net	14	—	—
Interest rate derivatives:			
Cash payments on settled derivatives, net	—	—	(22)
Derivative loss, net	$ (315)	$ (2,183)	$ (281)

(a) The year ended December 31, 2021 includes $521 million of losses attributable to the early settlement of certain 2022 oil and gas commodity derivatives primarily related to (i) the termination of certain of its 2022 oil and gas commodity derivative positions and (ii) entering into equal and offsetting oil and gas commodity derivative trades, which had the net effect of eliminating future fair value changes to certain of its 2022 derivative positions.

NOTE 6. Exploratory Well and Project Costs

The Company capitalizes exploratory well and project costs until a determination is made that the well or project has either found proved reserves, is impaired or is sold. The Company's capitalized exploratory well and project costs are included in proved properties in the consolidated balance sheets. If the exploratory well or project is determined to be impaired, the impaired costs are recorded in exploration and abandonments expense in the consolidated statements of operations.

The changes in capitalized exploratory well and project costs are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Beginning capitalized exploratory well and project costs	$ 632	$ 498	$ 660
Additions to exploratory well and project costs pending the determination of proved reserves	3,341	2,935	1,163
Additions to capitalized exploratory well and project costs from acquisitions	—	235	—
Reclassifications due to determination of proved reserves	(3,139)	(2,973)	(1,325)
Disposition of assets	—	(63)	—
Ending capitalized exploratory well and project costs	$ 834	$ 632	$ 498

Aging of capitalized exploratory costs and the number of projects for which exploratory well costs have been capitalized for a period of one year or less or more than one year, based on the date drilling was completed, are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except well counts)		
One year or less	$ 834	$ 621	$ 495
More than one year	—	11	3
	$ 834	$ 632	$ 498
Number of projects with exploratory well costs that have been suspended for a period greater than one year (a)	—	3	1

(a) The three exploratory wells that were suspended for a period greater than one year as of December 31, 2021 were completed during the first quarter of 2022. The one exploratory well that was suspended for a period greater than one year as of December 31, 2020 was completed in 2021.

NOTE 7. Long-term Debt and Interest Expense

The components of long-term debt, including the effects of issuance costs and net discounts, are as follows:

	As of December 31, 2022	As of December 31, 2021
	(in millions)	
Outstanding debt principal balances:		
3.950% senior notes due 2022	$ —	$ 244
0.550% senior notes due 2023	750	750
0.750% senior callable notes due 2024	—	750
0.250% convertible senior notes due 2025	962	1,323
1.125% senior notes due 2026	750	750
4.450% senior notes due 2026	—	500
5.625% senior notes due 2027	—	179
7.200% senior notes due 2028	241	241
4.125% senior notes due 2028	138	138
1.900% senior notes due 2030	1,100	1,100
2.150% senior notes due 2031	1,000	1,000
	4,941	6,975
Issuance costs and discounts, net	(37)	(43)
Total debt	4,904	6,932
Less current portion of long-term debt	779	244
Long-term debt	$ 4,125	$ 6,688

Credit facility. The Company maintains a revolving corporate credit facility (the "Credit Facility") with a syndicate of financial institutions ("Syndicate") and has aggregate loan commitments of $2.0 billion. The Credit Facility has a maturity date of January 12, 2026. As of December 31, 2022, the Company had no outstanding borrowings under the Credit Facility. The Credit Facility requires the maintenance of a ratio of total debt to book capitalization, subject to certain adjustments, not to exceed 0.65 to 1.0. As of December 31, 2022, the Company was in compliance with its debt covenants.

Borrowings under the Credit Facility may be in the form of revolving loans or swing line loans. Revolving loans represent loans made ratably by the Syndicate in accordance with their respective commitments under the Credit Facility and bear interest, at the option of the Company, based on (a) a rate per annum equal to the higher of the prime rate announced from time to time by Wells Fargo Bank, National Association or the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System during the last preceding business day plus 0.5 percent plus a defined alternate base rate spread margin, which is currently 0.25 percent based upon the Company's debt rating or (b) a base Eurodollar

rate, plus a margin (the "Applicable Margin"), which is currently 1.25 percent and is also determined by the Company's debt rating. Swing line loans represent loans made by a subset of the lenders in the Syndicate and may not exceed $150 million. Swing line loans under the Credit Facility bear interest at a rate per annum equal to the "ASK" rate for federal funds periodically published by the Dow Jones Market Service plus the Applicable Margin. Letters of credit outstanding under the Credit Facility are subject to a per annum fee, representing the Applicable Margin plus 0.125 percent. The Company also pays commitment fees on undrawn amounts under the Credit Facility that are determined by the Company's debt rating (currently 0.15 percent). Borrowings under the Credit Facility are general unsecured obligations.

Assumption of DoublePoint notes and payoff of DoublePoint credit facility. In connection with the completion of the DoublePoint Acquisition, the Company assumed DoublePoint's outstanding senior notes of $650 million in aggregate principal amount of 7.75% senior notes due 2025 (with a fair value of $735 million) and DoublePoint's credit facility with an outstanding balance of $240 million. The Company repaid and terminated the DoublePoint credit facility agreement on May 4, 2021.

Assumption of Parsley notes and payoff of Parsley credit facility. In connection with the completion of the Parsley Acquisition, the Company assumed Parsley's outstanding senior notes (the "Parsley Notes") of $2.7 billion in aggregate principal amount (with a fair value of $2.8 billion) and Parsley's credit facility with an outstanding balance of $397 million. The Company's senior notes are structurally subordinated to the outstanding Parsley Notes. The Company repaid and terminated the Parsley credit facility agreement on January 12, 2021.

Senior notes. In September 2022, the Company delivered an irrevocable notice of call to the holders of its outstanding 5.625% senior notes due 2027. The 5.625% senior notes due 2027, with a debt principal balance of $179 million, were repaid in October 2022. The Company recorded an $8 million net gain on early extinguishment of debt to other expense associated with the debt repayment. See Note 16 for additional information.

In February 2022, the Company paid $1.3 billion to redeem its outstanding 0.750% Senior Notes due 2024 and 4.450% Senior Notes due 2026, having aggregate principal amounts of $750 million and $500 million, respectively. The Company recorded a $47 million loss on early extinguishment of debt to other expense associated with the early redemptions. See Note 16 for additional information.

In May 2021, the Company issued $750 million of 0.550% senior notes that will mature May 15, 2023 (the "May 2021 Senior Notes Offering"). The Company received proceeds, net of $4 million of issuance costs and discounts, of $746 million. Interest on the notes is payable on May 15 and November 15 of each year.

The Company used $731 million of the proceeds from the May 2021 Senior Notes Offering to redeem DoublePoint's 7.750% senior notes due 2025. Associated with the redemption, the Company recorded a $3 million gain on the early extinguishment of debt to other expense. See Note 16 for additional information.

In January 2021, the Company issued $750 million of 0.750% senior callable notes that will mature January 15, 2024, $750 million of 1.125% senior notes that will mature January 15, 2026 and $1.0 billion of 2.150% senior notes that will mature January 15, 2031 (the "January 2021 Senior Notes Offering"). The Company received proceeds, net of $24 million of issuance costs and discounts, of $2.5 billion. Interest on each of the notes is payable on January 15 and July 15 of each year.

The Company used the proceeds from the January 2021 Senior Notes Offering to pay (i) $1.6 billion to redeem Parsley's 5.250% senior notes due 2025, Parsley's 5.375% senior notes due 2025 and Jagged Peak's 5.875% senior notes due 2026 (assumed by Parsley in a prior acquisition) and (ii) $852 million to purchase a portion of Parsley's 5.625% senior notes due 2027 and Parsley's 4.125% senior notes due 2028 pursuant to a cash tender offer. In connection with the tender offers, the Company also obtained the requisite consents from holders of Parsley's 5.625% senior notes due 2027 and Parsley's 4.125% senior notes due 2028 to amend the indentures pursuant to which the notes were issued to, among other things, (i) eliminate substantially all of the restrictive covenants and related provisions and certain events of default contained in each indenture and (ii) shorten the minimum notice requirement for optional redemptions to three days. Associated with the redemption and tenders, the Company recognized a $5 million loss on the early extinguishment of debt to other expense. See Note 16 for additional information.

The Company's 3.950% senior notes and 3.450% senior notes, with debt principal balances of $244 million and $140 million, respectively, matured and were repaid in July 2022 and January 2021, respectively. The Company funded the repayments with cash on hand.

The Company's 0.550% senior notes, with a debt principal balance of $750 million, will mature in May 2023. The 0.550% senior notes are recorded in the current portion of long-term debt in the consolidated balance sheets as of December 31, 2022.

The Company's senior notes are general unsecured obligations ranking equally in right of payment with all other senior unsecured indebtedness of the Company and are senior in right of payment to all existing and future subordinated indebtedness of the Company. The Company is a holding company that conducts all of its operations through subsidiaries; consequently, the senior notes are structurally subordinated to all obligations of its subsidiaries. Interest on the Company's senior notes is payable semiannually.

Convertible senior notes. The Convertible Notes bear a fixed interest rate of 0.250% per year, with interest payable on May 15 and November 15 of each year. The Convertible Notes will mature on May 15, 2025, unless earlier redeemed, repurchased or converted. The Convertible Notes are unsecured obligations ranking equally in right of payment with all other senior unsecured indebtedness of the Company.

The Convertible Notes are convertible into shares of the Company's common stock at an adjusted conversion rate of 10.2823 shares of the Company's common stock per $1,000 principal amount of the Convertible Notes (subject to further adjustment pursuant to the terms of the notes indenture, the "Conversion Rate"), which represents an adjusted conversion price of $97.25 per share (subject to adjustment pursuant to the terms of the notes indenture, the "Conversion Price"). Upon conversion, the Convertible Notes will be settled in cash, shares of the Company's common stock or a combination thereof, at the Company's election.

Holders of the Convertible Notes may convert their notes at their option prior to February 15, 2025 under the following circumstances:

- during the quarter following any quarter during which the last reported sales price of the Company's common stock for at least 20 of the last 30 consecutive trading days of such quarter exceeds 130 percent of the Conversion Price;
- during the five-business day period following any five consecutive trading day period when the trading price of the Convertible Notes is less than 98 percent of the product of the last reported sales price of the Company's common stock and the Conversion Rate;
- upon notice of redemption by the Company; or
- upon the occurrence of specified corporate events, including certain consolidations or mergers.

On or after February 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time. The Company may not redeem the Convertible Notes prior to May 20, 2023, and after such date, may redeem the Convertible Notes only if the last reported sale price of the Company's common stock has been at least 130 percent of the Conversion Price for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides the notice of redemption. The redemption price is equal to 100 percent of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest.

In connection with the issuance of the Convertible Notes, the Company entered into privately negotiated capped call transactions with certain financial institution counterparties (the "Capped Call"), the purpose of which was to reduce the potential dilution to the Company's common stock upon conversion of the Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of such converted notes, with such reduction and offset subject to a capped price. The Capped Call transactions have an adjusted strike price of $97.25 per share of common stock and an adjusted capped price of $138.40 per share of common stock. The net cost of $113 million incurred to purchase the Capped Call transactions was recorded as a reduction to additional paid-in capital in the consolidated balance sheets.

As of December 31, 2022, the Convertible Notes had an outstanding principal balance of $962 million and unamortized issuance costs of $8 million. The effective annual interest rate on the Convertible Notes is 0.6 percent.

Interest expense recognized on the Convertible Notes is as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Contractual coupon interest	$ 3	$ 3	$ 2
Amortization of issuance discount (a)	—	—	28
Amortization of capitalized loan fees	4	5	2
	$ 7	$ 8	$ 32

(a) Upon adoption of ASU 2020-06, the Company no longer amortizes the issuance discount associated with the Convertible Notes to interest expense over the life of the Convertible Notes.

Convertible Note conversions. During the last 30 consecutive trading days of the fourth quarter of 2021 and every quarter of 2022, the last reported sale price of the Company's common stock exceeded 130 percent of the Conversion Price for at least 20 trading days, causing the Convertible Notes to become convertible at the option of the holders from January 1, 2022 through March 31, 2023.

During the year ended December 31, 2022, certain holders of the Convertible Notes exercised their conversion option resulting in the Company recognizing the following cash receipts and cash payments associated with the conversions:

	Year Ended December 31,	
	2022	2021
	(in millions)	
Cash payments:		
Principal repayments	$ 361	$ —
Conversion premiums	496	—
Cash payments	$ 857	$ —
Cash receipts:		
Capped Call proceeds	$ 103	$ —
Conversion option derivative receipts, net	13	—
Cash receipts, net	$ 116	$ —

The Company recorded the conversion premiums paid, Capped Call proceeds and $26 million of associated issuance fees and deferred taxes attributable to the principal amount of the Convertible Notes converted in additional paid-in-capital.

As of December 31, 2022, $29 million of the principal amount of the Convertible Notes remains in the Settlement Period. These Convertible Notes are recorded in the current portion of long-term debt in the consolidated balance sheets as of December 31, 2022. The current portion of Convertible Notes will be cash settled at the end of their respective Settlement Periods during the first quarter of 2023.

See Note 4, Note 5 and Note 19 for additional information.

Principal payments scheduled to be made on the Company's long-term debt are as follows (in millions):

2023	$ 779
2024	$ —
2025	$ 933
2026	$ 750
2027	$ —
Thereafter	$ 2,479

Interest expense activity is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Cash payments for interest	$ 138	$ 136	$ 119
Amortization of issuance discounts (premiums), net	(2)	(4)	29
Amortization of capitalized loan fees	12	14	5
Net changes in accruals	(20)	17	(19)
Interest incurred	128	163	134
Less capitalized interest	—	(2)	(5)
	$ 128	$ 161	$ 129

NOTE 8. Incentive Plans

Deferred compensation retirement plan. The Company's deferred compensation retirement plan allows for qualified officers and certain key employees of the Company to contribute up to 50 percent of their base salary and 100 percent of their annual bonus. The Company provides a matching contribution of 100 percent of the officer's and key employee's contribution limited up to the first 10 percent of their salary. The Company's matching contribution vests immediately. A trust fund has been established by the Company to accumulate the contributions made under this retirement plan.

The Company match for the deferred compensation plan is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Deferred compensation plan	$ 2	$ 2	$ 1

401(k) plan. The Pioneer Natural Resources USA, Inc. ("Pioneer USA," a wholly-owned subsidiary of the Company) 401(k) and Matching Plan (the "401(k) Plan") is a defined contribution plan established under the Internal Revenue Code Section 401. All regular full-time and part-time employees of Pioneer USA are eligible to participate in the 401(k) Plan on the first day of the month following their date of hire. Participants may contribute up to 80 percent of their annual base salary into the 401(k) Plan. Matching contributions are made to the 401(k) Plan in cash by Pioneer USA in amounts equal to 200 percent of a participant's contributions to the 401(k) Plan that are not in excess of five percent of the participant's annual base salary (the "Matching Contribution"). Each participant's account is credited with the participant's contributions, Matching Contribution and allocations of the Matching Contribution's earnings. Participants are fully vested in their account balances except for Matching Contributions and their proportionate share of 401(k) Plan earnings attributable to Matching Contributions, which proportionately vest over a four-year period that begins on the participant's date of hire. Eligible employees are automatically enrolled in the 401(k) Plan at a contribution rate of five percent of the employee's annual base salary, unless the employee opts out of participation or makes an alternate election within 30 days of becoming eligible for participation.

The Company match for the 401(k) Plan is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
401(k) Plan	$ 21	$ 17	$ 18

Long-Term Incentive Plan. The Company's Amended and Restated 2006 Long-Term Incentive Plan ("LTIP") provides for the granting of various forms of awards, including stock options, stock appreciation rights, performance units, restricted stock and restricted stock units to directors, officers and employees of the Company.

In connection with the Parsley Acquisition, the Company assumed all rights and obligations under the Amended and Restated Parsley Energy, Inc. 2014 Long-Term Incentive Plan (the "2014 Parsley Plan") and the Jagged Peak Energy Inc. 2017 Long-Term Incentive Plan, and together with the 2014 Parsley Plan, (the "Parsley Plans"). The awards outstanding under the Parsley Plans were assumed by the Company and were automatically converted into an award with the right to receive a

number of shares of Pioneer common stock that is equal to the product of the number of shares of Parsley common stock subject to such award under the Parsley Plans as of the acquisition date and the Exchange Ratio (0.1252).

Shares available for future grant pursuant to awards under the LTIP are as follows:

	As of December 31, 2022
Approved and authorized awards	12,600,000
2014 Parsley Plan awards available to the LTIP (a)	879,575
Awards issued under plan	(9,376,230)
	4,103,345

(a) Under NYSE rules, the Company added the shares that were available under the 2014 Parsley Plan to the LTIP. These shares can only be used for grants to employees who were not employed or engaged by Pioneer or any of its subsidiaries immediately before the Parsley Acquisition and such awards may only be granted through May 22, 2024, the date that the 2014 Parsley Plan would have otherwise expired.

Employee Stock Purchase Plan. The Company's Employee Stock Purchase Plan ("ESPP") allows eligible employees to annually purchase the Company's common stock at a discounted price. Officers of the Company are not eligible to participate in the ESPP. Employee contributions to the ESPP are limited to $21,250 during the eight-month offering period (January 1 to August 31). Participants in the ESPP purchase the Company's common stock at a price that is 15 percent below the closing sales price of the Company's common stock on either the first day or the last day of each offering period, whichever closing sales price is lower.

Shares available for future issuance under the ESPP are as follows:

	As of December 31, 2022
Approved and authorized shares	2,500,000
Shares issued	(1,213,133)
	1,286,867

Stock-based compensation expense and the associated income tax benefit for awards issued under both the LTIP and ESPP are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Equity Awards	$ 44	$ 44	$ 49
Liability Awards (a)	21	17	12
Restricted stock and performance units - Parsley awards (b)	—	33	—
Performance Awards	32	27	21
ESPP	2	2	2
	$ 99	$ 123	$ 84
Capitalized stock-based compensation expense	$ 18	$ 17	$ 15
Income tax benefit	$ 8	$ 14	$ 7

(a) Liability Awards are expected to be settled on their vesting date in cash. As of December 31, 2022 and December 31, 2021, accounts payable – due to affiliates included $6 million and $9 million, respectively, of liabilities attributable to Liability Awards.

(b) Represents the accelerated vesting of Parsley restricted stock equity awards and performance units upon completion of the Parsley Acquisition, which was recorded to other expense in the consolidated statements of operations.

As of December 31, 2022, there is $91 million of unrecognized stock-based compensation expense related to unvested stock-based compensation awards of which $20 million is attributable to stock-based awards that are expected to be settled on their vesting date in cash, rather than in common stock. The unrecognized compensation expense will be recognized on a straight-line basis over the remaining vesting periods of the awards, which is a period of less than three years on a weighted average basis.

Restricted stock awards. The Company routinely awards Equity Awards and Liability Awards as compensation to directors, officers and employees of the Company.

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except per share data)		
Equity Awards granted:			
Weighted average grant-date fair value per share	$ 223.05	$ 141.82	$ 108.24
Equity Awards vested:			
Grant-date fair value	$ 62	$ 50	$ 59
Total fair value at vesting	$ 109	$ 51	$ 47
Liability Awards vested:			
Cash paid	$ 24	$ 14	$ 16

Performance Awards. Each year, at its discretion, the Company's Board of Directors (the "Board") awards performance units to the Company's officers under the LTIP. The number of shares of common stock to be issued is determined by comparing the Company's total shareholder return to the total shareholder return of a predetermined group of peer companies over the performance period. The Performance Awards vest over a service period of approximately three years.

The grant-date fair value of Performance Awards is recorded as stock-based compensation expense ratably over the service period.

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except per share data)		
Performance Awards granted:			
Weighted average grant-date fair value per share	$ 331.58	$ 165.32	$ 184.06
Performance Awards vested:			
Grant-date fair value	$ 26	$ 13	$ 10
Total fair value at vesting	$ 30	$ 14	$ 5

The fair value of Performance Awards is determined using a Monte Carlo simulation model that utilizes multiple input variables to determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. Expected volatilities utilized in the model were estimated using a historical period consistent with the performance period of approximately three years. The risk-free interest rate was based on the United States Treasury rate for a term commensurate with the expected life of the grant.

Assumptions used to estimate the fair value of Performance Awards granted in each of the following years are as follows:

	2022	2021	2020
Risk-free interest rate	1.37%	0.18%	0.68%
Range of volatilities	25% - 105%	25% - 104%	31% - 45%

Activity for Equity Awards, Liability Awards, Performance Awards and stock options is as follows:

	Year Ended December 31, 2022					
	Equity Awards		Liability Awards	Performance Awards		Stock Options
	Number of Shares	Weighted Average Grant-Date Fair Value	Number of shares	Number of units (a)	Weighted Average Grant-Date Fair Value	Number of shares
Beginning awards	741,892	$ 131.83	182,278	304,686	$ 173.39	6,039
Awards granted	249,765	$ 223.05	49,748	114,066	$ 331.58	—
Awards forfeited	(50,793)	$ 151.54	(12,829)	(6,226)	$ 244.11	—
Awards vested (b) (c)	(459,571)	$ 134.60	(99,502)	(144,523)	$ 182.95	—
Options exercised	—	$ —	—	—	$ —	(6,039)
Ending awards	481,293	$ 174.44	119,695	268,003	$ 233.92	—

(a) Amount reflects the number of performance units initially granted. The actual payout of shares upon vesting may be between zero and 250 percent of the performance units included in this table depending upon the total shareholder return ranking of the Company compared to peer companies at the vesting date.

(b) Per the terms of award agreements and elections, the issuance of common stock may be deferred for certain Equity Awards that vest during the period.

(c) For Performance Awards, the awards vested reflects the number of performance units that vested upon retirement or departure of eligible officers or when the performance period of the award ended. Awards that vest upon retirement or departure of eligible officers are not transferred to the officer until the original performance period of the award lapses. Of the 144,523 units that vested, 13,718 are associated with eligible officer retirements and departures during the year ended December 31, 2022 that will be issued in future years when the original performance period ends. On December 31, 2022, the performance period ended on 132,163 Performance Awards that earned 0.99 shares for each vested award resulting in 130,855 aggregate shares of common stock being issued on January 3, 2023. Of the 132,163 Performance Awards that lapsed, 1,358 units were associated with Performance Awards that vested in prior years upon retirement or departure of eligible officers.

NOTE 9. Asset Retirement Obligations

The Company's asset retirement obligations primarily relate to the future plugging and abandonment of wells and related facilities. Market risk premiums associated with asset retirement obligations are estimated to represent a component of the Company's credit-adjusted risk-free rate that is utilized in the calculations of asset retirement obligations.

Asset retirement obligations activity is as follows:

	Year Ended December 31,	
	2022	2021
	(in millions)	
Beginning asset retirement obligations	$ 354	$ 282
Liabilities assumed in Parsley Acquisition	—	73
Liabilities assumed in DoublePoint Acquisition	—	37
New wells placed on production	8	10
Changes in estimates (a)	162	7
Dispositions	—	(24)
Liabilities settled	(62)	(38)
Accretion of discount	15	7
Ending asset retirement obligations	477	354
Less current portion of asset retirement obligations	(82)	(55)
Asset retirement obligations, long-term	$ 395	$ 299

(a) Changes in estimates are determined based on several factors, including updating abandonment cost estimates using recent actual costs incurred to abandon wells, credit-adjusted risk-free discount rates, economic well life estimates and forecasted timing of abandoning wells. The change in estimate for the year ended December 31, 2022 is primarily due to an increase in abandonment cost estimates based on recent actual costs incurred to abandon wells.

NOTE 10. Leases

As of December 31, 2022, the Company has one finance lease for its corporate headquarters office building. The Company's operating leases, as of December 31, 2022, are comprised of drilling rigs, storage tanks, equipment and buildings.

The Company's finance lease balances are as follows:

Type	Consolidated Balance Sheet Location	As of December 31, 2022	2021
		(in millions)	
Assets:			
Finance lease right-of-use asset	Other property and equipment, net	$ 472	$ 500
Liabilities:			
Finance lease liability, current	Other liabilities - current	$ 20	$ 18
Finance lease liability, noncurrent	Other liabilities - noncurrent	$ 501	$ 521

The components of lease costs, including amounts recoverable from joint operating partners, are as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Finance lease cost:			
Amortization of right-of-use asset	$ 28	$ 28	$ 28
Interest on lease liability	16	16	17
Operating lease cost (a)	151	162	151
Short-term lease cost (b)	211	107	23
Variable lease cost (c)	40	59	27
	$ 446	$ 372	$ 246

(a) Represents straight-line lease costs associated with the Company's operating lease right-of-use assets.
(b) Represents costs associated with short-term leases (those with a contractual term of 12 months or less) that are not included in the consolidated balance sheets.
(c) Variable lease costs are primarily comprised of the non-lease service component of drilling rig commitments above the minimum required payments. Both the minimum required payments and the non-lease service component of the drilling rig commitments are capitalized as additions to oil and gas properties.

The Company subleases to third parties certain office space related to leases acquired by the Company through the Parsley Acquisition. The subleases are classified as operating leases and the Company recognizes sublease income on a straight-line basis over the sublease term. During the years ended December 31, 2022 and 2021, the Company recorded $20 million and $4 million, respectively, to other income in the consolidated statement of operations associated with the subleases. The Company did not recognize sublease income during the year ended December 31, 2020. See Note 15 for additional information.

Cash flow information related to leases is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Operating cash flows:			
Cash payments for operating, short-term and variable leases	$ 200	$ 131	$ 83
Cash payments for interest on finance lease	$ 16	$ 16	$ 17
Investing cash flows:			
Cash payments for operating, short-term and variable leases (a)	$ 208	$ 191	$ 130
Financing cash flows:			
Cash payments for principal on finance lease	$ 18	$ 17	$ 16

(a) Represents costs associated with drilling operations that are capitalized as additions to oil and gas properties.

The changes in lease liabilities are as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Operating	Finance	Operating	Finance
	(in millions)			
Beginning lease liabilities	$ 364	$ 539	$ 210	$ 556
Liabilities assumed in exchange for new right-of-use assets (a)	149	—	100	—
Liabilities assumed in the Parsley Acquisition	—	—	201	—
Liabilities assumed in the DoublePoint Acquisition	—	—	2	—
Contract modifications (b)	(6)	—	2	—
Liabilities settled	(153)	(18)	(158)	(17)
Accretion of discount on operating leases (c)	7	—	7	—
Ending lease liabilities (d)	$ 361	$ 521	$ 364	$ 539

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(a) Represents noncash leasing activity. The weighted-average discount rate used to determine the present value of future operating lease payments was 2.5 percent and 1.8 percent for the year ended December 31, 2022 and 2021, respectively. The Company used a 3.0 percent discount rate to determine the present value of its future finance lease payments for its corporate headquarters office building that commenced in 2019.
(b) Represents changes in lease liabilities due to modifications of original contract terms.
(c) Represents imputed interest on discounted future cash payments of operating leases.
(d) As of December 31, 2022, the weighted-average remaining lease term of the Company's operating and finance leases is five and 17 years, respectively, as compared to six and 18 years as of December 31, 2021.

Maturities of lease liabilities are as follows:

	As of December 31, 2022	
	Operating	Finance
	(in millions)	
2023	$ 132	$ 35
2024	93	35
2025	42	36
2026	20	36
2027	20	37
Thereafter	78	491
Total lease payments	385	670
Less present value discount	(24)	(149)
Present value of lease liabilities	$ 361	$ 521

NOTE 11. Commitments and Contingencies

Severance agreements. As of December 31, 2022, the Company has entered into severance and change in control agreements with certain of its officers and key employees.

Indemnifications. The Company has agreed to indemnify its directors and certain of its officers, employees and agents with respect to claims and damages arising from acts or omissions taken in such capacity, as well as with respect to certain litigation.

Legal actions. The Company is party to various proceedings and claims incidental to its business. While many of these matters involve inherent uncertainty, the Company believes that the amount of the liability, if any, ultimately incurred with respect to these proceedings and claims will not have a material adverse effect on the Company's consolidated financial position as a whole or on its liquidity, capital resources or future annual results of operations. The Company records reserves for contingencies when information available indicates that a loss is probable and the amount of the loss can be reasonably

estimated. Significant judgement is required in making these estimates and the Company's final liabilities may ultimately be materially different.

Environmental. Environmental expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Environmental expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. Liabilities for expenditures that will not qualify for capitalization are recorded when environmental assessment and/or remediation is probable and the costs can be reasonably estimated. Such liabilities are undiscounted unless the timing of cash payments for the liability is fixed or reliably determinable. Environmental liabilities normally involve estimates that are subject to revision until settlement or remediation occurs.

Obligations following divestitures. In connection with its divestiture transactions, the Company may retain certain liabilities and provide the purchaser certain indemnifications, subject to defined limitations, which may apply to identified pre-closing matters, including matters of litigation, environmental contingencies, royalties and income taxes. The Company does not recognize a liability if the fair value of the divestiture obligation is immaterial or the likelihood of making payments for the retained obligation is remote.

South Texas Divestiture. In conjunction with the South Texas Divestiture, the Company transferred its long-term midstream agreements and associated minimum volume commitments ("MVCs") to the buyer. However, the Company retained the obligation to pay 100 percent of any deficiency fees associated with the MVCs from January 2019 through July 2022. During the years ended December 31, 2022 and 2021, the Company paid $173 million and $147 million, respectively, related to the MVCs deficiency fees. The buyer was required to reimburse the Company for 18 percent of the deficiency fees paid by the Company from January 2019 through July 2022 in installments beginning in 2023 through 2025. During the year ended December 31, 2022, the Company received the deficiency fee reimbursements of $89 million due to a change in control of the buyer, which resulted in the acceleration of the deficiency fee installments.

Firm purchase, gathering, processing, transportation, fractionation, storage and service commitments. From time to time, the Company enters into, and as of December 31, 2022 was a party to, take-or-pay agreements, which include contractual commitments (i) to purchase sand, water and diesel for use in the Company's drilling and completion operations, (ii) with midstream service companies and pipeline carriers for future gathering, processing, transportation, fractionation and storage and (iii) with oilfield services companies that provide drilling, pressure pumping and water disposal services. These commitments are normal and customary for the Company's business activities.

Minimum firm commitments for the next five years are as follows:

	As of December 31, 2022 (in millions)
2023	$ 844
2024	$ 791
2025	$ 787
2026	$ 609
2027	$ 626

Oil and gas delivery and purchase commitments. The Company has contracts that require delivery or purchases of fixed volumes of oil and gas. The Company intends to fulfill its short-term and long-term delivery obligations with the Company's production or from purchases of third party volumes.

Delivery and purchase commitments for oil and gas are as follows:

	As of December 31, 2022		
	Delivery		Purchase
	Oil	Gas	Oil
	(Bbls per day)	(MMBtu per day)	(Bbls per day)
2023	130,000	428,356	90,000
2024	122,459	408,880	90,000
2025	74,795	345,000	90,000
2026	50,000	223,630	90,000
2027	39,521	129,932	90,000
Thereafter	—	101,472	11,230

NOTE 12. Related Party Transactions

In December 2018, the Company completed the sale of its pressure pumping assets to ProPetro in exchange for 16.6 million shares of ProPetro common stock and $110 million of cash that was received during the first quarter of 2019. ProPetro is considered a related party as the shares received represent 14 percent of ProPetro's outstanding common stock. In addition to the sale of equipment and related facilities, the Company entered into a long-term agreement with ProPetro for it to provide pressure pumping and related services that ended on December 31, 2022. During 2022, the Company entered into two new agreements with ProPetro for pressure pumping services, with one agreement ending in August 2023 and the other ending in August 2024. Under the two new ProPetro agreements, the Company has the right to terminate with 90-days written notice without penalty.

Phillip A. Gobe, a nonemployee member of the Board, was appointed by the board of directors of ProPetro to serve as its Executive Chairman in October 2019 and Chief Executive Officer in March 2020, and served as Chief Executive Officer and Chairman of the board of directors of ProPetro through August 31, 2021, at which point he continued as ProPetro's Executive Chairman. In March 2022, Mr. Gobe transitioned to non-executive Chairman of the board of directors of ProPetro. Mark S. Berg, the Company's Executive Vice President, Corporate Operations, serves as a member of the ProPetro board of directors under the Company's right to designate a director to the board of directors of ProPetro so long as the Company owns five percent or more of ProPetro's outstanding common stock.

Based on the Company's ownership in ProPetro and representation on the ProPetro board of directors, ProPetro is considered an affiliate and deemed to be a related party.

Transactions for ProPetro pressure pumping related services were capitalized in oil and gas properties or charged to other expense as incurred. ProPetro pressure pumping related service charges are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Pressure pumping related service charges	$ 342	$ 406	$ 238

	As of December 31, 2022	As of December 31, 2021
	(in millions)	
Accounts payable - due to affiliate	$ 44	$ 66

The Company discloses ProPetro's summarized financial information on a one-quarter lag as it enables the Company to report its quarterly results independent from the timing of when ProPetro reports its results. Summarized financial information for ProPetro is as follows:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
	(in millions)		
Revenue - service revenue	$ 931	$ 875	$ 789
Cost of services (exclusive of depreciation and amortization)	$ 640	$ 662	$ 584
Net loss	$ (11)	$ (54)	$ (107)

NOTE 13. Major Customers

Purchasers of the Company's oil, NGL and gas production that individually accounted for 10 percent or more of the Company's oil and gas revenues in at least one of the three years ended December 31, 2022 are as follows:

	Year Ended December 31,		
	2022	2021	2020
Energy Transfer Crude Marketing LLC	23 %	20 %	36 %
Shell Trading US Company	14 %	13 %	2 %
Occidental Energy Marketing Inc.	12 %	10 %	18 %
Plains Marketing L.P.	10 %	9 %	14 %

The loss of any of these major purchasers, which primarily purchase the Company's oil production, could have a material adverse effect on the ability of the Company to produce and sell its oil production.

Purchasers of the Company's purchased commodities that individually accounted for 10 percent or more of the Company's sales of purchased commodities in at least one of the three years ended December 31, 2022 are as follows:

	Year Ended December 31,		
	2022	2021	2020
Occidental Energy Marketing Inc.	14 %	27 %	28 %

The loss of the above major purchaser of purchased commodities would not be expected to have a material adverse effect on the ability of the Company to sell commodities it purchases from third parties.

NOTE 14. Revenue Recognition

Disaggregated revenue from contracts with purchasers. Revenues on sales of oil, NGLs, gas and purchased oil, gas, diesel and sand are recognized when control of the product is transferred to the purchaser and payment can be reasonably assured. Sales prices for oil, NGLs, gas, diesel and sand are negotiated based on factors normally considered in the industry, such as an index or spot price, distance from the well to the pipeline or market, commodity quality and prevailing supply and demand conditions. Accordingly, the prices received by the Company for oil, NGLs, gas, diesel and sand generally fluctuate similar to changes in the relevant market index prices.

Disaggregated revenue from contracts with purchasers by product type is as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Oil sales	$ 12,289	$ 8,808	$ 2,871
NGL sales	2,204	1,707	490
Gas sales	1,817	988	269
Total oil and gas revenues	16,310	11,503	3,630
Sales of purchased oil	7,992	6,247	3,359
Sales of purchased gas	80	62	24
Sales of purchased diesel	—	58	11
Sales of purchased sand	2	—	—
Total sales of purchased commodities	8,074	6,367	3,394
	$ 24,384	$ 17,870	$ 7,024

Performance obligations and contract balances. The majority of the Company's product sale commitments are short-term in nature with a contract term of one year or less. The Company typically satisfies its performance obligations upon transfer of control as described above in *Disaggregated revenue from contracts with purchasers* and records the related revenue in the month production is delivered to the purchaser. Settlement statements for sales of oil, NGLs, gas and sales of purchased oil and gas may not be received for 30 to 60 days after the date the volumes are delivered, and as a result, the Company is required to estimate the amount of volumes delivered to the purchaser and the price that will be received for the sale of the product. The Company records the differences between estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. The Company records revenues from the sale of purchased diesel and sand upon delivery to the purchaser. As of December 31, 2022 and December 31, 2021, the accounts receivable balance representing amounts due or billable under the terms of contracts with purchasers is $1.8 billion and $1.6 billion, respectively.

NOTE 15. Interest and Other Income (Loss), Net

The components of interest and other income (loss) are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Investment in affiliate valuation adjustment (Note 4)	$ 37	$ 12	$ (64)
Interest income	36	1	5
Sublease income (Note 10)	20	4	—
Investment in Laredo valuation adjustment (Note 4)	17	(11)	—
Contingent consideration valuation adjustment (Note 5)	—	—	(42)
Deferred compensation plan income (loss), net (Note 4)	(7)	10	7
Other	16	7	27
	$ 119	$ 23	$ (67)

NOTE 16. Other Expense

The components of other expense are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Loss on early extinguishment of debt, net (Note 7)	$ 39	$ 2	$ 27
Unoccupied facility expense (a)	35	38	(1)
Termination and idle drilling and frac equipment charges (b)	25	10	80
Legal and environmental contingencies (Note 11)	23	17	12
Impairment of long-lived assets (c) (Note 4)	23	—	—
Transportation commitment charges (d)	10	22	16
Restructuring charges (e)	—	2	79
Parsley Acquisition transaction costs (f)	—	211	10
DoublePoint Acquisition transaction costs (g)	—	33	—
Winter Storm Uri gas commitments (h)	—	80	—
Vertical integration services income (i)	(7)	(6)	(2)
South Texas deficiency fee obligation, net (j)	(18)	(10)	80
Other	43	11	20
	$ 173	$ 410	$ 321

(a) Primarily represents facilities expense associated with certain acquired Parsley offices that are no longer occupied by the Company.
(b) Includes idle frac equipment fees, frac reservation fees and drilling rig early termination charges.
(c) Impairments of long-lived assets in 2022 primarily represents a decrease in fair value of an unoccupied field office and certain operating lease right-of-use assets to their estimated fair values.
(d) Primarily represents firm transportation charges on excess pipeline capacity commitments.
(e) Primarily represents the Company's 2020 corporate restructuring to reduce its staffing levels to correspond with a planned reduction in future activity levels.
(f) Represents costs associated with the Parsley Acquisition, which includes $90 million of employee-related costs and $121 million of transaction-related fees during the year ended December 31, 2021. See Note 3 for additional information.
(g) Represents transaction costs associated with the DoublePoint Acquisition. See Note 3 for additional information.
(h) Represents costs related to the Company's fulfillment of certain firm gas commitments during Winter Storm Uri in February 2021.
(i) Represents net margins (attributable to third party working interest owners) that result from Company-provided vertically integrated services, which are ancillary to and supportive of the Company's oil and gas joint operating activities, and do not represent intercompany transactions. The components of the vertical integration services net margins are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Gross revenues	$ 34	$ 40	$ 42
Gross costs and expenses	$ 27	$ 34	$ 40

(j) Represents changes to the Company's forecasted MVCs deficiency fee obligation and related receivable associated with the South Texas Divestiture. See Note 11 for additional information.

NOTE 17. Income Taxes

The Company and its eligible subsidiaries file a consolidated U.S. federal income tax return. Certain subsidiaries are not eligible to be included in the consolidated U.S. federal income tax return and separate provisions for income taxes have been

determined for these entities or groups of entities. The tax returns and the amount of taxable income or loss are subject to examination by U.S. federal, state, local and foreign taxing authorities.

The Company continually assesses both positive and negative evidence to determine whether it is more likely than not that deferred tax assets can be realized prior to their expiration. Pioneer monitors Company-specific, oil and gas industry and worldwide economic factors and based on that information, along with other data, reassesses the likelihood that the Company's net operating loss carryforwards ("NOLs") and other deferred tax attributes in the U.S. federal, state, local and foreign tax jurisdictions will be utilized prior to their expiration.

DoublePoint Acquisition. During the year ended December 31, 2021, the Company purchased all the membership interests of DoublePoint, a disregarded entity for federal income tax purposes. As a result, for tax purposes, the Company recorded the cost basis in the assets acquired equal to its purchase price (i.e. stepped-up basis).

Parsley Acquisition. For federal income tax purposes, the Parsley Acquisition qualified as a tax-free merger whereby the Company acquired carryover tax basis in Parsley's assets and liabilities. During the year ended December 31, 2021, the Company recorded a deferred tax liability of $133 million associated with the acquired assets. Included in the deferred tax liability are deferred tax asset attributes acquired from Parsley, which primarily consisted of NOLs of $2.3 billion that are subject to an annual limitation under Internal Revenue Code Section 382. As of December 31, 2022, $1.2 billion of the acquired NOLs have been realized. The Company believes it is more likely than not that the remaining acquired NOLs will be utilized before they expire. Offsetting the deferred tax asset attributes are deferred tax liability attributes, primarily related to the cost basis in oil and gas properties for tax purposes being less than the recorded book amounts.

Enactment of the Inflation Reduction Act of 2022. On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the "IRA"), which includes, among other things, a corporate alternative minimum tax (the "CAMT"). Under the CAMT, a 15 percent minimum tax will be imposed on certain adjusted financial statement income of "applicable corporations," which is effective for tax years beginning after December 31, 2022. The CAMT generally treats a corporation as an "applicable corporation" in any taxable year in which the "average annual adjusted financial statement income" of the corporation and certain of its subsidiaries and affiliates for a three-taxable-year period ending prior to such taxable year exceeds $1 billion. The IRA also establishes a one percent excise tax on stock repurchases made by publicly traded U.S. corporations. The excise tax is effective for any stock repurchases after December 31, 2022. The IRA did not impact the Company's current year tax provision or the Company's consolidated financial statements, but the new provisions could impact future periods.

Enactment of the Consolidated Appropriations Act, 2021. On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 (the "Act"). The Act includes many tax provisions, including the extension of various expiring provisions, extensions and expansions of certain earlier pandemic tax relief provisions, among other things. The Act did not have a material impact on the Company's tax provisions or the Company's consolidated financial statements.

Enactment of the Coronavirus Aid, Relief and Economic Security Act. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company's tax provisions or the Company's consolidated financial statements.

Uncertain tax positions. The Company had state unrecognized tax benefits ("UTBs") for the 2013 tax year and for the tax years of 2015 through 2018 resulting from research and experimental expenditures related to horizontal drilling and completion innovations. In July 2022, the Company and the state taxing authorities effectively settled the uncertain tax positions for all years. As of December 31, 2022, the Company no longer has any UTBs.

Unrecognized tax benefit activity is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Beginning unrecognized tax benefits	$ 27	$ —	$ 39
Current year additions	—	27	—
Effectively settled tax positions	(27)	—	(39)
Ending unrecognized tax benefits	$ —	$ 27	$ —

Other tax matters.

Net tax refunds (payments) related to filed tax returns are as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Tax refunds (payments), net (a)	$ (445)	$ (1)	$ 13

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(a) Represents state tax payments of $21 million, $3 million and $3 million for the years ended December 31, 2022, 2021 and 2020, respectively, U.S. net federal tax payments of $424 million for the year ended December 31, 2022 and U.S. federal tax refunds of $2 million and $16 million for the years ended December 31, 2021 and 2020, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. As of December 31, 2022, there are no proposed adjustments in any jurisdiction that would have a significant effect on the Company's future results of operations or financial position.

The earliest open years in the Company's key jurisdictions are as follows:

U.S. federal	2021
Various U.S. states	2014

Income tax benefit (provision) is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Current:			
U.S. federal	$ (260)	$ (1)	$ 12
U.S. state	(39)	(44)	(3)
Current income tax benefit (provision)	(299)	(45)	9
Deferred:			
U.S. federal	(1,788)	(585)	55
U.S. state	(19)	2	(3)
Deferred income tax benefit (provision)	(1,807)	(583)	52
Income tax benefit (provision)	$ (2,106)	$ (628)	$ 61

The effective tax rate for income (loss) is reconciled to the United States federal statutory rate as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except percentages)		
Income (loss) before income taxes	$ 9,951	$ 2,746	$ (261)
Federal statutory income tax rate	21 %	21 %	21 %
Benefit (provision) for federal income taxes at the statutory rate	(2,090)	(577)	55
State income tax provision (net of federal tax)	(45)	(33)	(5)
Transaction costs	—	(6)	—
Other	29	(12)	11
Income tax benefit (provision)	$ (2,106)	$ (628)	$ 61
Effective tax rate	21 %	23 %	23 %

Significant components of deferred tax assets and deferred tax liabilities are as follows:

	As of December 31,	
	2022	2021
	(in millions)	
Deferred tax assets:		
Net operating loss carryforward (a)	$ 225	$ 1,263
Credit carryforwards	—	110
Lease deferred tax assets	190	196
Asset retirement obligations	104	77
Net deferred hedge losses	33	167
Incentive plans	25	27
Convertible debt	2	17
South Texas Divestiture	—	41
Other	54	60
Deferred tax assets	633	1,958
Deferred tax liabilities:		
Oil and gas properties, principally due to differences in basis, depletion and the deduction of intangible drilling costs for tax purposes	(4,186)	(3,664)
Other property and equipment, principally due to the deduction of bonus depreciation for tax purposes	(233)	(235)
Lease deferred tax liabilities	(72)	(76)
South Texas Divestiture	—	(18)
Other	(9)	(3)
Deferred tax liabilities	(4,500)	(3,996)
Net deferred tax liability	$ (3,867)	$ (2,038)

(a) Net operating loss carryforwards as of December 31, 2022 consist of $1.1 billion of U.S. federal NOLs that can be carried forward indefinitely. Additionally, the net operating loss carryforwards consist of $177 million of Colorado NOLs that begin to expire in 2027, all of which have a fully offsetting valuation allowance.

NOTE 18. Net Income (Loss) Per Share and Stockholders' Equity

Net income (loss) per share. The components of basic and diluted net income (loss) per share attributable to common stockholders are as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except per share data)		
Net income (loss) attributable to common stockholders	$ 7,845	$ 2,118	$ (200)
Participating share-based earnings (a)	(15)	(5)	—
Basic net income (loss) attributable to common stockholders	7,830	2,113	(200)
Adjustment to after-tax interest expense to reflect the dilutive impact attributable to Convertible Notes	6	6	—
Diluted net income (loss) attributable to common stockholders	$ 7,836	$ 2,119	$ (200)
Basic weighted average shares outstanding	240	233	165
Contingently issuable stock-based compensation	—	1	—
Convertible Notes (b)	12	12	—
Diluted weighted average shares outstanding	252	246	165
Net income (loss) per share attributable to common stockholders:			
Basic	$ 32.61	$ 9.06	$ (1.21)
Diluted	$ 31.13	$ 8.61	$ (1.21)

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(a) Unvested Equity Awards represent participating securities because they participate in non-forfeitable dividends with the common equity owners of the Company. Participating share-based earnings represent the distributed and undistributed earnings of the Company attributable to the participating securities. Unvested Equity Awards do not participate in undistributed net losses as they are not contractually obligated to do so. The dilutive effect of the reallocation of participating share-based earnings to diluted net income attributable to common stockholders was negligible.

(b) Diluted weighted average common shares outstanding includes the dilutive effect had the Company's Convertible Notes been converted as of the beginning of the years ended December 31, 2022 and 2021, respectively. If converted by the holder, the Company may settle in cash, shares of the Company's common stock or a combination thereof, at the Company's election. See Note 7 for additional information.

Stockholders' equity. The Company's return of capital strategies include a base and variable dividend policy and a stock repurchase program. The Board, at its sole discretion, may change its dividend policy and/or the Company's stock repurchase program based on the Company's outlook for commodity prices, liquidity, debt levels, capital resources, quarterly operating cash flows or other factors. Dividends declared by the Board and stock repurchased during the period are presented in the Company's consolidated statements of equity as dividends declared and purchases of treasury stock, respectively. Dividends paid and stock repurchased during the period are presented as cash used in financing activities in the Company's consolidated statements of cash flows. Dividends that are declared and have not been paid, if any, are included in other current liabilities in the consolidated balance sheets. Stock repurchases are included as treasury stock in the consolidated balance sheets.

Dividends. Base and variable dividends declared by the Board are as follows:

	Base (per share)	Variable (per share)	Total (per share)	Total (in millions)
2022:				
First quarter	$ 0.78	$ 3.00	$ 3.78	$ 922
Second quarter	0.78	6.60	7.38	1,788
Third quarter	1.10	7.47	8.57	2,053
Fourth quarter	1.10	4.61	5.71	1,357
	$ 3.76	$ 21.68	$ 25.44	$ 6,120
2021:				
First quarter	$ 0.56	$ —	$ 0.56	$ 122
Second quarter	0.56	—	0.56	138
Third quarter	0.56	1.51	2.07	508
Fourth quarter	0.62	3.02	3.64	890
	$ 2.30	$ 4.53	$ 6.83	$ 1,658
2020:				
First quarter	$ 0.55	$ —	$ 0.55	$ 91
Second quarter	0.55	—	0.55	91
Third quarter	0.55	—	0.55	91
Fourth quarter	0.55	—	0.55	91
	$ 2.20	$ —	$ 2.20	$ 364

The Company can provide no assurance that dividends will be authorized or declared in the future or as to the amount of any future dividends. See Note 19 for additional information.

Stock repurchase program. In February 2022, the Board authorized a $4 billion common stock repurchase program. This authorization replaced the previously authorized $2 billion common stock repurchase program, which had $841 million remaining at the time it was replaced. Under this stock repurchase program, the Company may repurchase shares in accordance with applicable securities laws or pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Act of 1934, which would permit the Company to repurchase shares at times that may otherwise be prohibited under the Company's insider trading policy.

Expenditures to acquire shares under the stock repurchase programs are as follows:

	Year Ended December 31,		
	2022	2021	2020
		(in millions)	
Shares repurchased (a)	$ 1,649	$ 250	$ 160

(a) During the year ended December 31, 2022, 7.2 million shares were repurchased under the stock repurchase program, as compared to 1.4 million and 1.5 million shares repurchased during the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2022, $2.4 billion remained available for use to repurchase shares under the Company's common stock repurchase program.

NOTE 19. Subsequent Events

Dividends. On February 22, 2023, the Board declared a quarterly base dividend of $1.10 per share and a quarterly variable dividend of $4.48 per share on the Company's outstanding common stock, payable March 17, 2023 to shareholders of record at the close of business on March 6, 2023.

Share repurchases. Subsequent to December 31, 2022, pursuant to a Rule 10b5-1 plan, the Company repurchased 1.2 million shares for $250 million under its stock repurchase program.

Convertible Note conversions. Subsequent to December 31, 2022, the Company settled certain conversion options that were exercised by the holders of the Company's Convertible Notes prior to December 31, 2022. The Company settled the conversion options in cash, resulting in total cash payments of $69 million, of which $29 million was a repayment of the Convertible Notes principal balance. Additionally, subsequent to December 31, 2022, certain holders of the Company's Convertible Notes exercised their conversion options attributable to $69 million of the Convertible Notes' principal balance. The Company received Capped Call proceeds of $17 million subsequent to December 31, 2022 associated with conversion options. See Note 7 for additional information.

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Oil & Gas Exploration and Production Activities

The Company has only one reportable operating segment, which is oil and gas development, exploration and production in the U.S. See the Company's accompanying consolidated statements of operations for information about results of operations for oil and gas producing activities.

Capitalized Costs

	As of December 31,	
	2022	2021
	(in millions)	
Oil and gas properties:		
Proved	$ 38,465	$ 34,454
Unproved	6,008	6,063
Capitalized costs for oil and gas properties	44,473	40,517
Less accumulated depletion, depreciation and amortization	(14,843)	(12,335)
Net capitalized costs for oil and gas properties	$ 29,630	$ 28,182

Costs Incurred for Oil and Gas Producing Activities

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Property acquisition costs:			
Proved	$ 6	$ 9,039	$ —
Unproved	167	8,090	14
Exploration costs (a)	3,167	2,690	1,172
Development costs (b)	780	706	387
Total costs incurred	$ 4,120	$ 20,525	$ 1,573

(a) Exploration costs incurred for oil and gas production activities includes $6 million, $8 million and $5 million related to asset retirement obligations for the years ended December 31, 2022, 2021 and 2020, respectively.
(b) Development costs incurred for oil and gas producing activities includes the following amounts:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Production facilities (a)	$ 262	$ 171	$ 79
Development drilling	247	327	118
Asset retirement obligations	155	7	107
Equipment upgrades	65	133	40
Gas processing plants (b)	13	18	17
Other (c)	38	50	26
Total development costs incurred	$ 780	$ 706	$ 387

(a) Primarily represents production facilities, including tank batteries, flowlines and pipeline connections that were associated with development wells and successful exploratory/extension wells placed on production.
(b) Represents gas plant capital related to the Company's ownership share in gas processing plants and related gathering systems.
(c) Primarily represents (i) electrical infrastructure (ii) labor costs associated with the Company's capital program and (iii) development costs related to produced water disposal wells.

Reserve Quantity Information

The estimates of the Company's proved reserves as of December 31, 2022, 2021 and 2020 were based on evaluations prepared by the Company's engineers and audited by independent petroleum engineers with respect to the Company's major properties and prepared by the Company's engineers with respect to all other properties. Proved reserves were estimated in accordance with guidelines established by the SEC and the FASB, which require that reserve estimates be prepared under existing economic and operating conditions based upon an average of the first-day-of-the-month commodity price during the 12-month period ending on the balance sheet date with no provision for price and cost escalations except by contractual arrangements.

Proved reserve quantity estimates are subject to numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. The accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of subsequent drilling and production performance may cause either upward or downward revision of previous estimates. Further, the volumes considered to be commercially recoverable fluctuate with changes in commodity prices and operating costs. The Company emphasizes that proved reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of currently producing oil and gas properties. Accordingly, these estimates are expected to change as additional information becomes available in the future.

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The following table provides a rollforward of total proved reserves. Oil and NGL volumes are expressed in MBbls, gas volumes are expressed in MMcf and total volumes are expressed in MBOE.

	Year Ended December 31,											
	2022				2021				2020			
	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf) (a)	Total (MBOE)	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf) (a)	Total (MBOE)	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf) (a)	Total (MBOE)
Total Proved Reserves:												
Balance, January 1	967,628	669,980	3,506,708	2,222,059	568,784	379,187	1,940,100	1,271,321	603,750	281,983	1,499,513	1,135,652
Production (b)	(128,467)	(58,507)	(319,486)	(240,222)	(130,300)	(52,204)	(272,351)	(227,896)	(77,095)	(31,376)	(166,863)	(136,282)
Revisions of previous estimates	(53,745)	7,882	203,428	(11,958)	(65,884)	242	161,822	(38,672)	(68,300)	73,107	342,720	61,927
Extensions and discoveries	187,003	119,252	607,231	407,460	230,458	136,716	688,637	481,947	111,239	55,952	267,497	211,774
Sales of minerals-in-place	(637)	(262)	(1,412)	(1,134)	(113,898)	(33,566)	(143,669)	(171,409)	(1,480)	(803)	(4,434)	(3,022)
Purchases of minerals-in-place	236	100	522	423	478,468	239,605	1,132,169	906,768	670	324	1,667	1,272
Balance, December 31	972,018	738,445	3,996,991	2,376,628	967,628	669,980	3,506,708	2,222,059	568,784	379,187	1,940,100	1,271,321
Proved Developed Reserves:												
Balance, January 1	847,632	584,492	3,076,329	1,944,845	539,320	362,584	1,855,607	1,211,172	571,293	268,468	1,429,417	1,077,997
Balance, December 31	861,973	660,066	3,574,429	2,117,777	847,632	584,492	3,076,329	1,944,845	539,320	362,584	1,855,607	1,211,172
Proved Undeveloped Reserves:												
Balance, January 1	119,996	85,488	430,379	277,214	29,464	16,603	84,493	60,149	32,457	13,515	70,096	57,655
Balance, December 31	110,045	78,379	422,562	258,851	119,996	85,488	430,379	277,214	29,464	16,603	84,493	60,149

(a) The proved gas reserves as of December 31, 2022, 2021 and 2020 include 192,814 MMcf, 186,325 MMcf and 115,239 MMcf, respectively, of gas that the Company expected to be produced and utilized as field fuel.

(b) Production for the years ended December 31, 2022, 2021 and 2020 includes 18,330 MMcf, 15,420 MMcf and 11,201 MMcf of gas consumed as field fuel, respectively.

Revisions of previous estimates. Revisions of previous estimates are comprised of both technical revisions and pricing revisions. For the years ended December, 31, 2022 and 2021, negative technical revisions totaled 43 MMBOE and 111 MMBOE, respectively, and for the year ended December 31, 2020, positive technical revisions totaled 145 MMBOE. The negative technical revisions in 2022 are primarily attributable to (i) 32 MMBOE of negative revisions related to vertical wells that are near the end of their productive life and were either plugged and abandoned or shut-in pending being plugged and abandoned, (ii) 23 MMBOE of negative revisions related to the removal of 30 proved undeveloped locations that are not expected to be drilled in the time frame originally anticipated, (iii) 15 MMBOE of negative revisions due to increased lease operating expense and (iv) 11 MMBOE related to reductions in estimates of future production associated with producing wells; partially offset by 38 MMBOE of positive technical revisions attributable to proved undeveloped reserve additions associated with extending the lateral lengths on certain proved undeveloped wells. The negative technical revisions in 2021 are primarily attributable to (i) 55 MMBOE related to reductions in estimates of future production associated with producing wells, (ii) 32 MMBOE related to the removal of 36 proved undeveloped locations that are not expected to be drilled in the time frame originally anticipated and (iii) 24 MMBOE primarily related to vertical wells that are near the end of their productive life and were either plugged and abandoned or shut-in pending being plugged and abandoned. The positive technical revisions in 2020 are primarily attributable to 167 MMBOE of positive NGL and gas revisions as a result of (i) increasing wet gas production (as a percentage of a horizontal well's total production) over time, (ii) new processing facilities and takeaway capacity being placed into service during 2019 and 2020, which had the effect of lowering line pressures, and (iii) increased recovery rates for NGLs.

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Revisions of previous estimates are comprised of 31 MMBOE and 72 MMBOE of positive price revisions for the years ended December 31, 2022, 2021, respectively, and 83 MMBOE of negative price revisions for the year ended December 31, 2020. The NYMEX prices used for oil and gas reserve preparation, based upon SEC guidelines, were as follows:

	Year Ended December 31,				% Change		
	2022	2021	2020	2019	2022 to 2021	2021 to 2020	2020 to 2019
Oil per Bbl	$ 93.67	$ 66.56	$ 39.57	$ 55.93	41%	68%	(29%)
Gas per Mcf	$ 6.36	$ 3.60	$ 1.98	$ 2.58	77%	82%	(23%)

Extensions and discoveries. Extensions and discoveries for the years ended December 31, 2022, 2021 and 2020 were primarily comprised of proved reserve additions attributable to the Company's successful horizontal drilling program in the Spraberry/Wolfcamp oil field in the Midland Basin. During the years ended December 31, 2022, 2021 and 2020, the Company drilled 442, 488 and 242 gross productive exploratory/extension wells, respectively, and added three, 36 and 28 of proved undeveloped locations, respectively. Associated therewith, during the years ended December 31, 2022, 2021 and 2020, the Company added 407 MMBOE, 482 MMBOE and 212 MMBOE of net reserves from extensions and discoveries, respectively, of which 4 MMBOE, 30 MMBOE and 29 MMBOE, respectively, were recorded as proved undeveloped reserves. The Permian Basin's geology is complex, consisting of multiple stacked horizons/zones, each with its own unique characteristics. The Company recognizes proved undeveloped reserves on undrilled acreage directly offsetting development areas that are reasonably certain of production when drilled, or when reliable technology provides reasonable certainty of economic producibility. The Company did not add any proved undeveloped reserves using reliable technology during the years ended December 31, 2022 and 2020.

Sales of minerals-in-place. Sales of minerals-in-place during the years ended December 31, 2022 and 2020 were primarily related to divesting non-core Midland Basin acreage and associated producing wells. Sales of minerals-in-place during the year ended December 31, 2021 were primarily related to the Delaware Divestiture and Glasscock Divestiture, reflecting sales of minerals-in-place of 158 MMBOE and 13 MMBOE, respectively. See Note 3 to the accompanying financial statements for additional information.

Purchases of minerals-in-place. Purchases of minerals-in-place during the years ended December 31, 2022 and 2020 were primarily related to acquisitions in the Spraberry/Wolfcamp oil field of the Midland Basin. Purchases of minerals-in-place during the year ended December 31, 2021 were primarily related to the Parsley Acquisition and the DoublePoint Acquisition, reflecting the addition of 546 MMBOE and 361 MMBOE, respectively, of net proved reserves, including the addition of 60 and 248 proved undeveloped locations, respectively.

Proved undeveloped reserves activity is as follows (in MBOE):

	Year Ended December 31, 2022
Beginning proved undeveloped reserves	277,214
Revisions of previous estimates	16,658
Extensions and discoveries	3,782
Transfers to proved developed	(38,803)
Ending proved undeveloped reserves	258,851

As of December 31, 2022, the Company had 229 proved undeveloped well locations, as compared to 305 and 60 as of December 31, 2021 and 2020. The Company has no proved undeveloped well locations that are scheduled to be drilled more than five years from their original date of booking.

The changes in proved undeveloped reserves during the year ended December 31, 2022 are comprised of the following items:

Revisions of previous estimates. Revisions of previous estimates are comprised of 15 MMBOE of positive technical revisions and 2 MMBOE of positive price revisions. The positive technical revisions are primarily related to 38 MMBOE of positive revisions due to additional reserves associated with extending lateral lengths on planned wells, partially offset by 23 MMBOE of negative revisions related to the removal of 30 proved undeveloped locations that are not expected to be drilled in the time frame originally anticipated.

Extensions and discoveries. Extensions and discoveries are primarily comprised of proved reserve additions attributable to the Company's successful horizontal drilling program in the Spraberry/Wolfcamp oil field of the Midland Basin.

Transfers to proved developed. Transfers to proved developed reserves represented the proved undeveloped reserves associated with 49 undeveloped locations that moved to proved developed as a result of development drilling.

The Company uses both public and proprietary geologic data to establish continuity of the formation and its producing properties. This included seismic data and interpretations (2-D, 3-D and micro seismic); open hole log information (both vertical and horizontally collected) and petrophysical analysis of the log data; mud logs; gas sample analysis; drill cutting samples; measurements of total organic content; thermal maturity; sidewall cores and data measured from the Company's internal core analysis facility. After the geologic area was shown to be continuous, statistical analysis of existing producing wells was conducted to generate areas of reasonable certainty at distances from established production. As a result of this analysis, proved undeveloped reserves for drilling locations within these areas of reasonable certainty were recorded during 2022.

While the Company expects, based on Management's Price Outlook, that future operating cash flows will provide adequate funding for future development of its proved undeveloped reserves over the next five years, it may also use any combination of (i) cash and cash equivalents, (ii) sales of investments, (iii) unused borrowing capacity under its Credit Facility, (iv) issuances of debt or equity securities or (v) other sources, such as sales of nonstrategic assets to fund these and other capital expenditures.

The estimated timing and cash flows of developing proved undeveloped reserves are as follows:

	As of December 31, 2022				
	Estimated Future Production	Future Cash Inflows	Future Production Costs	Future Development Costs	Future Net Cash Flows
	(MBOE)	(in millions)			
Year Ended December 31, (a)					
2023	2,179	$ 170	$ 21	$ 209	$ (59)
2024	7,468	547	66	394	87
2025	17,628	1,263	154	642	467
2026	31,754	2,199	271	456	1,472
2027	24,057	1,458	204	16	1,238
Thereafter (b)	175,765	9,228	2,144	27	7,056
Total	258,851	$ 14,865	$ 2,860	$ 1,744	$ 10,261

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(a) Production and cash flows represent the drilling results from the respective year plus the incremental effects of proved undeveloped drilling beginning in 2023.

(b) Future development costs include $27 million of net abandonment costs in years beyond the forecasted years.

The Company's 2022 estimated future production costs attributable to proved undeveloped reserves of $11.05 per BOE are less than the forecasted future production costs attributable to total proved reserves of $18.41 per BOE for the following reasons:

- As of December 31, 2022, a significant portion of the Company's proved developed producing wells are comprised of legacy vertical wells that have higher production costs, on a per BOE basis, than the Company's proved developed producing horizontal wells. The total proved reserves production cost per BOE of $18.41 is comprised of $17.15 per BOE for horizontal wells and $43.43 per BOE for vertical wells.
- The estimated future production costs of $11.05 per BOE associated with proved undeveloped reserves, comprised entirely of horizontal wells, is lower than the $17.15 per BOE average of the Company's producing horizontal wells included in total proved reserves. The lower costs take into account the initial production rates of new wells, which are higher at the beginning of a well's life, and result in a lower overall production cost, on a per BOE basis, when looked at over the well's total productive life versus a well that is later in its productive life. In addition, the future production costs on proved undeveloped horizontal wells also reflect the economies of scale of adding the wells to existing infrastructure, allowing the Company to spread certain fixed costs over a larger production volume.

Standardized Measure of Discounted Future Net Cash Flows

The standardized measure of discounted future net cash flows is computed by applying commodity prices used in determining proved reserves (with consideration of price changes only to the extent provided by contractual arrangements) to the estimated future production of proved reserves less estimated future expenditures (based on year-end estimated costs) to be incurred in developing and producing the proved reserves, discounted using a rate of 10 percent per year to reflect the estimated timing of the future cash flows. Future income taxes are calculated by comparing undiscounted future cash flows to the tax basis of oil and gas properties plus available carryforwards and credits and applying the current tax rates to the difference. The discounted future cash flow estimates do not include the effects of the Company's derivative contracts.

Discounted future cash flow estimates, like those shown below, are not intended to represent estimates of the fair value of oil and gas properties. Estimates of fair value should also consider probable and possible reserves, anticipated future commodity prices, interest rates, changes in development and production costs and risks associated with future production. Because of these and other considerations, any estimate of fair value is necessarily subjective and imprecise.

PIONEER NATURAL RESOURCES COMPANY
UNAUDITED SUPPLEMENTARY INFORMATION
December 31, 2022, 2021 and 2020

The standardized measure of discounted future cash flows as well as a rollforward in total for each respective year are as follows:

	December 31,		
	2022	2021	2020
	(in millions)		
Oil and gas producing activities:			
Future cash inflows	$ 140,672	$ 95,717	$ 30,357
Future production costs	(43,755)	(29,682)	(14,784)
Future development costs (a)	(2,996)	(2,621)	(1,124)
Future income tax expense	(18,161)	(10,136)	(1,597)
Standardized measure of future cash flows	75,760	53,278	12,852
Ten percent annual discount factor	(37,368)	(25,594)	(5,650)
Standardized measure of discounted future cash flows	$ 38,392	$ 27,684	$ 7,202

(a) Includes $1.1 billion, $801 million and $595 million of undiscounted future asset retirement expenditures estimated as of December 31, 2022, 2021 and 2020, respectively, using current estimates of future abandonment costs at the end of each year. See Note 9 for additional information.

Changes in Standardized Measure of Discounted Future Net Cash Flows

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Oil and gas sales, net of production costs	$ (14,003)	$ (9,167)	$ (2,566)
Revisions of previous estimates:			
Net changes in prices and production costs	14,986	19,117	(3,971)
Changes in future development costs	(569)	(248)	152
Revisions in quantities	(618)	(1,743)	(27)
Accretion of discount	2,465	977	809
Extensions, discoveries and improved recovery	12,725	10,266	2,366
Development costs incurred during the period	217	257	105
Sales of minerals-in-place	(10)	(2,789)	(9)
Purchases of minerals-in-place	6	7,902	7
Change in present value of future net revenues	15,199	24,572	(3,134)
Net change in present value of future income taxes	(4,491)	(4,090)	602
	10,708	20,482	(2,532)
Balance, beginning of year	27,684	7,202	9,734
Balance, end of year	$ 38,392	$ 27,684	$ 7,202

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. The Company's management, with the participation of its principal executive officer and principal financial officer, have evaluated, as required by Rule 13a-15(b) under the Exchange Act, the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Report. Based on that evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this Report, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that such information is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There have been no changes to the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's principal executive officer and principal financial officer and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management, with the participation of its principal executive officer and principal financial officer assessed the effectiveness, as of December 31, 2022, of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control - Integrated Framework (2013)," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, management determined that the Company maintained effective internal control over financial reporting at a reasonable assurance level as of December 31, 2022, based on those criteria.

Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. The report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, is included in this Item under the heading "Report of Independent Registered Public Accounting Firm."

Changes in internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended December 31, 2022 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Pioneer Natural Resources Company

Opinion on Internal Control Over Financial Reporting

We have audited Pioneer Natural Resources Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Pioneer Natural Resources Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and our report dated February 23, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
February 23, 2023

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The names of the executive officers of the Company and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I of this Report. The other information required in response to this Item will be set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in May 2023 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item will be set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in May 2023 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance under Equity Compensation Plans

Summarized information about the Company's equity compensation plans is as follows:

	As of December 31, 2022		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)**
Equity compensation plans approved by security holders:			
2006 Long-Term Incentive Plan (b)(c)	—	$ —	4,103,345
Employee Stock Purchase Plan (d)	—	—	1,286,867
	—	$ —	5,390,212

(a) There are no outstanding warrants or equity rights awarded under the Company's equity compensation plans.
(b) The number of remaining securities available for future issuance under the Company's 2006 Long-Term Incentive Plan is based on the aggregate securities authorized for issuance under the plan of 12,600,000.
(c) The number of securities remaining for future issuance has been reduced by the maximum number of shares that could be issued pursuant to outstanding grants of performance units as of December 31, 2022.
(d) The number of remaining securities available for future issuance under the Company's Employee Stock Purchase Plan is based on the aggregate securities authorized for issuance under the plan of 2,500,000.

See Note 8 of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

The remaining information required in response to this Item will be set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in May 2023 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in response to this Item will be set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in May 2023 and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required in response to this Item will be set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in May 2023 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Listing of Financial Statements

Financial Statements

The following consolidated financial statements of the Company are included in "Item 8. Financial Statements and Supplementary Data:"

- Report of Independent Registered Pubic Accounting Firm
- Consolidated Balance Sheets as of December 31, 2022 and 2021
- Consolidated Statements of Operations for the Years Ended December 31, 2022, 2021 and 2020
- Consolidated Statements of Equity for the Years Ended December 31, 2022, 2021 and 2020
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020
- Notes to Consolidated Financial Statements
- Unaudited Supplementary Information

(b) Exhibits

The exhibits to this Report that are required to be filed pursuant to Item 15(b) are listed below.

(c) Financial Statement Schedules

No financial statement schedules are required to be filed as part of this Report or they are inapplicable.

Exhibits

Exhibit Number		Description
2.1*	—	Membership Interest Purchase Agreement, dated as of April 1, 2021, by and among Pioneer Natural Resources Company, Pioneer Natural Resources USA, Inc. and Double Eagle III Midco 2, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on April 2, 2021).
2.2*	—	Purchase and Sale Agreement, dated as of November 1, 2021, by and among Parsley Energy, LLC, Parsley Energy, L.P., Parsley Minerals, LLC, Parsley Energy Operations, LLC, and Continental Resources, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on November 5, 2021).
3.1	—	Amended and Restated Certificate of Incorporation of the Company, dated June 26, 1997, and Certificate of Amendment of the Amended and Restated Certificate of Incorporation, effective May 18, 2012 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File No. 1-13245).
3.2	—	Seventh Amended and Restated Bylaws of the Company, dated February 8, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K , File No. 1-13245, filed with the SEC on February 13, 2023).
4.1	—	Form of Certificate of Common Stock, par value $.01 per share, of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (Amendment No. 2), dated June 26, 1997, Registration No. 333-26951).
4.2	—	Indenture, dated January 22, 2008, between the Company and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on January 22, 2008).
4.3	—	Second Supplemental Indenture, dated November 13, 2009, by and among the Company, Pioneer USA and Wells Fargo Bank, National Association, as trustee, with respect to the indenture identified above as Exhibit 4.2 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on November 13, 2009).
4.4	—	Indenture, dated as of May 14, 2020, by and between Pioneer Natural Resources Company and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
4.5	—	Indenture, dated June 26, 2012, between the Company and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on June 28, 2012).
4.6	—	First Supplemental Indenture, dated June 26, 2012, by and among the Company, Pioneer USA and Wells Fargo Bank, National Association, as trustee, with respect to the indenture identified above as Exhibit 4.4 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on June 28, 2012).
4.7	—	Second Supplemental Indenture, dated December 7, 2015, by and among the Company, Pioneer USA and Wells Fargo Bank, National Association, as trustee, with respect to the indenture identified above as Exhibit 4.6 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K File No. 1-13245, filed with the SEC on December 7, 2015).
4.8	—	Third Supplemental Indenture, dated August 11, 2020, by and between Pioneer Natural Resources Company and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on August 11, 2020).
4.9	—	Fourth Supplemental Indenture, dated January 29, 2021, by and between Pioneer Natural Resources Company and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on January 29, 2021).
4.10	—	Fifth Supplemental Indenture, dated May 18, 2021, by and between the Company and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 18, 2021).
4.11	—	Indenture, dated October 11, 2017, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, related to the 5.625% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-36463, filed with the SEC on October 11, 2017).
4.12	—	First Supplemental Indenture, dated January 15, 2020, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, related to the 5.625% Senior Notes due 2027 (incorporated by reference to Exhibit 4.14 to the Parsley Energy Inc.'s Annual Report on Form 10-K, File No. 1-36463, filed with the SEC on February 21, 2020).

4.13	—	Second Supplemental Indenture, dated January 26, 2021, by and among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, related to the 5.625% Senior Notes due 2027 (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on January 29, 2021).
4.14	—	Indenture, dated February 11, 2020, among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, related to the 4.125% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to Parsley Energy Inc.'s Current Report on Form 8-K, File No. 1-36463, filed with the SEC on February 11, 2019).
4.15	—	First Supplemental Indenture, dated January 26, 2021, among Parsley Energy, LLC, Parsley Finance Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, related to the 4.125% Senior Notes due 2028 (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on January 29, 2021).
4.16	—	Description of capital stock (incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, File No. 1-13245).
4.17	—	Registration Rights Agreement dated as of May 4, 2021, by and among the Company and each of the other parties listed on the signature pages attached thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 4, 2021).
10.1	—	Credit Agreement, dated as of October 24, 2018, by and among the Company, as the Borrower, Wells Fargo Bank, National Association, as Administrative Agent, and the other agents and lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on October 30, 2018).
10.2	—	First Amendment to Credit Agreement, dated as of January 12, 2021, by and among the Company, as the Borrower, Wells Fargo Bank, National Association, as Administrative Agent, and the other agents and lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on January 12, 2021).
10.3 **H**	—	The Company's Long-Term Incentive Plan (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8, Registration No. 333-35087, filed with the SEC on September 8, 1997).
10.4 **H**	—	First Amendment to the Company's Long-Term Incentive Plan, effective as of November 23, 1998 (incorporated by reference to Exhibit 10.72 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-13245).
10.5 **H**	—	Amendment No. 2 to the Company's Long-Term Incentive Plan, effective as of May 20, 1999 (incorporated by reference to Exhibit 10.73 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-13245).
10.6 **H**	—	Amendment No. 3 to the Company's Long-Term Incentive Plan, effective as of February 17, 2000 (incorporated by reference to Exhibit 10.76 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-13245).
10.7 **H**	—	Amendment No. 4 to the Company's Long-Term Incentive Plan, effective as of November 20, 2003 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, File No. 1-13245).
10.8 **H**	—	Amendment No. 5 to the Company's Long-Term Incentive Plan, effective as of May 12, 2004 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, File No. 1-13245).
10.9 **H**	—	Amendment No. 6 to the Company's Long-Term Incentive Plan, effective as of December 17, 2004 (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, File No. 1-13245).
10.10 **H**	—	Amendment No. 7 to the Company's Long-Term Incentive Plan, effective November 20, 2008 (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on November 25, 2008).
10.11 **H**	—	Pioneer Natural Resources Company Amended and Restated 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 24, 2016).
10.12 **H**	—	Amendment No.1 to Pioneer Natural Resources Company Amended and Restated 2006 Long-Term Incentive Plan, dated January 12, 2021. (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, File No. 1-13245).
10.13 **H**	—	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors to be used in connection with initial equity awards under the Company's 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, File No. 1-13245).

10.14 **H**	—	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors to be used in connection with annual equity awards under the Company's 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, File No. 1-13245).
10.15 **H**	—	Form of Restricted Stock Award Agreement between the Company and Timothy L. Dove, with respect to annual awards made under the Company's 2006 Long-Term Incentive Plan, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers who received this award and identifying the material differences between each of those agreements and the filed Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 1-13245).
10.16 **H**	—	Form of Nonstatutory Stock Option Agreement between the Company and each of Scott D. Sheffield and Timothy L. Dove, with respect to awards made under the Company's 2006 Long-Term Incentive Plan, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers and identifying the material differences between each of those agreements and the filed Nonstatutory Stock Option Agreement (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 1-13245).
10.17 **H**	—	Form of Restricted Stock Unit Agreement between the Company and each of Scott D. Sheffield and Timothy L. Dove, with respect to annual awards made under the Company's 2006 Long-Term Incentive Plan, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers who received this award and identifying the material differences between each of those agreements and the filed Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, File No. 1-13245), filed with the SEC on May 24, 2016).
10.18 **H**	—	Form of Restricted Stock Unit Award Agreement between the Company and executive officers of the Company, with respect to retention awards made under the Company's 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 1-13245).
10.19 **H**	—	Form of Performance Unit Award Agreement between the Company and Timothy L. Dove, with respect to awards made under the Company's 2006 Long-Term Incentive Plan, commencing in 2018, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers and identifying the material differences between each of those agreements and the filed Performance Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File No. 1-13245).
10.20 **H**	—	Form of Restricted Stock Unit Award Agreement between the Company and Timothy L. Dove, with respect to awards made under the Company's 2006 Long-Term Incentive Plan, commencing in 2018, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers and identifying the material differences between each of those agreements and the filed Performance Unit Award Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File No. 1-13245).
10.21 **H**	—	Form of Restricted Stock Award Agreement between the Company and executive officers of the Company with respect to annual awards made under the Company's 2006 Long-Term Incentive Plan, commencing in 2018 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File No. 1-13245).
10.22 **H**	—	Form of Performance Unit Award Agreement between the Company and Scott D. Sheffield, with respect to awards made under the Company's 2006 Long-Term Incentive Plan, commencing in 2022, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers and identifying the material differences between each of those agreements and the filed Performance Unit Award Agreement (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-13245).
10.23 **H** (a)		Form of Restricted Stock Unit Agreement between the Company and executive officers of the Company with respect to annual awards made under the Company's 2006 Long-Term Incentive Plan, commencing in 2023.
10.24 **H** (a)		Form of Performance Unit Award Agreement between the Company and Scott D. Sheffield, with respect to awards made under the Company's 2006 Long-Term Incentive Plan, commencing in 2023, together with a schedule identifying other substantially identical agreements between the Company and each of its other executive officers and identifying the material differences between each of those agreements and the filed Performance Unit Agreement.
10.25 **H**	—	Amended and Restated Pioneer Natural Resources Company Employee Stock Purchase Plan dated effective September 1, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on June 1, 2021).
10.26 **H** (a)		Amended and Restated Pioneer Natural Resources Company Employee Stock Purchase Plan dated effective December 1, 2022.

PIONEER NATURAL RESOURCES COMPANY

10.27 **H**	—	The Company's Executive Deferred Compensation Plan, Amended and Restated, effective as of August 1, 2002 (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, File No. 1-13245).
10.28 **H**	—	Amendment No. 1 to the Company's Executive Deferred Compensation Plan, effective as of January 1, 2007 (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-13245).
10.29 **H**	—	Amended and Restated Executive Deferred Compensation Plan, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on November 25, 2008).
10.30 **H**	—	Amendment No. 1 to the Company's Amended and Restated Executive Deferred Compensation Plan, effective January 1, 2009 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, File No. 1-13245).
10.31 **H**	—	Amendment No. 2 to the Company's Amended and Restated Executive Deferred Compensation Plan, effective January 1, 2011 (incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-13245).
10.32 **H**	—	Amendment No. 3 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed August 19, 2013 and effective January 1, 2009 (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-13245).
10.33 **H**	—	Amendment No. 4 to the Company's Amended and Restated Executive Deferred Compensation Plan, effective January 1, 2014 (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-13245).
10.34 **H**	—	Amendment No. 5 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed November 15, 2016 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-13245).
10.35 **H**	—	Amendment No. 6 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed August 30, 2018 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, File No. 1-13245).
10.36 **H**	—	Amendment No. 7 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed March 5, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File No. 1-13245).
10.37 **H**	—	Amendment No. 8 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed May 6, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, File No. 1-13245).
10.38 **H**	—	Amendment No. 9 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed November 30, 2020. (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, File No. 1-13245).
10.39 **H** (a)		Amendment No, 10 to the Company's Amended and Restated Executive Deferred Compensation Plan, executed November 15, 2022.
10.40 **H**	—	Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, File No. 1-13245).
10.41 **H**	—	First Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated May 6, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, File No. 1-13245).
10.42 **H**	—	Second Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated June 18, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, File No. 1-13245).
10.43 **H**	—	Third Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated August 27, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, File No. 1-13245).
10.44 **H**	—	Fourth Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated November 2, 2020. (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, File No. 1-13245).
10.45 **H**	—	Fifth Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated March 4, 2021 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, File No. 1-13245).

10.46 **H**	—	Sixth Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated June 21, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, File No. 1-13245).
10.47 **H**	—	Seventh Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated December 2, 2021 (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-13245).
10.48 **H**	—	Eighth Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated March 10, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, File No. 1-13245).
10.49 **H**	—	Ninth Amendment to Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (Amended and Restated Effective as of January 1, 2020), dated August 10, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, File No. 1-13245).
10.50 **H**	—	Indemnification Agreement, dated as of May 16, 2019, between the Company and Scott D. Sheffield, together with a schedule identifying other substantially identical agreements between the Company and each of its non-employee directors and executive officers identified on the schedule and identifying the material differences between each of those agreements and the filed Indemnification Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File No. 1-13245).
10.51 **H**	—	Indemnification Agreement, dated as of January 12, 2021, between the Company and A.R. Alameddine, together with a schedule identifying other substantially identical agreements between the Company and Matt Gallagher (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, File No. 1-13245).
10.52 **H**	—	Indemnification Agreement, dated as of June 24, 2021, between the Company and Lori G. Billingsley. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, File No. 1-13245).
10.53 **H**	—	Indemnification Agreement, dated as of September 21, 2021, between the Company and Maria S. Jelescu Dreyfus (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, File No. 1-13245).
10.54 **H**	—	Indemnification Agreement, dated as of July 14, 2022, between the Company and Christopher L. Washburn (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, File No. 1-13245)
10.55 **H**	—	Indemnification Agreement, dated as of July 18, 2022, between the Company and Jacinto J. Hernandez (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, File No. 1-13245).
10.56 **H**	—	Severance Agreement, dated February 21, 2019, between the Company and Scott D. Sheffield (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File No. 1-13245).
10.57 **H**	—	Severance Agreement, dated August 16, 2005, between the Company and each of its executive officers identified on the schedule and identifying the material differences between each of those agreements and the filed Severance Agreement (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13245).
10.58 **H**	—	Form of Amendment to Severance Agreement, dated November 20, 2008, between the Company and each executive officer of the Company other than Scott D. Sheffield (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on November 25, 2008).
10.59 **H**	—	Severance Agreement, dated effective August 10, 2005, between the Company and the executive officer identified on the schedule thereto (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-13245).
10.60 **H**	—	Amendment to Severance Agreement, dated December 8, 2008, between the Company and the executive officer identified on the schedule thereto (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-13245).
10.61 **H**	—	Severance Agreement, dated effective January 14, 2010, between the Company and J. D. Hall (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-13245).
10.62 **H**	—	Severance Agreement, dated effective January 1, 2014, between the Company and Margaret M. Montemayor (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, File No. 1-13245).

10.63 **H**	—	Severance Agreement, dated effective December 12, 2005, between the Company and William Hannes, together with a schedule identifying the other substantially identical agreement between the Company and the executive officer identified on the schedule and identifying the material differences between that agreement and the filed Severance Agreement (incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-3245).
10.64 **H**	—	Amendment to Severance Agreement, dated November 20, 2008, between the Company and William Hannes, together with a schedule identifying the other substantially identical agreement between the Company and the executive officer identified on the schedule and identifying the material differences between that agreement and the filed Amendment to Severance Agreement (incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-3245).
10.65 **H**	—	Severance Agreement, dated effective February 27, 2013, between the Company and the executive officer identified on the schedule thereto (incorporated by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-3245).
10.66 **H**	—	Change in Control Agreement, dated February 21, 2019, between the Company and Scott D. Sheffield, together with a schedule identifying other substantially identical agreements between the Company and the executive officers identified on the schedule and identifying the material differences between each of those agreements and the filed Change in Control Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File No. 1-13245).
10.67 **H**	—	Change in Control Agreement, dated May 15, 2019, between the Company and Bonnie S. Black, together with a schedule identifying other substantially identical agreements between the Company and each of its executive officers identified on the schedule and identifying the material differences between each of those agreements and the filed Change in Control Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File No. 1-13245).
10.68 **H**	—	Change in Control Agreement, dated February 27, 2018, between the Company and the executive officers identified on the schedule thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on March 5, 2018).
10.69 **H**	—	Form of Amendment to Severance Agreement and Change in Control Agreement, dated May 17, 2017, between the Company and each executive officer of the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, File No. 1-13245).
10.70 **H** (a)		Form of Amended and Restated Change in Control Agreement, dated February 8, 2023 between the Company and each of Scott D. Sheffield, Richard P. Dealy, Neal H. Shah, Mark S. Berg, J.D.Hall, and other executive officers.
10.71 **H**	—	Confirmation of Base Capped Call Option Transaction, dated as of May 11, 2020, by and between Pioneer Natural Resources Company and Credit Suisse Capital LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
10.72 **H**	—	Confirmation of Base Capped Call Option Transaction, dated as of May 11, 2020, by and between Pioneer Natural Resources Company and Goldman Sachs & Co. LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
10.73 **H**	—	Confirmation of Base Capped Call Option Transaction, dated as of May 11, 2020, by and between Pioneer Natural Resources Company and Bank of Montreal (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
10.74 **H**	—	Confirmation of Additional Capped Call Option Transaction, dated as of May 14, 2020, by and between Pioneer Natural Resources Company and Credit Suisse Capital LLC (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
10.75 **H**	—	Confirmation of Additional Capped Call Option Transaction, dated as of May 14, 2020, by and between Pioneer Natural Resources Company and Goldman Sachs & Co. LLC (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
10.76 **H**	—	Confirmation of Additional Capped Call Option Transaction, dated as of May 14, 2020, by and between Pioneer Natural Resources Company and Bank of Montreal (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on May 15, 2020).
10.77 **H**	—	Voting and Support Agreement, dated as of October 20, 2020, by and between Q-Jagged Peak and Pioneer Natural Resources Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on October 21, 2020).
10.78 **H**	—	Voting and Support Agreement, dated as of October 20, 2020, by and between Bryan Sheffield and Pioneer Natural Resources Company (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, File No. 1-13245, filed with the SEC on October 21, 2020).

21.1 (a)	—	Subsidiaries of the registrant.
23.1 (a)	—	Consent of Ernst & Young LLP.
23.2 (a)	—	Consent of Netherland, Sewell & Associates, Inc.
31.1 (a)	—	Chief Executive Officer certification under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 (a)	—	Chief Financial Officer certification under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 (b)	—	Chief Executive Officer certification under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 (b)	—	Chief Financial Officer certification under Section 906 of the Sarbanes-Oxley Act of 2002.
99.1 (a)	—	Report of Netherland, Sewell & Associates, Inc.
101. INS (a)	—	XBRL Instance Document.
101. SCH	—	XBRL Taxonomy Extension Schema.
101. CAL	—	XBRL Taxonomy Extension Calculation Linkbase Document.
101. DEF (a)	—	XBRL Taxonomy Extension Definition Linkbase Document.
101. LAB	—	XBRL Taxonomy Extension Label Linkbase Document.
101. PRE (a)	—	XBRL Taxonomy Extension Presentation Linkbase Document.
104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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(a) Filed herewith.
(b) Furnished herewith.
H Executive Compensation Plan or Arrangement.
***** Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish to the SEC a copy of any omitted schedule upon request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIONEER NATURAL RESOURCES COMPANY

Date: February 23, 2023

By: /s/ Scott D. Sheffield

Scott D. Sheffield,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Scott D. Sheffield Scott D. Sheffield	Chief Executive Officer and Director (principal executive officer)	February 23, 2023
/s/ Neal H. Shah Neal H. Shah	Senior Vice President and Chief Financial Officer (principal financial officer)	February 23, 2023
/s/ Christopher L. Washburn Christopher L. Washburn	Vice President and Chief Accounting Officer (principal accounting officer)	February 23, 2023
/s/ J. Kenneth Thompson J. Kenneth Thompson	Chairman of the Board	February 23, 2023
/s/ A.R. Alameddine A.R. Alameddine	Director	February 23, 2023
/s/ Lori G. Billingsley Lori G. Billingsley	Director	February 23, 2023
/s/ Edison C. Buchanan Edison C. Buchanan	Director	February 23, 2023
/s/ Maria S. Dreyfus Maria S. Dreyfus	Director	February 23, 2023
/s/ Matthew M. Gallagher Matthew M. Gallagher	Director	February 23, 2023
/s/ Phillip A. Gobe Phillip A. Gobe	Director	February 23, 2023
/s/ Jacinto J. Hernandez Jacinto J. Hernandez	Director	February 23, 2023
/s/ Stacy P. Methvin Stacy P. Methvin	Director	February 23, 2023
/s/ Royce W. Mitchell Royce W. Mitchell	Director	February 23, 2023
/s/ Frank A. Risch Frank A. Risch	Director	February 23, 2023
/s/ Phoebe A. Wood Phoebe A. Wood	Director	February 23, 2023

EXHIBIT 10.23H

RESTRICTED STOCK UNIT AWARD AGREEMENT

PIONEER NATURAL RESOURCES COMPANY
AMENDED AND RESTATED 2006 LONG TERM INCENTIVE PLAN

[DATE]

To: <first_name> <last_name>

Pioneer Natural Resources Company, a Delaware corporation (the "***Company***"), is pleased to grant you an award (this "***Award***") to receive <shares_awarded> Restricted Stock Units (the "***Restricted Stock Units***") whereby each Restricted Stock Unit represents the right to receive one share of common stock, par value $0.01, of the Company (the "***Stock***"), plus an additional amount pursuant to Section 2, subject to certain restrictions and on the terms and conditions contained in this Restricted Stock Unit Award Agreement (this "***Agreement***") and the Pioneer Natural Resources Company Amended and Restated 2006 Long Term Incentive Plan (the "***Plan***"). A copy of the Plan is available upon request. Except as provided below, to the extent that any provision of this Agreement conflicts with the expressly applicable terms of the Plan, you acknowledge and agree that those terms of the Plan shall control and, if necessary, the applicable provisions of this Agreement shall be deemed amended so as to carry out the purpose and intent of the Plan. Terms that have their initial letters capitalized, but that are not otherwise defined in this Agreement, shall have the meanings given to them in the Plan in effect as of the date of this Agreement.

This Agreement sets forth the terms of the agreement between you and the Company with respect to the Restricted Stock Units. By accepting this Agreement, you agree to be bound by all of the terms hereof.

1. **No Shareholder Rights**. The Restricted Stock Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a stockholder of the Company prior to the date shares of Stock are issued to you in settlement of this Award. Your rights with respect to Restricted Stock Units shall remain forfeitable at all times prior to the date on which rights become vested and the restrictions with respect to the Restricted Stock Units lapse in accordance with Sections 4, 5 or 6.

2. **Dividend Equivalents**. In the event that the Company declares and pays a dividend in respect of its outstanding shares of Stock and, on the record date for such dividend, you hold Restricted Stock Units granted pursuant to this Agreement that have not been settled, the Company shall pay to you an amount in cash equal to the cash dividends you would have received if you were the Beneficial Owner, as of such record date, of the number of shares of Stock related to the portion of your Restricted Stock Units that have not been settled as of such record date, such payment to be made on or promptly following the date that the Company pays such dividend (however, in no event shall the dividend equivalent payment be made later than 30 days following the date on which the Company pays such dividend).

3. **Conversion of Restricted Stock Units; Issuance of Stock; Payment of Stock**. No shares of Stock shall be issued to you prior to the date on which the Restricted Stock Units vest and the restrictions with respect to the Restricted Stock Units lapse, in accordance with Section 4, 5 or 6. Neither this Section 3 nor any action taken pursuant to or in accordance with this Section 3 shall be construed to create a trust of any kind. Except as otherwise expressly provided in Section 5, 6 or Section 26, after any Restricted Stock Units that become vested

pursuant to Section 4, 5 or 6 the Company shall, on or no later than 30 days following the earliest of the applicable vesting dates set forth in this Agreement, cause to be issued Stock in book entry form registered in your name in payment of such vested Restricted Stock Units upon receipt by the Company of any required tax withholding with respect to such shares. Any fractional Restricted Stock Units shall be rounded up to the nearest whole share of Common Stock.

4. Expiration of Restrictions, Risk of Forfeiture and Original Payment Date. Subject to the terms and conditions of this Agreement, the forfeiture restrictions on the Restricted Stock Units granted pursuant to this Agreement will expire in increments (each a "***Vested Portion***") as follows:

(a) restrictions will lapse on one-third (the "***One-Year Portion***") of the Restricted Stock Units on February [__];

(b) restrictions will lapse on one-third (the "***Two-Year Portion***") of the Restricted Stock Units on February [__]; and

(c) restrictions will lapse on one-third (the "***Three-Year Portion***") of the Restricted Stock Units on February [__];

provided, however, that such restrictions will expire on the above dates (each such date being referred to as a "***Vesting Date***") only if you have been an employee of the Company or of a Subsidiary continuously from the date of this Agreement through the applicable Vesting Date. In the event that your Restricted Stock Units become vested pursuant to this Section 4, the payment of the Stock related to your vested Restricted Stock Units shall be made to you immediately (and in no event later than 30 days) following the applicable Vesting Date.

5. [RESERVED]

6. Termination of Employment.

(a) **Termination by Employee Without Good Reason or by the Company for Cause.** Except as otherwise provided in this Agreement, if your employment relationship with the Company and each of its Subsidiaries by which you are employed terminates prior to any Vesting Date due to (x) a voluntary termination by you and such termination is not a Termination for Good Reason (as such term is defined in the Termination Agreement (as defined below), if applicable) or due to Forced Relocation (as such term is defined in the Termination Agreement), if applicable), or (y) the Company terminating such employment for Cause (as such term is defined in the Termination Agreement), then that portion, if any, of your Restricted Stock Units granted pursuant to this Agreement for which the restrictions have not lapsed as of the termination date of your employment relationship shall become null and void as of the date of such termination; *provided*, *however*, that the portion, if any, of this Award for which forfeiture restrictions have lapsed as of the date of termination shall survive. For purposes of this Agreement, "***Termination Agreement***" means, prior to the occurrence of a Change in Control, the Severance Agreement or other separate agreement, if any, between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits before a Change in Control and, upon and following the occurrence of a Change in Control, the Change in Control Agreement or other separate agreement between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits upon or after a Change in Control.

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(b) **Termination Not For Cause; Good Reason; Death or Disability**. Notwithstanding Section 4 of this Agreement, if your employment relationship with the Company and each of its Subsidiaries by which you are employed is terminated prior to any Vesting Date as a result of any of the following events:

(i) by the Company and such Subsidiaries and such termination is not a Termination for Cause;

(ii) by you and such termination is a Termination for Good Reason; or

(iii) your death or Disability (defined below);

then the restrictions on a number of the Restricted Stock Units shall automatically lapse as of the termination date as follows:

A. if restrictions shall not have lapsed on the Restricted Stock Units subject to the One-Year Portion prior to termination, then restrictions will lapse on a number of such Restricted Stock Units equal to the product of (i) the total number of Restricted Stock Units subject to the One-Year Portion, times (ii) a fraction, the numerator of which is the number of full months (counting the month in which your termination of employment occurs as a full month), beginning with March [__], during which you were employed by the Company and/or any Subsidiary and the denominator of which is 12; plus

B. if restrictions shall not have lapsed on the Restricted Stock Units subject to the Two-Year Portion prior to termination, then restrictions will lapse on a number of such Restricted Stock Units equal to the product of (i) the total number of Restricted Stock Units subject to the Two-Year Portion, times (ii) a fraction, the numerator of which is the number of full months (counting the month in which your termination of employment occurs as a full month), beginning with March [__], during which you were employed by the Company and/or any Subsidiary and the denominator of which is 24; plus

C. if restrictions shall not have lapsed on the Restricted Stock Units subject to the Three-Year Portion prior to termination, then restrictions will lapse on a number of such Restricted Stock Units equal to the product of (i) the total number of Restricted Stock Units subject to the Three-Year Portion, times (ii) a fraction, the numerator of which is the number of full months (counting the month in which your termination of employment occurs as a full month), beginning with March [__], during which you were employed by the Company and/or any Subsidiary and the denominator of which is 36.

The portion, if any, of your Restricted Stock Units for which the restrictions have not lapsed as of the termination date of your employment relationship shall become null and void as of the termination date; *provided*, *however*, that the portion, if any, of this Award for which forfeiture restrictions have lapsed as of the date of termination shall survive.

Notwithstanding the foregoing, in the event that you have attained "Normal Retirement" (as defined below) eligibility as of the date of your death or Disability, then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and unrestricted and shall be deemed the Vested Portion. Further, notwithstanding the forgoing, if your employment relationship with the Company and each of its Subsidiaries by which you are employed is terminated prior to any Vesting Date, but upon or following a Change in Control, (x) by the Company and such Subsidiaries and such termination is not a Termination for Cause, (y) by you and such termination is a Termination for Good Reason, or due to Forced

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Relocation, whether or not such termination is also in connection with a Change in Control, or (z) your death or Disability (as defined below), then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and unrestricted and shall be deemed the Vested Portion.

For purposes of this Agreement, "***Disability***" shall have the meaning given such term in the Termination Agreement; provided, however, that if there is no such agreement at the time of such termination, the term Disability shall mean (i) a physical or mental impairment of sufficient severity that, in the opinion of the Company, (A) you are unable to continue performing the duties assigned to you prior to such impairment or (B) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or its Subsidiaries and (ii) the impairment or condition is cited by the Company as the reason for your termination; provided further, that in all cases, the term Disability shall be applied and interpreted in compliance with Section 409A of the Code and the regulations thereunder.

(c) **Termination in Connection with Normal Retirement**. Notwithstanding Section 4 of this Agreement, if your employment relationship with the Company and each of its Subsidiaries by which you are employed is terminated prior to the Vesting Date as a result of your Normal Retirement (defined below), then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and unrestricted upon your termination of employment if the following conditions are met (provided that the following conditions, other than item (i) below, shall not apply if your employment terminates upon or following a Change in Control): (x) as of the date of the termination of your employment, the conditions set forth below in items (i)-(iv) are satisfied and (y) you intend to comply with the covenants contained in items (v) and (vi) below (which intent shall be conclusively presumed unless, prior to or concurrently with the notice provided pursuant to item (ii) below, you notify the Company in writing, addressed to the Senior Vice President, Human Resources (or his or her successor), that you do not intend to comply with such covenants); provided that the covenants contained in items (v) and (vi) will not be applicable under this Agreement if the proviso in item (i) applying the pro ration provisions of Section 6(b) is applicable.

(i) The date of the termination of your employment is at least six months after the date of this Agreement; provided that if the date of the termination of your employment is not at least six months after the date of this Agreement, instead of all of the Restricted Stock Units granted pursuant to this Agreement becoming immediately and unconditionally vested and unrestricted, restrictions on a number of the Restricted Stock Units shall automatically lapse as though the pro ration provisions of Section 6(b) were applicable.

(ii) You gave advance written notice of your intent to terminate your employment due to Normal Retirement at least six months in advance of the date of termination to the Senior Vice President, Human Resources (or his or her delegate), and to your direct manager, or in the case of the chief executive officer of the Company, to the Board (subject to the ability of the Company to waive such requirement, exercisable by the Senior Vice President, Human Resources (or his or her delegate) or the Board, as applicable).

(iii) You have cooperated with the Company, to the satisfaction of the Company, in the training of a replacement during the period prior to the termination of employment.

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(iv) If required by the Company, you execute and deliver to the Company an effective release of claims and other liability in a form acceptable to the Company.

(v) For two years following the termination of your employment, without the prior written consent of the chief executive officer of the Company, or in the event you are the chief executive officer of the Company on the date of termination of your employment, the consent of the Board or any Committee or director designated by the Board, you agree to refrain from becoming a director, partner, investor or employee of, or consultant to, any business that competes with the Company or any Subsidiary in the business of exploration or production of oil or natural gas, or related oilfield services, within the geographic area or areas in which the Company or any Subsidiary operates at the time of termination of employment or has operated in the immediately preceding one-year period (a "***Competitive Business***"); provided that, you will not be restricted from purchasing or holding for investment purposes less than 2% of the shares of any Competitive Business whose shares are regularly traded on a national securities exchange or inter-dealer quotation system. If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

(vi) For two years following the termination of your employment, you agree to refrain from making, or causing or assisting any other person to make, any oral or written communication to any third party about the Company and/or any of the employees, officers or directors of the Company which impugns or attacks, or is otherwise critical of, the reputation, business or character of such entity or person; or that discloses private or confidential information about their business affairs; or that constitutes an intrusion into their seclusion or private lives; or that gives rise to unreasonable publicity about their private lives; or that places them in a false light before the public; or that constitutes a misappropriation of their name or likeness (the foregoing being subject to Section 10(g)). If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

You expressly acknowledge and agree that the restrictions set forth in clauses (v) and (vi) of this Section 6(c) are reasonable in all respects, necessary to protect the Company's legitimate business interests and a material inducement for the Company to grant this Award to you and enter into this Agreement. In the event that, following your termination of employment, it is determined by a court of competent jurisdiction that you have not satisfied any of the conditions set forth in Section 6(c)(v) or (vi) in any material respect, then, as to any shares of Stock related to your Restricted Stock Units that have not been paid to you, such Restricted Stock Units shall be deemed not to have vested in whole or in part pursuant to any paragraph of this Section 6 and such shares shall not be payable. Notwithstanding the foregoing, in the event there occurs a Change in Control, whether prior to or after the date that the restrictions on your Restricted Stock Units have lapsed or the payment date of any Stock related to your Restricted Stock Units, the restrictions set forth in clauses (v) and (vi) of this Section 6(c) shall automatically terminate and become void and of no effect.

For purposes of this Agreement, "***Normal Retirement***" shall mean the termination of your employment relationship with the Company and each of its Subsidiaries by which you are

employed due to your retirement on or after the date that you have attained a minimum retirement age of 55, provided that you have completed a minimum of five Years of Service as of the date of such termination, and your Years of Service *plus* your age equal 65 or more. For purposes of this Agreement, "***Years of Service***" means the total number of years that you have been employed by the Company or its Subsidiaries as determined in accordance with the Company's policies as administered from time to time. For the avoidance of doubt, the Company's determination of Years of Service shall be at the sole discretion of the Company, its policies may change from time to time, and its determination will be final and conclusive and binding on all Participants.

(d) **Distribution and Payment**. Upon termination of your employment relationship with the Company and each of its Subsidiaries as a result of your death or Disability, the shares of Stock related to your Restricted Stock Units that become vested pursuant to paragraph (b) of this Section 6 shall be paid to you immediately (and in no event later than 30 days) following your death. Upon termination of your employment relationship with the Company and each of its Subsidiaries under all other circumstances contemplated by paragraphs (b) and (c) of this Section 6 ("***Section 6 Acceleration Events***"), the following shall apply:

(i) If you are not a Section 409A Participant (as defined below), the shares of Stock related to your Restricted Stock Units that become vested pursuant to such paragraphs shall be paid to you immediately (and in no event later than 30 days) following the termination of your employment relationship with the Company and each of its Subsidiaries.

(ii) If you would attain "Normal Retirement" eligibility, based on the age and service requirements described in such definition above, on or prior to December [__] (a "***Section 409A Participant***"), and your Restricted Stock Units become vested pursuant to a Section 6 Acceleration Event (other than death or Disability) that occurs either (I) prior to the occurrence of a "change in the ownership or effective control" or "in the ownership of a substantial portion of the assets" of the Company (a "***409A Change in Control***") within the meaning of Section 409A of the Code and the regulations and other authoritative guidance promulgated thereunder (collectively, the "***Nonqualified Deferred Compensation Rules***") or (II) after the two year period immediately following a 409A Change in Control, the shares of Stock related to your Restricted Stock Units that become vested pursuant to such event shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of the following:

(A) the applicable Vesting Date as to each Vested Portion; or

(B) your death or Disability.

(iii) If you are a Section 409A Participant and your Restricted Stock Units become vested pursuant to a Section 6 Acceleration Event (other than death or Disability) that occurs within the two year period immediately following a 409A Change in Control, the shares of Stock related to your Restricted Stock Units that become vested pursuant to such event shall not be payable to you pursuant to the foregoing clause (ii), but instead shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of the following:

(A) the applicable Vesting Date as to each Vested Portion;

(B) the date that is six months and one day following the date of your separation from service with the Company (determined in accordance with the Company's written and generally applicable policies regarding what constitutes a "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules) ("***Separation from Service***"); or

(C) your death, or your Disability if you incur a Disability at or prior to your Separation from Service.

7. Awards Not Assumed in Connection with a Change in Control. In the event that this Award is not Assumed (as defined below) in connection with a Change in Control, then all of the Restricted Stock Units granted pursuant to this Agreement shall become immediately and unconditionally vested and unrestricted immediately prior to the Change in Control. The shares of Stock related to your Restricted Stock Units that become vested pursuant to this Section 7 shall be paid to you in accordance with the timing of the settlement of the Change in Control consideration provided to Common Stock holders generally in connection with the Change in Control event; *provided, however*, that if (i) you are a Section 409A Participant and (ii) the event constituting a Change in Control does not also constitute a 409A Change in Control, the shares of Stock related to your Restricted Stock Units that become vested pursuant to this Section 7 shall be paid to you immediately (and in no event later than 30 days) following the first to occur of (A) your death or Disability, or (B) the applicable Vesting Date as to each Vested Portion. For purposes of this Agreement, the term, "***Assumed***," means that, prior to or concurrently with the consummation of the transaction resulting in a Change in Control, either (i) this Agreement is expressly affirmed by the Company or (ii) the contractual obligations represented by this Agreement are expressly (and not merely by operation of law) assumed by the surviving or successor corporation or entity to the Company, or any parent or subsidiary of either thereof, or any other corporation or entity that is a party to the transaction resulting in the Change in Control, in connection with such Change in Control, with appropriate adjustments to the number and kind of securities of such surviving or successor corporation or entity, or such other applicable parent, subsidiary, corporation or entity, subject to this Award, which preserves the compensation element of this Agreement existing at the time of such Change in Control, and provides for subsequent payout in accordance with the same (or more favorable) payment and vesting schedule applicable to this Award, as determined in accordance with the instruments evidencing the agreement to assume this Agreement; provided, however, that in no event will this Agreement be deemed to be "Assumed" unless the assumption is made by the entity that will be the issuer of the securities, cash or other property provided in exchange for Common Stock in the Change in Control transaction in question. The determination of comparability for this purpose shall be made by the Committee prior to the Change in Control, and its determination shall be final, binding and conclusive.

8. Adjustment Provisions. In the event there is any change in the Stock by reason of any reorganization, recapitalization, stock split, stock dividend, combination of shares or otherwise, the number of shares associated with this Award of Restricted Stock Units subject to this Agreement shall be adjusted in the manner consistent with the adjustment provisions provided in Section 9(b) and 9(c)(ii) of the Plan.

9. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

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10. **Remedies**. The parties to this Agreement shall be entitled to recover from each other reasonable attorneys' fees incurred in connection with the enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

11. **Confidential Information and Nonsolicitation**.

(a) As further consideration for the granting of the Restricted Stock Units hereunder, you hereby agree with the Company that, during and until three years following the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed, you will keep confidential all confidential or proprietary information and materials, as well as all trade secrets, belonging to the Company or one of its Subsidiaries, or their customers or other third parties who furnished such information, materials, and/or trade secrets to the Company or its Subsidiary with expectations of confidentiality ("***Confidential Information***"). Confidential Information shall not include information that (A) is already properly in the public domain or enters the public domain with the express consent of the Company, or (B) is intentionally made available by the Company to third parties without any expectation of confidentiality. Upon the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed, you promise to promptly return to the Company all Confidential Information, and all documents and materials (including electronically stored information) in your possession, custody or control that constitutes or reflects Confidential Information. Notwithstanding the foregoing, you may disclose information as may be required by law and may disclose information in confidence to your spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan, provided that you ensure that such spouse or advisor or institution treats the information confidentially and does not disclose such information or use it for his, her or its own benefit. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor militating against the advisability of granting any such future award to you. Such consideration shall be in addition to the rights and remedies available to the Company pursuant to paragraph (d) below. Notwithstanding any other provision of this Agreement, you will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (a) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. In addition, if you file a lawsuit for retaliation, you may disclose the Company's trade secrets to your attorney and use the trade secret information in the court proceeding if you: (a) file any document containing the trade secret under seal, and (b) do not disclose the trade secret, except pursuant to court order.

(b) As an incentive for the Company to issue you this Award, and in consideration of the Company's promise to provide you with Confidential Information and so as to protect the Company's legitimate business interests, including the protection of its Confidential Information and the goodwill with which you will be associated, and that this Award will encourage you to build, you agree that during your employment relationship with the Company and each of its Subsidiaries by which you are employed, and for a period of twelve (12) months immediately following the time that you are no longer employed by the Company or any of its Subsidiaries, you will not, directly or indirectly (i) solicit or encourage (or assist another in soliciting or encouraging) any employee, contractor, consultant, supplier, or vendor of the Company or any of its Subsidiaries to terminate or lessen his, her or its relationship with the Company or any of its Subsidiaries, or (ii) on behalf of a Competitive Business, engage, employ, or solicit or contact for employment or engagement (or assist another in such activity) any employee of the Company or any of its Subsidiaries or any person who was an employee of the Company or any of its Subsidiaries at any time during the last twelve (12) months of your

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employment with the Company and any of its Subsidiaries (or, if you are employed by the Company and any of its Subsidiaries for less than twelve (12) months, those persons who were employees of the Company or any of its Subsidiaries during your employment with the Company and any of its Subsidiaries.

(c) You agree that the Company's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Company's need for the protection afforded by this Section 11 is greater than any hardship you might experience by complying with its terms. You further acknowledge and agree that the restrictions set forth in this Section are not adverse to the public interest. You further agree that the limitations as to time and scope of activity to be restrained contained herein are reasonable and are not greater than necessary to protect the Confidential Information, goodwill and other legitimate business interests of the Company. Although the Company and you believe the limitations as to time and scope of activity contained in this Section 11 are reasonable and do not impose a greater restraint than necessary to protect the Company's legitimate business interests, if this is judicially determined not to be the case, the Company and you specifically request that the limitations contained in this Section be reformed to the extent necessary to make this Section 11 enforceable.

(d) You acknowledge and agree that your violation or threatened or attempted violation of the covenants contained in this Section 11 will cause irreparable harm to the Company and that money damages would not be sufficient remedy for any breach of this Section. You agree that the Company shall be entitled as a matter of right to specific performance of the covenants in this Section 11, including entry of an ex parte temporary restraining order in state or federal court, preliminary and permanent injunctive relief against activities in violation of this Section 11, or both, or other appropriate judicial remedy, writ or order, in any court of competent jurisdiction, restraining any violation or further violation of such agreements by you or others acting on your behalf, without any showing of irreparable harm and without any showing that the Company does not have an adequate remedy at law. Such remedies shall be in addition to all other remedies available to the Company at law and equity.

(e) Your obligations under this Section 11 shall survive the termination of this Agreement and your employment, regardless of the reason for such termination.

(f) As a part of your employment by the Company, and in further consideration for the granting of this Award and by your acceptance of this Award in whole or in part, you accept and agree to be bound by the Company's Intellectual Property Policy (as the same may be modified, amended or replaced by the Company from time to time), including without limitation, (A) the Company's ownership of the worldwide right, title and interest in and to any and all Pioneer Intellectual Property; (B) your agreement to assign, and pursuant to the Company's Intellectual Property Policy and your acceptance of this Award you do hereby assign, to the Company all worldwide right, title and interest in and to all Pioneer Intellectual Property; and (C) your agreement to disclose in writing to the Company all Pioneer Intellectual Property and, upon request by the Company, to promptly produce and deliver to the Company all originals of materials embodying Pioneer Intellectual Property. The term, "Pioneer Intellectual Property," is defined in the Company's Intellectual Property Policy (and is incorporated herein by reference), and includes, without limitation, any and all creations, works and/or intellectual property (including but not limited to all tangible and intangible ideas and expressions of ideas whether or not the subject matter of copyright, confidential and non-confidential information, data, drawings, reports, programs, processes, analyses, business methods, computer programs, works of authorship, trademarks and service marks, improvements, discoveries and/or inventions whether or not patentable), and all of the intellectual property rights therein provided by the various legal systems throughout the world (including but not limited to trade secret rights, patent rights, trademark rights, and rights of copyright), that are conceived, created, made,

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invented, developed, reduced to practice, reduced to a tangible medium of expression, and/or acquired by you, individually or jointly with others, during the time of your employment relationship with the Company, that pertain to the actual or anticipated business or activities of the Company or that are suggested by or result from any task or work by you for or on behalf of the Company, irrespective whether you are or were hired-to-invent such creations, works or intellectual property, or whether such creations, works or intellectual property were conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression or acquired in the course or scope of your employment, or whether at home or not, or whether or not during business hours, or whether or not using the Company's time, facilities or resources. You may review the Company's Intellectual Property Policy at the Company's internal portal website, and obtain a copy by written request to the Company's Legal Department.

(g) Nothing in this Agreement or any other agreement between you and the Company (i) prevents you from exercising any rights that cannot be lawfully waived or restricted, (ii) prevents you from testifying at a hearing, deposition, or in court in response to a lawful subpoena or (iii) limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the United States Department of Justice, Congress, any agency Inspector General or any other federal, state or local governmental agency or commission ("Government Agencies"). Further, this Agreement does not limit (i) your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, or (ii) your right to receive an award from a Government Agency for information provided to any Government Agencies.

12. **Payment of Taxes**. The Company, in its discretion, may from time to time require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company) the amount that the Company deems necessary to satisfy the Company's or its Subsidiary's current or future obligation to withhold federal, state or local income or other taxes or social security or other obligations that you incur as a result of this Award, including without limitation with respect to any payment pursuant to Section 2 of this Agreement. With respect to any required tax withholding, unless another arrangement is permitted by the Committee in its discretion (which discretion may not be delegated to management), the Company shall withhold from the shares of Stock to be issued to you the number of shares the Company determines is necessary to satisfy the Company's obligation to withhold taxes, that determination to be based on the shares' Fair Market Value at the time as of which such determination is made. In the event the Company subsequently determines that the aggregate Fair Market Value of any shares of Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then you shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

13. **Right of the Company and Subsidiaries to Terminate Employment**. Nothing contained in this Agreement shall confer upon you the right to continue in the employ of the Company or any Subsidiary of the Company, or interfere in any way with the rights of the Company or any Subsidiary of the Company to terminate your employment at any time.

14. **No Liability for Good Faith Determinations**. Neither the Company nor the members of the Board and the Committee shall be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Stock Units granted hereunder.

15. **No Guarantee of Interests**. The Board and the Company do not guarantee the Stock of the Company from loss or depreciation.

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16. **Company Records**. Records of the Company or its Subsidiaries regarding your period of employment, termination of employment and the reason therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

17. **Severability**. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

18. **Notices**. Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any such notice required or permitted to be delivered hereunder shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third Business Day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address which such person has theretofore specified by written notice delivered in accordance herewith. The Company or you may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices.

The Company and you agree that any notices shall be given to the Company or to you at the following addresses:

Company: Pioneer Natural Resources Company
Attn: Corporate Secretary
777 Hidden Ridge
Irving, Texas 75038

Holder: At your current address as shown in the Company's records.

19. **Waiver of Notice**. Any person entitled to notice hereunder may waive such notice in writing.

20. **Successors**. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

21. **Headings**. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

22. **Governing Law**. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Delaware except to the extent Delaware law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

23. **Execution of Receipts and Releases**. Any payment of cash or any issuance or transfer of shares of Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a waiver and release agreement and receipt therefor in such form as it shall determine.

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24. **Amendment**. This Agreement may be amended at any time unilaterally by the Company, provided that such amendment is consistent with all applicable laws and does not reduce any rights or benefits you have accrued pursuant to this Agreement. This Agreement may also be amended at any time unilaterally by the Company to the extent the Company believes in good faith that such amendment is necessary or advisable to bring this Agreement in compliance with any applicable laws, including the Nonqualified Deferred Compensation Rules.

25. **The Plan**. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan; *provided*, *however*, that notwithstanding anything to the contrary herein, any provision of this Agreement that is inconsistent with the provisions of Section 9(c) and (e) of the Plan shall control over such provisions of the Plan.

26. **Agreement Respecting Securities Act of 1933**. You represent and agree that you will not sell the Stock that may be issued to you pursuant to your Restricted Stock Units except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to an exemption from registration under the Securities Act of 1933 (including Rule 144 of the Securities Act).

27. **Special Provisions Addressing Section 409A of the Code**.

(a) **Early Tax Payments**. To the extent permitted under the Nonqualified Deferred Compensation Rules, payments may be made to you in respect of this Award prior to the date of your scheduled payment dates herein if, as determined by the Committee in its sole discretion, it would be necessary to pay employment or other taxes imposed upon this Award prior to the scheduled payment date.

(b) **Separate Payments**. Each payment made under this Award, if any, shall be treated as a separate payment under the Nonqualified Deferred Compensation Rules.

(c) **Section 409A General Compliance**. You and the Company intend that any amounts or benefits payable or provided under this Agreement comply with the provisions of Section 409A of the Code and the treasury regulations relating thereto so as not to subject you to the payment of the tax, interest and any tax penalty which may be imposed under Code Section 409A. The provisions of this Agreement shall be interpreted in a manner consistent with such intent. In furtherance thereof, this Agreement may be amended for compliance with Section 409A as set forth in Section 24.

28. **Electronic Delivery and Acknowledgement**. No signature by you is required to accept the Award represented by this Agreement. By your acceptance of this Award, you are acknowledging that you have received and read, understood and accepted all the terms, conditions and restrictions of this Agreement and the Plan. The Company may, in its sole discretion, deliver any documents related to this Award and this Agreement, or other awards that have been or may be awarded under the Plan, by electronic means, including prospectuses, proxy materials, annual reports and other related documents, and the Company may, in its sole discretion, engage a third party to effect the delivery of these documents on its behalf and provide other administrative services related to this Award and the Plan. By your acceptance of the Award represented by this Agreement, you consent to receive such documents by electronic delivery and to the engagement of any such third party.

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EXHIBIT 10.24H

PERFORMANCE UNIT AWARD AGREEMENT

PIONEER NATURAL RESOURCES COMPANY
AMENDED AND RESTATED 2006 LONG TERM INCENTIVE PLAN

[DATE]

To: <first_name> <last_name>

Pioneer Natural Resources Company, a Delaware corporation (the "***Company***"), is pleased to grant you an award (this "***Award***") to receive an aggregate of <shares_awarded> performance units (each, a "***Performance Unit***") in respect of the period January 1, [__] through December 31, [__] (the "***Performance Period***"). This Award is subject to your acceptance of and agreement to all the applicable terms, conditions and restrictions described in this Performance Unit Award Agreement (the "***Agreement***") and the Pioneer Natural Resources Company Amended and Restated 2006 Long Term Incentive Plan (as it may be amended from time to time, the "***Plan***"). A copy of the Plan is available upon request. Except as provided below, to the extent that any provision of this Agreement conflicts with the expressly applicable terms of the Plan, you acknowledge and agree that those terms of the Plan shall control and, if necessary, the applicable provisions of this Agreement shall be deemed amended so as to carry out the purpose and intent of the Plan. Terms that have their initial letters capitalized, but that are not otherwise defined in this Agreement, shall have the meanings given to them in the Plan in effect as of the date of this Agreement. The Performance Units contemplated herein are described in the Plan as Restricted Stock Units subject to restrictions that lapse based on the achievement of performance goals pursuant to Section 6(e)(i) of the Plan.

This Agreement sets forth the terms of the agreement between you and the Company with respect to the Performance Units. By accepting this Agreement, you agree to be bound by all of the terms hereof.

1. Overview of Performance Units.

(a) **Performance Units Generally**. Each Performance Unit represents a contractual right to receive one share of the Company's common stock (the "***Common Stock***"), subject to the terms and conditions of this Agreement; provided that, based on the achievement against each Performance Objective (as defined below), the number of shares of Common Stock that may be deliverable hereunder in respect of the Performance Units may range from 0% to 250% of the number of Performance Units stated in the preamble to this Agreement (such stated number of Performance Units hereafter called the "***Initial Performance Units***"). Your right to receive Common Stock in respect of Performance Units is generally contingent, in whole or in part, upon (i) the achievement of the performance objectives outlined in Section 2 below (the "***Performance Objectives***") and (ii) except as provided in Section 4 or Section 5, your continued employment with the Company or one of its Subsidiaries through the end of the Performance Period.

(b) **Dividend Equivalents**. With respect to each outstanding Performance Unit, the Company shall credit a book entry account with an amount equal to the amount of any cash dividend paid on one share of Common Stock. The amount credited to such book entry

account shall be payable to you at the same time or times, and subject to the same terms and conditions, including vesting and earned performance percentages applicable to Earned Performance Units, as are applicable to, your Performance Units or Restricted Stock Units granted pursuant to Section 5, as applicable. Dividends and distributions payable on Common Stock other than in cash will be addressed in accordance with Section 8 hereof.

2. Performance Objectives. The Performance Objectives with respect to the Initial Performance Units are based, in equal parts, on the achievement of the following two measures, with one-half of the Initial Performance Units being subject to each such listed Performance Objective: (i) Free Cash Flow per Share ("***FCF***"), as determined pursuant to Appendix A attached hereto; and (ii) Return on Capital Employed ("***ROCE***"), as determined pursuant to Appendix B attached hereto. Notwithstanding the Performance Objective criteria set forth in this Section 2, the earning of Performance Units is further subject to adjustment based on achievement of the Total Shareholder Return Performance Objective (the "***TSR Modifier***") over the Performance Period, as calculated in accordance with Appendix C attached hereto. The number of Performance Units, if any, determined to be earned pursuant to the applicable tables under Appendices A, B, and C, as modified pursuant to Section 4(a), Section 4(b) or Section 5, if applicable, shall be referred to as the "***Earned Performance Units.***"

3. Conversion of Performance Units; Delivery of Performance Units. Unless an earlier date applies pursuant to Section 4(a), Section 5 or Section 6, payment in respect of Earned Performance Units (or Restricted Stock Units, as applicable) shall be made in the year following the year in which the Performance Period ends (determined without regard to the occurrence of the Change in Control with respect to Section 5), but not later than March 15 of such year. Unless otherwise determined by the Committee, all payments in respect of Earned Performance Units (or Restricted Stock Units) shall be made in freely transferable shares of Common Stock; provided, however, that if and to the extent that the reservation of the power to settle (as opposed to the act of settling) Performance Units (or Restricted Stock Units) in cash instead of shares would result in an additional financial accounting charge for the Company, the Committee shall not have the right to settle such Performance Units (or Restricted Stock Units) other than in the form of Common Stock (or, if applicable, stock of a Successor Corporation (as defined in Section 5)). Neither this Section 3 nor any action taken pursuant to or in accordance with this Section 3 shall be construed to create a trust of any kind. Any shares of Common Stock issued to you pursuant to this Agreement in settlement of Earned Performance Units (or Restricted Stock Units) shall be in book entry form registered in your name. Any fractional Earned Performance Units (or Restricted Stock Units) shall be rounded up to the nearest whole share of Common Stock.

4. Termination of Employment.

(a) **Disability**. In the event that you incur a Disability (as such term is defined in the Termination Agreement (as defined below)) during the Performance Period, you shall be deemed to have Earned Performance Units in accordance with the following:

(i) if you have attained "Normal Retirement" (as defined below) eligibility, based on the age and service requirements described in such definition below, on or prior to the date of your Disability, the greater of (x) 100% of the Initial Performance Units and (y) the amount determined under Appendices A, B, and C based on achievement of the Performance Objectives (as determined by the Committee), but treating the date of your Disability as the last day of the Performance Period; and

(ii) if you have not attained "Normal Retirement" (as defined below) eligibility by such date, the Initial Performance Units, multiplied by a fraction (the "***Pro-Ration Fraction***"), (x) the numerator of which is the number of full months (counting the

month in which your termination of employment occurs as a full month) during the Performance Period during which you were employed and (y) the denominator of which is 36.

If achievement of any or all of the Performance Objectives is not readily calculable as of the date of such Disability, the Committee may base its determination upon such audited or unaudited financial information then available or may extend the deemed end of the Performance Period until the date of the Company's public release of earnings for the relevant period, in each case as the Committee deems relevant and/or appropriate. Distribution of shares of Common Stock in respect of the Performance Units determined to be earned by reason of this Section 4(a) shall be made not later than 74 days following your Disability and shall be in full and complete satisfaction of all of your rights (and the rights of any person who derives his, her or its rights from you) under this Agreement. For purposes of this Agreement, "***Disability***" shall have the meaning given such term in the Termination Agreement; provided, however, that if there is no such agreement at the time of such termination, the term, "Disability," shall mean (i) a physical or mental impairment of sufficient severity that, in the opinion of the Company, (A) you are unable to continue performing the duties assigned to you prior to such impairment or (B) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or its Subsidiaries and (ii) the impairment or condition is cited by the Company as the reason for your termination; provided further, that in all cases, the term Disability shall be applied and interpreted in compliance with Section 409A of the Code and the regulations thereunder. For purposes of this Agreement, "***Termination Agreement***" means, prior to the occurrence of a Change in Control, the Severance Agreement or other separate agreement, if any, between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits before a Change in Control and, upon and following the occurrence of a Change in Control, the Change in Control Agreement or other separate agreement between you and the Company and/or any of its subsidiaries relating to the provision of severance and other benefits upon or after a Change in Control.

(b) **Normal Retirement**. In the event that your employment with the Company and each of its Subsidiaries by which you are employed terminates during the Performance Period due to your Normal Retirement (defined below), you shall be deemed to have Earned Performance Units, as of the end of the Performance Period, equal in number to the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period, and not be subject to the Pro-Ration Fraction, if (except as provided in Section 5(e)) the following conditions are met: (x) as of the date of the termination of your employment, the conditions set forth below in items (i)-(iv) are satisfied and (y) you intend to comply with the covenants contained in items (v) and (vi) (which intent shall be conclusively presumed unless, prior to or concurrently with the notice provided pursuant to item (ii) below, you notify the Company in writing, addressed to the Senior Vice President, Human Resources (or his or her successor), that you do not intend to comply with such covenants); provided that the covenants contained in items (v) and (vi) will not be applicable if the proviso in item (i) applying the Pro-Ration Fraction is applicable.

(i) The date of the termination of your employment is at least six months after the date of this Agreement; provided that if the date of the termination of your employment is not at least six months after the date of this Agreement, you shall be deemed to have Earned Performance Units, as of the end of the Performance Period, equal in number to the product of (i) the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period multiplied by (ii) the Pro-Ration Fraction.

(ii) You gave advance written notice of your intent to terminate your employment due to Normal Retirement at least six months in advance of the date of termination to the Senior Vice President, Human Resources (or his or her delegate), and to your direct manager, or in the case of the chief executive officer of the Company, to the Board (subject to the ability of the Company to waive such requirement, exercisable by the Senior Vice President, Human Resources (or his or her delegate) or the Board, as applicable).

(iii) You have cooperated with the Company, to the satisfaction of the Company, in the training of a replacement during the period prior to the termination of employment.

(iv) If required by the Company, you execute and deliver to the Company an effective release of claims and other liability in a form acceptable to the Company.

(v) For two years following the termination of your employment, without the prior written consent of the chief executive officer of the Company, or in the event you are the chief executive officer of the Company on the date of termination of your employment, the consent of the Board or any Committee or director designated by the Board, you agree to refrain from becoming a director, partner, investor or employee of, or consultant to, any business that competes with the Company or any Subsidiary in the business of exploration or production of oil or natural gas, or related oilfield services, within the geographic area or areas in which the Company or any Subsidiary operates at the time of termination of employment or has operated in the immediately preceding one-year period (a “Competitive Business”); provided that, you will not be restricted from purchasing or holding for investment purposes less than 2% of the shares of any Competitive Business whose shares are regularly traded on a national securities exchange or inter-dealer quotation system. If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

(vi) For two years following the termination of your employment, you agree to refrain from making, or causing or assisting any other person to make, any oral or written communication to any third party about the Company and/or any of the employees, officers or directors of the Company which impugns or attacks, or is otherwise critical of, the reputation, business or character of such entity or person; or that discloses private or confidential information about their business affairs; or that constitutes an intrusion into their seclusion or private lives; or that gives rise to unreasonable publicity about their private lives; or that places them in a false light before the public; or that constitutes a misappropriation of their name or likeness (the foregoing being subject to Section 12(g)). If the Company so requires prior to the date of termination of employment, the Company may require that you execute a separate agreement to effect the intent of the foregoing.

You expressly acknowledge and agree that the restrictions set forth in clauses (v) and (vi) of this Section 4(b) are reasonable in all respects, necessary to protect the Company's legitimate business interests and a material inducement for the Company to grant this Award to you and enter into this Agreement. In the event that, following your termination of employment, it is determined by a court of competent jurisdiction that you have not satisfied any of the conditions set forth in Section 4(b)(v) or (vi) in any material respect, then all of your Performance Units shall terminate and be cancelled. Notwithstanding the foregoing, in the event there occurs a Change in Control, whether prior to or after the end of the Performance Period or the distribution of shares of Common Stock in respect of the Performance Units, the restrictions set forth in clauses (v) and (vi) of this Section 4(b) shall automatically terminate and become void and of no effect.

For purposes of this Agreement, "***Normal Retirement***" shall mean the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed due to your retirement on or after the date that you have attained a minimum retirement age of 55, provided that you have completed a minimum of five Years of Service as of the date of such termination, and your Years of Service *plus* your age equal 65 or more. For purposes of this Agreement, "***Years of Service***" means the total number of years that you have been employed by the Company or its Subsidiaries as determined in accordance with the Company's policies as administered from time to time. For the avoidance of doubt, the Company's determination of Years of Service shall be at the sole discretion of the Company, its policies may change from time to time, and its determination will be final and conclusive and binding on all Participants.

Any portion of the Performance Units that cannot become earned and payable in accordance with the first sentence of this Section 4(b) shall terminate and automatically be cancelled as of the date of your termination of employment. Any portion of your Performance Units that is eligible to be earned pursuant to the first sentence of this Section 4(b), but is not earned as of the end of the Performance Period, shall terminate and be cancelled upon the expiration of such Performance Period.

(c) **Termination Without Cause or Termination For Good Reason**. In the event that your employment with the Company and each of its Subsidiaries by which you are employed is terminated during the Performance Period (x) by the Company and such Subsidiaries and such termination is not a Termination for Cause or (y) by you and such termination is a Termination for Good Reason (as each such term is defined in the Termination Agreement), you shall be deemed to have earned, as of the end of the Performance Period, the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period. Any portion of your Performance Units that is eligible to be earned pursuant to the preceding sentence, but is not earned as of the end of the Performance Period, shall terminate and be cancelled upon the expiration of such Performance Period.

(d) **Death**. In the event that your employment with the Company or a Subsidiary terminates during the Performance Period due to your death, you shall be deemed to have Earned Performance Units in accordance with the following:

(i) if you have attained Normal Retirement eligibility on or prior to the date of your death, the greater of (x) 100% of the Initial Performance Units and (y) the amount determined under Appendices A, B, and C based on achievement of the Performance Objectives (as determined by the Committee), but treating the date of your death as the last day of the Performance Period; and

(ii) if you have not attained Normal Retirement eligibility on or prior to the date of your death, the product of (x) the Initial Performance Units, and (y) the Pro-Ration Fraction.

If achievement of any or all of the Performance Objectives is not readily calculable as of the date of your death, the Committee may base its determination upon such audited or unaudited financial information then available or may extend the deemed end of the Performance Period until the date of the Company's public release of earnings for the relevant period, in each case as the Committee deems relevant and/or appropriate. Distribution of shares of Common Stock in respect of the Performance Units determined to be earned by reason of this Section 4(d) shall be made not later than 74 days following your death and shall be in full and complete satisfaction of all of your rights (and the rights of any person who derives his, her or its rights from you) under this Agreement.

(e) **Other Termination of Employment**. Unless otherwise determined by the Committee at or after grant, in the event that your employment with the Company or a Subsidiary terminates prior to the end of the Performance Period for any reason other than those listed in Section 4(a), 4(b), 4(c) or 4(d), all of your Performance Units shall terminate and automatically be cancelled upon such termination of employment.

5. Change in Control. Notwithstanding the provisions of Section 1 through Section 4 hereof or the terms of any Change in Control Agreement between you and the Company or a Subsidiary (a "***CIC Agreement***"), if you have been continuously employed from the grant date specified above until the date that the Change in Control occurs (the "***Change in Control Date***") or you are treated, for purposes of such CIC Agreement, to have remained in employment through the Change in Control Date, upon the occurrence of a Change in Control your rights in respect of the Performance Units shall be determined as provided in this Section 5. If your employment shall have terminated prior to the Change in Control Date, but at least some of your Performance Units remain outstanding pursuant to Section 4(b) or Section 4(c), your rights in respect of your outstanding Performance Units shall be determined as provided in this Section 5. For purposes of this Section 5, references to "***Section 409A Participant***" means a Participant who is or would attain "Normal Retirement" eligibility, based on the age and service requirements described in such definition above, on or before December [___].

(a) If a Change in Control occurs, the Performance Period shall be deemed to end on the Change in Control Date. The determination of whether, and to what extent, the Performance Objectives are achieved is based on actual performance against the stated performance criteria through the Change in Control Date and the number of Earned Performance Units will be equal to your Initial Performance Units multiplied by the percentage under the applicable "Percent Payout" columns of Appendices A and B, subject to further adjustment as provided in Appendix C, and based on such performance through the Change in Control Date. In the event that you had Performance Units that remained outstanding pursuant to Section 4(b) or 4(c), the resulting Earned Performance Units will also be multiplied by any applicable Pro-Rata Fraction.

(b) The Earned Performance Units will be converted into time-based Restricted Stock Unit awards on a one-for-one basis.

(c) With respect to each outstanding Restricted Stock Unit, the Company shall credit a book entry account with an amount equal to the amount of any cash dividend paid following the Change in Control Date on one share of Common Stock (or any other security in lieu of Common Stock pursuant to Section 5(g)). The amount credited to such book entry

account shall be payable to you at the same time or times, and subject to the same terms and conditions as are applicable to, your Restricted Stock Units.

(d) Subject to any acceleration or forfeiture events described within Section 4, each outstanding Restricted Stock Unit shall cliff vest on the last day of the Performance Period (determined without regard to the occurrence of the Change in Control; *i.e.*, vesting will not accelerate solely on account of the Change in Control).

(e) In the event that your employment with the Company and each of its Subsidiaries by which you are employed is terminated following the Change in Control Date and prior to the end of the Performance Period (determined without regard to the occurrence of the Change in Control):

(i) Section 4 shall be applied after giving effect to the conversion of your Performance Units into Restricted Stock Units in accordance with this Section 5 (*e.g.*, the term “Initial Performance Units” within Section 4(a)(i) shall be replaced with “Restricted Stock Units”),

(ii) for purposes of paragraph (c) of Section 4, a “Termination for Good Reason” shall include a termination by you due to Forced Relocation (as such term is defined in the Termination Agreement, if applicable),

(iii) for purposes of paragraphs (a) and (c) of Section 4, the Pro-Ration Fraction shall be deemed to be 100%, and

(iv) none of the conditions set forth in items (ii)-(iv) of Section 4(b) or the covenants contained in items (v) and (vi) of Section 4(b) shall apply.

(f) In the event that your employment with the Company and each of its Subsidiaries by which you are employed is terminated following the Change in Control Date and prior to the end of the Performance Period (determined without regard to the occurrence of the Change in Control) and shares of Common Stock become distributable to you pursuant to paragraphs (a), (b) or (c) of Section 4 and of this Section 5, subject to the following paragraph (g), vested Restricted Stock Units shall be settled in shares of Common Stock, as follows:

(i) If you are not a Section 409A Participant, the applicable shares shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of (x) the last day of the Performance Period (determined without regard to the occurrence of the Change in Control), (y) the termination of your employment relationship with the Company and each of its Subsidiaries, and (z) your death.

(ii) If you are a Section 409A Participant, the Change in Control constitutes a “change in the ownership or effective control” or “in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code and the regulations and other authoritative guidance promulgated thereunder (a “***409A Change in Control***”), and your termination of employment occurs within the two year period immediately following such 409A Change in Control, then the applicable shares shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of (x) the last day of the Performance Period (determined without regard to the occurrence of the Change in Control), (y) the date that is six months and one day following the date of your separation from service with the Company (determined in accordance with the Company’s written and generally applicable policies regarding what

constitutes a "separation from service" within the meaning of Section 409A of the Code and the regulations and other authoritative guidance promulgated thereunder) ("***Separation from Service***"), and (z) your death or your Disability if you incur a Disability at or prior to your Separation from Service.

(iii) If you are a Section 409A Participant, and either the Change in Control does not constitute a 409A Change in Control, or your termination of employment does not occur within the two year period immediately following a 409A Change in Control, then the applicable shares shall be paid to you immediately (and in no event later than 30 days) following the earliest to occur of (x) the last day of the Performance Period (determined without regard to the occurrence of the Change in Control) and (y) your death or your Disability if you incur a Disability at or prior to your Separation from Service.

(g) Notwithstanding anything else contained in this Section 5 to the contrary, if the Change in Control involves a merger, reclassification, reorganization or other similar transaction pursuant to which the Common Stock is exchanged for stock of the surviving corporation in such merger, the successor to the corporation or the direct or indirect parent of such a corporation (collectively, the "***Successor Corporation***") or other securities, cash or property, then instead of each share of Common Stock, your Restricted Stock Units shall relate to and be settled in the same consideration (whether stock, securities, cash or other property) payable or distributable in such transaction in respect of a share of Common Stock. Any property distributed pursuant to this Section 5, whether in shares of the Successor Corporation or otherwise, shall in all cases be freely transferable without any restriction (other than any such restriction that may be imposed at applicable law), and any securities issued hereunder shall be listed for trading on a U.S. national securities exchange and registered to trade under Section 12(b) of the 1934 Act, and shall have been registered under the Securities Act of 1933, as amended (the "***1933 Act***").

(h) Notwithstanding anything else contained in this Section 5 to the contrary, the Committee may elect, at its sole discretion by resolution adopted prior to the Change in Control Date, to satisfy your rights in respect of the Performance Units (as determined pursuant to the foregoing provisions of this Section 5), in whole or in part, by making a cash payment to you within 5 business days of the vesting date in respect of all or any portion of the Earned Performance Units or Restricted Stock Units, as applicable, as the Committee shall determine. Any cash payment for any Earned Performance Units or Restricted Stock Units shall be equal to the Fair Market Value of the number of shares of Common Stock or other property as described in Section 5(g) into which it would convert, determined on the vesting date.

(i) Notwithstanding anything else contained in this Section 5 to the contrary, in the event that this Award is not Assumed (as defined below) upon a Change in Control, then all of the Earned Performance Units calculated pursuant to Section 5(a) of this Agreement shall become unconditionally vested and unrestricted immediately prior to the Change in Control. The Earned Performance Units shall be settled in shares of Common Stock (or, if Section 5(g) applies above, in the securities, cash or other property provided pursuant to Section 5(g)), a cash settlement pursuant to Section 5(h), or a combination of such equity and cash, in accordance with the timing of settlement of the Change in Control consideration provided to Common Stock holders generally in connection with the Change in Control event; provided, however, that in the event the Change in Control does not constitute a 409A Change in Control, and you are a Section 409A Participant, your settlement of the applicable Earned Performance Shares shall be paid to you immediately following (and not later than 5 business days) the first to occur of: (i) a 409A Change in Control; or (ii) the end of the Performance Period (determined without regard to the occurrence of the Change in Control). For purposes of this Agreement, the term, "***Assumed***," means that, prior to or concurrently with the

consummation of the transaction resulting in a Change in Control, either (i) this Agreement is expressly affirmed by the Company or (ii) the contractual obligations represented by this Agreement are expressly (and not merely by operation of law) assumed by the surviving or successor corporation or entity to the Company, or any parent or subsidiary of either thereof, or any other corporation or entity that is a party to the transaction resulting in the Change in Control, in connection with such Change in Control, with appropriate adjustments to the number and kind of securities of such surviving or successor corporation or entity, or such other applicable parent, subsidiary, corporation or entity, subject to this Award, which preserves the compensation element of this Agreement existing at the time of such Change in Control, and provides for subsequent payout in accordance with the same (or more favorable) payment and vesting schedule applicable to this Award, as determined in accordance with the instruments evidencing the agreement to assume this Agreement; provided, however, that in no event will this Agreement be deemed to be "Assumed" unless the assumption is made by the entity that will be the issuer of the securities, cash or other property provided in exchange for Common Stock in the Change in Control transaction in question. The determination of comparability for this purpose shall be made by the Committee prior to the Change in Control, and its determination shall be final, binding and conclusive.

6. **Nontransferability of Awards**. The Performance Units granted hereunder may not be sold, transferred, pledged, assigned, encumbered or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Following your death, any shares distributable (or cash payable) in respect of Performance Units (or Restricted Stock Units) will be delivered or paid, at the time specified in Section 3 or, if applicable, Section 4 or Section 5, to your beneficiary in accordance with, and subject to, the terms and conditions hereof and of the Plan.

7. **Beneficiary Designation**. You may from time to time name any beneficiary or beneficiaries (who may be named contingently or successively) to whom shall be delivered or paid under this Agreement following your death any shares that are distributable or cash payable hereunder in respect of your Performance Units (or Restricted Stock Units) at the time specified in Section 3 or, if applicable, Section 4 or Section 5. Each designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed in writing with the Committee during your lifetime. In the absence of any such effective designation, shares issuable in connection with your death shall be paid to your surviving spouse, if any, or otherwise to your estate.

8. **Adjustments in Respect of Performance Units**. In the event of any common stock dividend or common stock split, recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of shares, or other similar corporate change with regard to the Company or any Peer Company, appropriate adjustments shall be made by the Committee to the Initial Value of the corresponding common stock, and, if any such event occurs with respect to the Company, in the aggregate number of Performance Units subject to this Agreement; provided that, in the event of any such event involving a recapitalization, spin-off or distribution of assets to stockholders (other than cash dividends) by a Peer Company or the Company pursuant to which all stockholders of such Peer Company or the Company receive a security that is publicly traded on a stock exchange or automated quotation system pro rata based on each share of stock of the Peer Company or the Company held, then the Committee shall have the discretion to treat such recapitalization, spin-off or distribution as through it were a payment of a dividend under Section 2 of this Agreement in an amount equal to the fair market value thereof, as determined by the Committee in such manner as it deems appropriate. The Committee's determination with respect to any such adjustment shall be conclusive.

9. **Effect of Settlement**. Upon conversion into shares of Common Stock (or Successor Corporation common stock) pursuant to Section 3 or Section 5(g), a cash settlement of your rights, at the election of the Committee at its sole discretion pursuant to Section 3 or Section 5(h), or a combination of the issuance of Common Stock and the payment of cash in accordance with any applicable provisions of this Agreement, all of your Performance Units (or Restricted Stock Units) subject to this Award shall be cancelled and terminated. If and to the extent that you are still employed at the end of the Performance Period, and none of your Performance Units shall have become earned in accordance with the terms of this Agreement, all such Performance Units subject to this Award shall be cancelled and terminated.

10. **Furnish Information**. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

11. **Remedies**. The parties to this Agreement shall be entitled to recover from each other reasonable attorneys' fees incurred in connection with the enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise. If, due to Section 4 of the Plan, the Company fails or is unable to make the payment in respect of Earned Performance Units in freely transferable shares of Common Stock, and the Committee does not elect to settle such Earned Performance Units in cash instead of shares, as provided by Section 3 of this Agreement, as your sole and exclusive remedy for such failure, in addition to the rights provided under the first sentence of this Section 11, the Company shall pay to you an amount in cash equal to the product of the number of Earned Performance Units times the Fair Market Value of one share of Common Stock. The Company shall make such payment to you within ten (10) days following receipt of your written demand therefor, but in no event later than March 15 of the year following the year in which the Performance Units become Earned Performance Units, subject to compliance with any tax withholding obligations that the Company in its discretion deems to be necessary with respect to such payment. Upon such payment pursuant to this Section 11, all of your Performance Units subject to this Award shall be cancelled and terminated. For purposes of this Section 11, to give effect to Section 5 of this Agreement the term "Earned Performance Units" will be replaced with "Restricted Stock Units" where applicable, and the Fair Market Value of one share of Common Stock shall be determined as follows:

(a) with respect to a payment in respect of Earned Performance Units pursuant to Section 3, the Fair Market Value shall be determined as of the last day of the Performance Period;

(b) with respect to a payment in respect of Earned Performance Units where payment arises due to the termination of your employment with the Company or a Subsidiary during the Performance Period due to your death or Disability pursuant to Section 4(a), the Fair Market Value shall be determined as of the date your employment terminates due to death or Disability, as applicable;

(c) with respect to a payment in respect of Earned Performance Units where payment arises due to the termination of your employment with the Company or a Subsidiary during the Performance Period due to your Normal Retirement pursuant to Section 4(b), or due to your termination by the Company that is not a Termination for Cause or to your termination by you that is a Termination for Good Reason pursuant to Section 4(c), the Fair Market Value shall be determined as of the last day of the Performance Period;

(d) with respect to a payment based on the number of Performance Units that would have become Earned Performance Units in connection with a Change in Control

pursuant to Section 5, the Fair Market Value shall be determined as of the Change in Control Date.

12. Confidential Information and Nonsolicitation.

(a) As further consideration for the granting of the Performance Units hereunder, you hereby agree with the Company that, during and until three years following the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed, you will keep confidential all confidential or proprietary information and materials, as well as all trade secrets, belonging to the Company or one of its Subsidiaries, or their customers or other third parties who furnished such information, materials, and/or trade secrets to the Company or its Subsidiary with expectations of confidentiality ("Confidential Information"). Confidential Information shall not include information that (A) is already properly in the public domain or enters the public domain with the express consent of the Company, or (B) is intentionally made available by the Company to third parties without any expectation of confidentiality. Upon the termination of your employment relationship with the Company and each of its Subsidiaries by which you are employed, you promise to promptly return to the Company all Confidential Information, and all documents and materials (including electronically stored information) in your possession, custody or control that constitutes or reflects Confidential Information. Notwithstanding the foregoing, you may disclose information as may be required by law and may disclose information in confidence to your spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan, provided that you ensure that such spouse or advisor or institution treats the information confidentially and does not disclose such information or use it for his, her or its own benefit. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor militating against the advisability of granting any such future award to you. Such consideration shall be in addition to the rights and remedies available to the Company pursuant to paragraph (d) below. Notwithstanding any other provision of this Agreement, you will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (a) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. In addition, if you file a lawsuit for retaliation, you may disclose the Company's trade secrets to your attorney and use the trade secret information in the court proceeding if you: (a) file any document containing the trade secret under seal, and (b) do not disclose the trade secret, except pursuant to court order.

(b) As an incentive for the Company to issue you this Award, and in consideration of the Company's promise to provide you with Confidential Information and so as to protect the Company's legitimate business interests, including the protection of its Confidential Information and the goodwill with which you will be associated, and that this Award will encourage you to build, you agree that during your employment relationship with the Company and each of its Subsidiaries by which you are employed, and for a period of twelve (12) months immediately following the time that you are no longer employed by the Company or any of its Subsidiaries, you will not, directly or indirectly (i) solicit or encourage (or assist

another in soliciting or encouraging) any employee, contractor, consultant, supplier, or vendor of the Company or any of its Subsidiaries to terminate or lessen his, her or its relationship with the Company or any of its Subsidiaries, or (ii) on behalf of a Competitive Business, engage, employ, or solicit or contact for employment or engagement (or assist another in such activity) any employee of the Company or any of its Subsidiaries or any person who was an employee of the Company or any of its Subsidiaries at any time during the last twelve (12) months of your employment with the Company and any of its Subsidiaries (or, if you are employed by the Company and any of its Subsidiaries for less than twelve (12) months, those persons who were employees of the Company or any of its Subsidiaries during your employment with the Company and any of its Subsidiaries).

(c) You agree that the Company's substantial investments in its business interests, goodwill, and Confidential Information are worthy of protection, and that the Company's need for the protection afforded by this Section is greater than any hardship you might experience by complying with its terms. You further acknowledge and agree that the restrictions set forth in this Section are not adverse to the public interest. You further agree that the limitations as to time and scope of activity to be restrained contained herein are reasonable and are not greater than necessary to protect the Confidential Information, goodwill and other legitimate business interests of the Company. Although the Company and you believe the limitations as to time and scope of activity contained in this Section are reasonable and do not impose a greater restraint than necessary to protect the Company's legitimate business interests, if this is judicially determined not to be the case, the Company and you specifically request that the limitations contained in this Section be reformed to the extent necessary to make this Section enforceable.

(d) You acknowledge and agree that your violation or threatened or attempted violation of the covenants contained in this Section will cause irreparable harm to the Company and that money damages would not be sufficient remedy for any breach of this Section. You agree that the Company shall be entitled as a matter of right to specific performance of the covenants in this Section, including entry of an ex parte temporary restraining order in state or federal court, preliminary and permanent injunctive relief against activities in violation of this Section, or both, or other appropriate judicial remedy, writ or order, in any court of competent jurisdiction, restraining any violation or further violation of such agreements by you or others acting on your behalf, without any showing of irreparable harm and without any showing that the Company does not have an adequate remedy at law. Such remedies shall be in addition to all other remedies available to the Company at law and equity.

(e) Your obligations under this Section shall survive the termination of this Agreement and your employment, regardless of the reason for such termination.

(f) As a part of your employment by the Company, and in further consideration for the granting of this Award and by your acceptance of this Award in whole or in part, you accept and agree to be bound by the Company's Intellectual Property Policy (as the same may be modified, amended or replaced by the Company from time to time), including without limitation, (A) the Company's ownership of the worldwide right, title and interest in and to any and all Pioneer Intellectual Property; (B) your agreement to assign, and pursuant to the Company's Intellectual Property Policy and your acceptance of this Award you do hereby assign, to the Company all worldwide right, title and interest in and to all Pioneer Intellectual Property; and (C) your agreement to disclose in writing to the Company all Pioneer Intellectual Property and, upon request by the Company, to promptly produce and deliver to the Company all originals of materials embodying Pioneer Intellectual Property. The term, "Pioneer Intellectual Property,"

is defined in the Company's Intellectual Property Policy (and is incorporated herein by reference), and includes, without limitation, any and all creations, works and/or intellectual property (including but not limited to all tangible and intangible ideas and expressions of ideas whether or not the subject matter of copyright, confidential and non-confidential information, data, drawings, reports, programs, processes, analyses, business methods, computer programs, works of authorship, trademarks and service marks, improvements, discoveries and/or inventions whether or not patentable), and all of the intellectual property rights therein provided by the various legal systems throughout the world (including but not limited to trade secret rights, patent rights, trademark rights, and rights of copyright), that are conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression, and/or acquired by you, individually or jointly with others, during the time of your employment relationship with the Company, that pertain to the actual or anticipated business or activities of the Company or that are suggested by or result from any task or work by you for or on behalf of the Company, irrespective whether you are or were hired-to-invent such creations, works or intellectual property, or whether such creations, works or intellectual property were conceived, created, made, invented, developed, reduced to practice, reduced to a tangible medium of expression or acquired in the course or scope of your employment, or whether at home or not, or whether or not during business hours, or whether or not using the Company's time, facilities or resources. You may review the Company's Intellectual Property Policy at the Company's internal portal website, and obtain a copy by written request to the Company's Legal Department.

(g) Nothing in this Agreement or any other agreement between you and the Company (i) prevents you from exercising any rights that cannot be lawfully waived or restricted, (ii) prevents you from testifying at a hearing, deposition, or in court in response to a lawful subpoena or (iii) limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the United States Department of Justice, Congress, any agency Inspector General or any other federal, state or local governmental agency or commission ("Government Agencies"). Further, this Agreement does not limit (i) your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, or (ii) your right to receive an award from a Government Agency for information provided to any Government Agencies.

13. Payment of Taxes. The Company, in its discretion, may from time to time require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company) the amount that the Company deems necessary to satisfy the Company's or its Subsidiary's current or future obligation to withhold federal, state or local income or other taxes that you incur as a result of this Award, including without limitation with respect to any payment pursuant to Section 1(b) of this Agreement. With respect to any required tax withholding, unless another arrangement is permitted by the Company in its discretion (which discretion may not be delegated to management), the Company shall withhold from the shares of Common Stock to be issued to you the number of shares the Company determines is necessary to satisfy the Company's obligation to withhold taxes, that determination to be based on the shares' Fair Market Value, as defined in the Plan, at the time as of which such determination is made. In the event the Company subsequently determines that the aggregate Fair Market Value, as defined in the Plan, of any shares of Common Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then you shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

14. Right of the Company and Subsidiaries to Terminate Employment. Nothing contained in this Agreement shall confer upon you the right to continue in the employ of the

Company or any Subsidiary of the Company, or interfere in any way with the rights of the Company or any Subsidiary of the Company to terminate your employment at any time.

15. **No Liability for Good Faith Determinations**. Neither the Company nor the members of the Board and the Committee shall be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Performance Units granted hereunder.

16. **No Guarantee of Interests**. The Board and the Company do not guarantee the Common Stock of the Company from loss or depreciation.

17. **Company Records**. Records of the Company or its Subsidiaries regarding your period of employment, termination of employment and the reason therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

18. **Severability**. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

19. **Notices**. Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any such notice required or permitted to be delivered hereunder shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third Business Day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address which such person has theretofore specified by written notice delivered in accordance herewith. The Company or you may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices.

The Company and you agree that any notices shall be given to the Company or to you at the following addresses:

Company: Pioneer Natural Resources Company
Attn: Corporate Secretary
777 Hidden Ridge
Irving, Texas 75038

Holder: At your current address as shown in the Company’s records.

20. **Waiver of Notice**. Any person entitled to notice hereunder may waive such notice in writing.

21. **Successor**. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

22. **Headings**. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

23. **Governing Law**. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Delaware except to the extent Delaware law is preempted by federal law. The obligation of the Company to sell and deliver Common Stock hereunder is subject to applicable laws and to the approval of any

governmental authority required in connection with the authorization, issuance, sale, or delivery of such Common Stock.

24. **Execution of Receipts and Releases**. Any payment of cash or any issuance or transfer of shares of Common Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a waiver and release agreement and receipt therefor in such form as it shall determine.

25. **Section 409A**. You and the Company intend that any amounts or benefits payable or provided under this Agreement comply with the provisions of Section 409A of the Code and the treasury regulations relating thereto so as not to subject you to the payment of the tax, interest and any tax penalty which may be imposed under Code Section 409A. The provisions of this Agreement shall be interpreted in a manner consistent with such intent. In furtherance thereof, this Agreement may be amended for compliance with Code Section 409A as set forth in Section 26.

26. **Amendment**. This Agreement may be amended at any time unilaterally by the Company provided that such amendment is consistent with all applicable laws and does not reduce any rights or benefits you have accrued pursuant to this Agreement. This Agreement may also be amended at any time unilaterally by the Company to the extent the Company believes in good faith that such amendment is necessary or advisable to bring this Agreement into compliance with any applicable laws, including Section 409A of the Code.

27. **The Plan**. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan; provided, however, that notwithstanding anything to the contrary herein, any provision of this Agreement that is inconsistent with the provisions of Section 9(c), (e), and (f) of the Plan shall control over such provisions of the Plan.

28. **Agreement Respecting Securities Act of 1933**. You represent and agree that you will not sell the Common Stock that may be issued to you pursuant to your Performance Units except pursuant to an effective registration statement under the 1933 Act or pursuant to an exemption from registration under the 1933 Act (including Rule 144).

29. **No Shareholder Rights**. The Performance Units granted pursuant to this Agreement do not and shall not entitle you to any rights as a shareholder of Common Stock until such time as you receive shares of Common Stock pursuant to this Agreement. Your rights with respect to the Performance Units shall remain forfeitable at all times prior to the date on which rights become earned in accordance with this Agreement.

30. **Electronic Delivery and Acknowledgement**. No signature by you is required to accept the Award represented by this Agreement. By your acceptance of this Award, you are acknowledging that you have received and read, understood and accepted all the terms, conditions and restrictions of this Agreement and the Plan. The Company may, in its sole discretion, deliver any documents related to this Award and this Agreement, or other awards that have been or may be awarded under the Plan, by electronic means, including prospectuses, proxy materials, annual reports and other related documents, and the Company may, in its sole discretion, engage a third party to effect the delivery of these documents on its behalf and provide other administrative services related to this Award and the Plan. By your acceptance of the Award represented by this Agreement, you consent to receive such documents by electronic delivery and to the engagement of any such third party.

Appendix A

FREE CASH FLOW PERFORMANCE OBJECTIVE

As to one-half of this Award, the Performance Objective for the Performance Units shall be based upon the Company's Free Cash Flow ("***FCF***") per share. For this purpose, FCF is defined as operating cash flow, less changes in working capital, less announced capital (drilling, completions, capital-related projects, operations-related capital, and other PP&E (water)), including capital for exploration, ESG-related items, midstream-related expenditures, and other related capital expenditures, for the Performance Period, which shall be measured annually with respect to each calendar year within the Performance Period, with each such annual FCF per share averaged together over the three-year Performance Period to derive the "Average FCF/Share" for the Performance Period.

The Committee will determine the percentage of the Initial Performance Units earned for the Performance Period in accordance with the following table:

If the Average FCF/Share for the Performance Period is between two levels indicated in the foregoing table, the percentile amount earned under such schedule will be determined on the basis of a straight-line interpolation between such levels.

The percentage of the portion of Initial Performance Units earned during the Performance Period may be decreased or increased (but in no case resulting in a payout above 250% of the Initial Performance Units) by the Committee in its discretion to adjust for unusual items impacting free cash flow (such as unusual cash payments/receipts related to acquisitions or divestitures, or other extraordinary cash events), taking into account all factors the Committee deems relevant. For the sake of clarity, the Committee may increase the payout relating to the half of this Award that is subject to this Appendix A, so long as the payout under this half of the Award does not exceed 250% of the Initial Performance Units subject to this half of the Award.

Appendix B

RETURN ON CAPITAL EMPLOYED ("ROCE") PERFORMANCE OBJECTIVE

As to one-half of this Award, the Performance Objective for the Performance Units shall be based upon the Company's return on capital employed (ROCE) during the Performance Period, which shall be measured annually with respect to each calendar year within the Performance Period, with each such annual ROCE averaged together over the three-year Performance Period to determine the "Average ROCE" for the Performance Period. For this purpose, ROCE is defined as the Company's annual profit/loss adjusted for tax-effected interest expense and unusual items (i.e., property impairments, non-cash hedge gains/losses, gain/loss on asset divestitures, gain/loss on debt extinguishment, purchase accounting, etc.), divided by the sum of that year's average shareholder equity plus that year's average net debt. For purposes of any acquisition-related purchase accounting adjustments, the Committee will determine, at the time the acquisition is completed, any purchase accounting adjustments to the Average ROCE percentages for payout purposes for such calendar year and any years remaining in Performance Period. For purposes of determining the applicable payout percentage if a modification is made to Average ROCE for an acquisition, the percentage payout for each year within the Performance Period will be determined separately, and each such year's percent payout will be averaged to determine the percentage of the one half of the Initial Performance Units subject to this Appendix B earned for the Performance Period.

The Committee will determine the percentage of Initial Performance Units earned for the Performance Period in accordance with the following table:

If the Average ROCE for the Performance Period is between two levels indicated on the foregoing table, the percentile amount earned under such schedule will be determined on the basis of a straight-line interpolation between such levels.

The portion of the percentage of Initial Performance Units earned during the Performance Period may be decreased or increased (but in no case resulting in a payout above 250% of the Initial Performance Units) by the Committee in its discretion to adjust for unusual items, taking into account all factors the Committee deems relevant. For the sake of clarity, the Committee may increase the payout relating to the half of this Award that is subject to this Appendix B, so long as the payout under this half of the Award does not exceed 250% of the Initial Performance Units subject to this half of the Award.

TOTAL SHAREHOLDER RETURN MODIFIER

The Performance Objective modifier for the Performance Units shall be Total Shareholder Return ("***TSR***"), which means, as to the Company and each of the Peer Companies (as defined below), the annualized rate of return shareholders receive through stock price changes and the assumed reinvestment of dividends paid over the Performance Period. Dividends per share paid other than in the form of cash shall have a value equal to the amount of such dividends reported by the issuer to its shareholders for purposes of Federal income taxation. For purposes of determining the TSR for the Company and each of the Peer Companies, the change in the price of the Company's Common Stock and of the common stock of each Peer Company, as the case may be, shall be based upon (i) the average of the closing stock prices of the Company and such Peer Company on each trading day in the 60-day period preceding the start of the Performance Period ([__] through [__] (the "***Initial Value***") and (ii) the average of the closing stock prices of the Company and such Peer Company on each trading day in the 60-day period preceding the end of the Performance Period ([__] through [__]) (the "***Closing Value***") of the Performance Period. The Initial Value of the Common Stock to be used to determine Total Shareholder Return over the Performance Period is $[__] per share. Achievement with respect to this Performance Objective shall be determined based on the Company's relative ranking in respect of the Performance Period with regard to Total Shareholder Return as compared to Total Shareholder Return of the Peer Companies, and shall be determined in accordance with this Appendix C. Except as otherwise determined pursuant to the provisions of this Appendix C, a company shall be a "***Peer Company***" if it (i) is one of the companies listed below and (ii) has a class of common equity securities listed to trade on a U.S. national securities exchange and registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "***1934 Act***"), during each day of the Performance Period; provided that, if a Peer Company ceases to be a publicly traded company at any time during the Performance Period due to or following bankruptcy, such company shall remain a Peer Company but shall be deemed to have a Total Shareholder Return of negative 100% (-100%).

Determination of TSR Modifier

Peer Companies:

TSR will be used to modify the payout schedule determined in accordance with Appendices A and B, without exceeding a 250% payout, in accordance with the following table:
The applicable percentage under the TSR Modifier shall be applied to decrease or increase, as applicable, the payout schedule determined in accordance with Appendices A and B, to be applied to each half your Award after first determining the Earned Performance Units resulting from the half of your Award relating to the FCF Performance Objectives and the half of your Award relating to the ROCE Performance Metrics. By way of example, if the Company's TSR ranking is 1, then your Earned Performance Units shall equal 125% of the amounts derived from the payout schedules determined pursuant to Appendices A and B (on an individual basis), and if the Company's TSR ranking is 8, only 90% of the amounts derived from the payout schedules determined pursuant to Appendices A and B (on an individual basis) shall be treated as Earned Performance Units. Notwithstanding anything to the contrary in this Agreement, the TSR Modifier to be applied and/or the percentage of Initial Performance Units earned during the Performance Period may be decreased or increased (but in no case resulting in a payout above 250% of the Initial Performance Units) by the Committee in its discretion, taking into account all factors the Committee deems relevant, including but not limited to, changes to the Peer Group occurring during the Performance Period, anomalies in trading during the applicable trading days, a Change in Control of the Company, or other business performance matters. In its discretion, in the event that the Committee determines that an adjustment to the Peer Group is necessary or desirable to continue to reflect an appropriate Peer Group for this Award, the Committee may take the following actions: delete individual peer companies; provide a related adjustment in the ranking percentages at any time during the Performance Period; make an adjustment to reflect that an individual peer is no longer publicly traded or is determined by the Committee to no longer be a peer of the Company (for example, due to a peer being in the process of being acquired or having been acquired); or to reflect any other significant event.

SCHEUDLE 1

The document to which this Schedule I is attached is the form of Performance Unit Award Agreement between the Company and Scott Sheffield. The form of Performance Unit Award Agreement between the Company and other executive officers varies from this form by modifying paragraph (c) of Section 4 to provide in its entirety as follows:

(c) Termination Without Cause or Termination For Good Reason. In the event that your employment with the Company and each of its Subsidiaries by which you are employed is terminated during the Performance Period (x) by the Company and such Subsidiaries and such termination is not a Termination for Cause or (y) by you and such termination is a Termination for Good Reason (as each such term is defined in the Termination Agreement), you shall be deemed to have earned, as of the end of the Performance Period, that number of Performance Units equal to the product of (i) the number of Earned Performance Units that you would have earned in accordance with Section 2 had you remained employed through the end of the Performance Period multiplied by (ii) the Pro-Ration Fraction. Any portion of the Performance Units that cannot become earned and payable in accordance with the preceding sentence shall terminate and automatically be cancelled as of the date of your termination of employment. Any portion of your Performance Units that is eligible to be earned pursuant to the second preceding sentence, but is not earned as of the end of the Performance Period, shall terminate and be cancelled upon the expiration of such Performance Period.

Exhibit 10.26H

PIONEER NATURAL RESOURCES COMPANY
EMPLOYEE STOCK PURCHASE PLAN

(Amended and Restated Effective as of December 1, 2022)

PIONEER NATURAL RESOURCES COMPANY
EMPLOYEE STOCK PURCHASE PLAN

(Amended and Restated Effective as of December 1, 2022)

This Amended and Restated PIONEER NATURAL RESOURCES COMPANY EMPLOYEE STOCK PURCHASE PLAN (this "Plan") is made and executed by Pioneer Natural Resources Company, a Delaware Corporation (the "Company").

W I T N E S S E T H T H A T:

WHEREAS, the Pioneer Natural Resources Company Employee Stock Purchase Plan was adopted by the Board of Directors of the Company (the "Board") and approved by the stockholders of the Company on August 7, 1997;

WHEREAS, the Company has amended and restated the Plan on several occasions to incorporate prior amendments and make certain changes; and

WHEREAS, the Company now desires to again amend and restate the Plan to make certain other changes.

NOW, THEREFORE, in consideration of the premises and pursuant to the authority reserved thereunder, the Pioneer Natural Resources Company Employee Stock Purchase Plan is hereby amended by restatement in its entirety, effective as of December 1, 2022, to read as follows:

1. **Purpose**. The purpose of the Plan is to provide eligible employees with an incentive to advance the interests of the Company by affording an opportunity to purchase stock of the Company at a favorable price.

2. **Administration Of The Plan**. The Plan shall be administered by a committee of, and appointed by, the Board (the "Committee"). Subject to the provisions of the Plan, the Committee shall interpret and construe the Plan and all options granted under the Plan; shall make such rules as it deems necessary for the proper administration of the Plan; shall make all other determinations necessary or advisable for the administration of the Plan, including the determination of eligibility to participate in the Plan and the amount of a Participant's (as defined in subparagraph 6(b)) option under the Plan; and shall correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any option granted under the Plan in the manner and to the extent that the Committee deems desirable to carry the Plan or any option into effect. The Committee shall, in its sole discretion exercised in good faith, make such decisions or determinations and take such actions as it deems appropriate; and all such decisions, determinations and actions taken or made by the Committee pursuant to this and the other paragraphs of the Plan shall be conclusive on all parties. For the avoidance of doubt, the Committee may appoint agents to assist it in administering this Plan, and may delegate to one or more officers or managers of the Company or any subsidiary, or committees thereof, the authority, subject to such terms as the Committee may determine, to perform such functions of the Committee under the Plan, including administrative functions, as the Committee may

determine. The Committee shall not be liable for any decision, determination or action taken in good faith in connection with the administration of the Plan.

3. **Participating Companies**. Each present and future parent or subsidiary corporation of the Company (within the meaning of Sections 424(e) and (f) of the Internal Revenue Code of 1986, as amended (the "Code")) that is eligible by law to participate in the Plan shall be a "Participating Company" during the period that such corporation is such a parent or subsidiary corporation; provided, however, that the Committee may at any time and from time to time, in its sole discretion, terminate a Participating Company's Plan participation; provided, further however, that any foreign parent or subsidiary corporation of the Company shall be eligible to participate in the Plan only upon approval of the Board or the Committee. Any Participating Company may, by appropriate action of its board of directors, terminate its participation in the Plan. Transfer of employment among the Company and Participating Companies (and among any other parent or subsidiary corporation of the Company) shall not be considered a termination of employment hereunder.

4. **Eligibility**. All employees, other than officers, of the Company and the Participating Companies who have been employed by the Company or any Participating Company (including any predecessor company) since the first day of the month that precedes the applicable date of grant (defined below) (including any authorized leave of absence meeting the requirements of Treasury Regulation § 1.421 -1(h)(2)) and who are customarily employed at least 20 hours per week and at least five (5) months per year shall be eligible to participate in the Plan; provided, however, that no option shall be granted to an employee if such employee, immediately after the option is granted, owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of its parent or subsidiary corporation (within the meaning of Sections 423(b)(3) and 424(d) of the Code) ("Eligible Employee"). By way of example, if the date of grant is January 1 of a year, an employee must have been employed by the Company or a Participating Company since December 1 of the prior calendar year and otherwise meet the conditions set forth in the Plan in order to be an Eligible Employee. Employees who are residents of a foreign jurisdiction (without regard to whether they are also citizens of the United States or resident aliens within the meaning of Section 7701(b)(1)(A) of the Code) may be excluded from an offering if (1) the grant of an option under the offering to a citizen or resident of the foreign jurisdiction is prohibited under the laws of such jurisdiction or (2) compliance with the laws of the foreign jurisdiction would cause the offering to violate the requirements of Section 423 of the Code.

5. **Stock Subject To the Plan**.

a. Subject to the provisions of paragraph 12 (relating to adjustment upon changes in stock), the aggregate number of shares of the authorized common stock, par value $.01 per share, of the Company (the "Stock") which may be sold pursuant to options granted under the Plan shall not exceed 2,500,000, less the total number of shares sold under the Plan from the adoption of the Plan through the effective date of this amendment and restatement of the Plan. Such shares may be unissued shares, reacquired shares, or shares bought on the market for purposes of the Plan. Should any option granted under the Plan expire or terminate prior to its exercise in full, the shares theretofore subject to such option may again be subject to an option granted under the

Plan. Any shares which are not subject to outstanding options upon the termination of the Plan shall cease to be subject to the Plan.

b. The number of shares which a Participant may purchase under the Plan on the exercise date may be reduced if the offering is over-subscribed. No option granted under the Plan shall permit a Participant to purchase shares which, if added together with the total number of shares purchased by all other Participants in such offering would exceed the total number of shares remaining available under the Plan. If the Committee determines that, on a particular exercise date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as practicable and as the Committee determines to be equitable.

6. **Grant of Options**.

a. *General Statement*; *“Date of Grant*;*” “Option Period*;*” “Date Of Exercise*.” Upon the effective date of the Plan and continuing while the Plan remains in force, the Company shall offer options under the Plan to all Eligible Employees to purchase shares of Stock. Except as otherwise determined by the Committee, these options shall be granted on January 1, 2008, and, thereafter, on the first day of January of each subsequent year (each of which dates is herein referred to as a “date of grant”). The term of each option granted shall be for a period of eight (8) months beginning on date of grant and ending on August 31 (each such 8-month period is herein referred to as an “option period”). The last day of each option period is herein referred to as a “date of exercise.” The Committee shall have the authority to change the duration, frequency, start and end dates of option periods. The number of shares subject to each option shall be the quotient of the sum of the payroll deductions withheld on behalf of each Participant in accordance with subparagraph 6(b), the payments made by such Participant pursuant to subparagraph 6(f) during the option period and any amount carried forward from the preceding option period pursuant to subparagraph 7(a), divided by the “option price” (defined in subparagraph 7(b)) of the Stock, excluding all fractions; *provided*, *however*, that the maximum number of shares that may be subject to any option may not exceed one thousand (1,000) (subject to adjustment as provided in paragraph 12).

b. *Election to Participate*; *Payroll Deduction Authorization*. Except as provided in subparagraph 6(f), an Eligible Employee may participate in the Plan only by means of payroll deduction. Except as provided in subparagraph 6(g), each Eligible Employee who elects to participate in the Plan (each such participating Eligible Employee being a “Participant”) shall deliver to the Company, in accordance with the enrollment procedures established by the Committee, a payroll authorization form, which may be electronic, whereby he gives notice of his election to participate in the Plan as of the next following date of grant, and whereby he designates an integral percentage or specific amount of his “eligible compensation” (as defined in subparagraph 6(d)) to be deducted from his compensation for each pay period and credited to a book entry account established in his name. The Company shall maintain records of all payroll deductions but shall have no obligation to pay interest on payroll deductions or to hold such amounts in a trust or in any segregated account. The designated percentage or specific amount

may not result in a deduction during any payroll period of an amount less than $20.00. The designated percentage or specific amount may not exceed an amount which will result in noncompliance with the $25,000 limitation stated in subparagraph 6(e).

c. *Changes in Payroll Authorization*. Except as provided in subparagraph 8(a), the payroll deduction authorization referred to in subparagraph 6(b) may not be changed during the option period. A Participant may change his rate of payroll deductions for future options periods by submitting a new payroll authorization form as provided under subparagraph 6(b) at least thirty (30) days prior to the beginning of the option period.

d. *"Eligible Compensation" Defined*. The term "eligible compensation" means "Basic Compensation" as defined under the Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan, as amended or restated from time to time.

e. *$25,000 Limitation*. No Eligible Employee shall be granted an option under the Plan to the extent such grant would permit him to purchase Stock under the Plan and under all other employee stock purchase plans of the Company and its parent and subsidiary corporations (as such terms are defined in Section 424(e) and (f) of the Code) to accrue at a rate which exceeds $25,000 of the Fair Market Value of Stock (defined in subparagraph 7(b)) (determined at the time the option is granted) for each calendar year in which any such option granted to such employee is outstanding at any time (within the meaning of Section 423(b)(8) of the Code).

f. *Leaves of Absence*. During a paid leave of absence approved by the Company and meeting the requirements of Treasury Regulation § 1.421-1(h)(2), a Participant's elected payroll deductions shall continue. If a Participant takes an unpaid leave of absence that is approved by the Company or a Participating Company and meets the requirements of Treasury Regulation § 1.421-1(h)(2), then such Participant may continue participation in the Plan by cash payments to the Company on his normal pay days equal to the reduction in his payroll deductions caused by his leave. If a Participant on such leave fails to make such payments, or if a Participant takes a leave of absence that is not described in the preceding provisions of this subparagraph 6(f), then the Committee shall determine whether the Participant shall be considered to have withdrawn from the Plan pursuant to the provisions of paragraph 8 hereof or whether the Participant's payroll deductions shall remain subject to the Plan and used to exercise options on the next following date of exercise.

g. *Continuing Election*. Unless a Participant is notified to the contrary, a Participant (i) who has elected to participate in the Plan pursuant to subparagraph 6(b) as of a date of grant and (ii) who takes no action to change or revoke such election as of the next following date of grant and/or as of any subsequent date of grant prior to any such respective date of grant and who has not terminated employment or otherwise become ineligible to participate in the Plan, shall be deemed to have made the same election, including the same attendant payroll deduction authorization, for such next following and/or subsequent date(s) of grant as was in effect for the date of grant for which he made such election to participate. A Participant who wants to discontinue participation in the Plan for a subsequent option period shall deliver to the Company a notice of withdrawal

pursuant to paragraph 8 at least thirty (30) days prior to the beginning of the option period.

7. **Exercise of Options**.

a. *General Statement*. Each Eligible Employee who is a Participant in the Plan, automatically and without any act on his part, shall be deemed to have exercised his option on each date of exercise to the extent that the cash balance then in his account under the Plan is sufficient to purchase at the "option price" (as defined in subparagraph 7(b)) whole shares of Stock. Fractional shares are not permitted under the Plan. Any balance remaining in his account after payment of the purchase price of those whole shares may, at the discretion of the Company, either be refunded to him as soon as practicable after each date of exercise, or carried forward and used towards the purchase of whole shares in the next following option period.

b. *"Option Price" Defined*. The option price per share of Stock to be paid by each Eligible Employee on each exercise of his option shall be an amount equal to the lesser of 85% of the Fair Market Value of the Stock on the date of exercise or on the date of grant. For all purposes under the Plan, the "Fair Market Value" of a share of Stock means, for a particular day:

i. If shares of Stock of the same class are listed or admitted to unlisted trading privileges on any national or regional securities exchange at the date of determining the Fair Market Value, then the last reported sale price, regular way, on the composite tape of that exchange on that business day or, if no such sale takes place on that business day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to unlisted trading privileges on that securities exchange or, if no such closing prices are available for that day, the last reported sale price, regular way, on the composite tape of that exchange on the last business day before the date in question; or

ii. If shares of Stock of the same class are not listed or admitted to unlisted trading privileges as provided in subparagraph (i) and if sales prices for shares of Stock of the same class in the over-the-counter market are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. ("NASDAQ") National Market System (or a similar system then in use) at the date of determining the Fair Market Value, then the last reported sales price so reported on that business day or, if no such sale takes place on that business day, the average of the high bid and low asked prices so reported or, if no such prices are available for that day, the last reported sale price so reported on the last business day before the date in question; or

iii. If shares of Stock of the same class are not listed or admitted to unlisted trading privileges as provided in subparagraph (i) and sales prices for shares of Stock of the same class are not reported by the NASDAQ National Market System (or a similar system then in use) as provided in subparagraph (ii),

and if bid and asked prices for shares of Stock of the same class in the over-the-counter market are reported by NASDAQ (or, if not so reported, by the National Quotation Bureau Incorporated) at the date of determining the Fair Market Value, then the average of the high bid and low asked prices on that business day or, if no such prices are available for that day, the average of the high bid and low asked prices on the last business day before the date in question; or

iv. If shares of Stock of the same class are not listed or admitted to unlisted trading privileges as provided in subparagraph (i) and sales prices or bid and asked prices therefor are not reported by NASDAQ (or the National Quotation Bureau Incorporated) as provided in subparagraph (ii) or subparagraph (iii) at the date of determining the Fair Market Value, then the value determined in good faith by the Committee, which determination shall be conclusive for all purposes; or

v. If shares of Stock of the same class are listed or admitted to unlisted trading privileges as provided in subparagraph (i) or sales prices or bid and asked prices therefor are reported by NASDAQ (or the National Quotation Bureau Incorporated) as provided in subparagraph (ii) or subparagraph (iii) at the date of determining the Fair Market Value, but the volume of trading is so low that the Board of Directors determines in good faith that such prices are not indicative of the fair value of the Stock, then the value determined in good faith by the Committee, which determination shall be conclusive for all purposes notwithstanding the provisions of subparagraphs (i), (ii) or (iii).

c. *Delivery of Stock*. As soon as reasonably practicable after each date of exercise, the Company shall deposit into each Participant’s brokerage account maintained for the purposes of holding Stock under this Plan and other employee benefit plans of the Company, the number of whole shares of Stock purchased by such Participant upon exercise of his or her options granted hereunder. Except as provided in the immediately following sentence, shares of Stock purchased upon exercise of options granted hereunder shall be uncertificated and evidenced by book entry into the brokerage accounts described above. Upon written request made by any Participant to the Company, the Company shall arrange, as soon as practicable after receipt of any such request, to deliver to such Participant a certificate representing any or all such uncertificated shares of Stock. In the event the Company is required to obtain from any commission or agency authority to issue any shares of Stock hereunder, the Company shall seek to obtain such authority. Inability of the Company to obtain from any such commission or agency authority which counsel for the Company deems necessary for the lawful issuance of any shares of Stock shall relieve the Company from liability to any Participant in the Plan except to return to the Participant the amount of the balance in the Participant’s account. The Company may cause any Stock certificates issued in connection with the exercise of options under the Plan to bear such legend or legends, and the Company may take such other actions, including restrictions on transfer, as it deems appropriate in order to reflect the provisions of this subparagraph 7(c) and to assure compliance with applicable securities laws. Neither the Company nor the Committee shall have any liability with respect to a delay in the delivery of Stock or a certificate pursuant to this subparagraph 7(c).

8. **Withdrawal from the Plan**.

a. *General Statement*. Any Participant may withdraw in whole from the Plan at any time prior to 30 days before the exercise date relating to a particular option period. Partial withdrawals shall not be permitted. A Participant who wishes to withdraw from the Plan must timely deliver to the Company, in accordance with the withdrawal procedures established by the Committee, a notice of withdrawal, which may be electronic. The Company, promptly following the time when the notice of withdrawal is delivered, shall refund to the Participant the amount of the cash balance in his account under the Plan; and thereupon, automatically and without any further act on his part, his payroll deduction authorization and his interest in unexercised options under the Plan shall terminate. If a Participant withdraws prior to the exercise date relating to a particular option period, no further payroll deductions will be withheld during any succeeding option period unless the Participant re-enrolls in accordance with subparagraph 6(b).

b. *Eligibility Following Withdrawal*. A Participant who withdraws from the Plan shall not be eligible to participate in the Plan during the then-current option period (if any), but shall be eligible to participate again in the Plan in a subsequent option period (provided that he is otherwise an Eligible Employee at such time) if he re-enrolls in accordance with subparagraph 6(b).

9. **Termination of Employment**. If the employment of a Participant terminates for any reason whatsoever, his participation in the Plan automatically and without any act on his part shall terminate as of the date of the termination of his employment. The Company shall refund to him the amount of the cash balance in his account under the Plan, and thereupon his interest in unexercised options under the Plan shall terminate.

10. **Restriction Upon Assignment of Option**. An option granted under the Plan shall not be pledged, assigned or transferred or otherwise disposed of in any way (other than by will or the laws of descent and distribution). Each option shall be exercisable only by the Participant to whom granted during such Participant's lifetime. The Company shall not recognize and shall be under no duty to recognize any assignment or purported assignment by a Participant of his option or of any rights under his option, and any such attempt may be treated by the Company as an election to withdraw from the Plan the notice for which has been delivered to the Company.

11. **No Rights of Stockholder Until Stock Issued**. With respect to shares of Stock subject to an option, a Participant shall not be deemed to be a stockholder, and he shall not have any of the rights or privileges of a stockholder, until (a) shares of Stock are deposited into his brokerage account, as described in subparagraph 7(c) hereof, or (b) a certificate for shares of Stock is issued on his behalf, whichever occurs first.

12. **Adjustments Upon Changes in Stock**.

a. *Adjustments Upon Changes in Capitalization*. In the event of any change in the number or kind of outstanding shares of Stock subject to options hereunder effected without receipt of consideration therefor by the Company, by reason of a stock dividend, stock split, combination, exchange of shares or other recapitalization, merger,

or otherwise, in which the Company is the surviving corporation, an appropriate and proportionate adjustment shall be made in the number or kind of shares as to which options are or may be granted hereunder. A corresponding adjustment changing the number or kind of shares allocated to unexercised options or portions thereof, which shall have been granted prior to any such change, shall likewise be made. Any such adjustment, however, in the outstanding options shall be made without change in the total price applicable to the unexercised portion of the option but with a corresponding adjustment, if appropriate, in the price for each share of Stock covered by the option. In the event of a dispute concerning such adjustment, the decision of the Committee shall be conclusive. The number of shares subject to any option granted hereunder shall be automatically reduced by any fraction included therein which results from any adjustment made pursuant to this Section 12(a).

b. *Adjustments Upon Change of Control*. Further, in the event of a Change of Control (as defined below) of the Company, the Committee shall, at its option,(i) substitute for the shares of the Company subject to the unexercised portions of such outstanding options an appropriate number of shares of each class of stock or other securities of the reorganized or merged or consolidated corporation which were distributed to the stockholders of the Company with respect to the same class of shares of the Company (or, as appropriate, in the case of an acquisition of the Company by another corporation, substitute the shares of the acquiring corporation for the shares of the Company); or (ii) cancel all such options as of the effective date of any such transaction by giving notice to each holder thereof or his personal representative of its intention to do so and by permitting the holders thereof to exercise of all such outstanding options, without regard to any other provisions of the Plan, during the 30-day period immediately preceding such effective date; or (iii) allow the options granted under the Plan to remain outstanding without any modifications or amendments.

c. *Change of Control Defined*. For purposes of subparagraph 12(b) of the Plan, a "Change of Control" means an event that constitutes a "change in control" as defined in the Company's Amended and Restated 2006 Long-Term Incentive Plan, as subsequently amended from time to time; or if any successor or subsequent equity incentive plan is adopted by the Company, "Change in Control" means an event that constitutes a "change in control" under such successor or subsequent plan, as amended from time to time; *provided*, *however*, that any amendment to such definition or definition in a successor or subsequent plan shall not be applied in determining the definition of Change in Control under this Plan, with respect to any rights applicable to the option period during which the revision to the definition occurs, unless such amended or alternate definition operates at least as favorably to the affected Participant in all relevant respects as the definition of Change in Control prior to such amendment.

13. **Use of Funds; No Interest Paid**. All funds received or held by the Company under the Plan shall be included in the general funds of the Company free of any trust or other restriction, and may be used for any corporate purpose. No interest shall be paid to any Participant or credited to his account under the Plan.

14. **Term of the Plan**. This amended and restated version of the Plan shall be effective as of December 1, 2022. If not sooner terminated under the provisions of paragraph 15, the Plan shall terminate upon and no further options shall be granted after December 31, 2041.

15. **Amendment, Suspension or Termination of the Plan**. The Board in its discretion may terminate the Plan at any time with respect to any shares for which options have not theretofore been granted. The Board shall have the right to alter or amend the Plan or any part thereof from time to time. The Board may suspend the operation of the Plan for any period as it may deem advisable by determining not to commence a new offering period following any exercise date; provided, that the Board may subsequently determine to end any suspension period and commence a new offering period, subject to and to the extent permitted by the requirements of applicable laws or regulatory guidance, including Section 423 of the Code and the terms of the Plan. However, no amendment or suspension shall change any option theretofore if such change would impair the rights of the Participant without the consent of such Participant. The Board may not make any alteration or amendment which would increase the aggregate number of shares which may be issued pursuant to the provisions of the Plan (other than as a result of the anti-dilution provisions of the Plan), change the class of individuals eligible to receive options under the Plan, extend the term of the Plan, cause options issued under the Plan to fail to meet the requirements for employee stock purchase plans as defined in Section 423 of the Code, or otherwise modify the requirements as to eligibility for participation in the Plan without the approval of the stockholders of the Company.

16. **Securities Laws**. The Company shall not be obligated to issue any Stock pursuant to any option granted under the Plan at any time when the shares covered by such option have not been registered under the Securities Act of 1933, as amended, and such other state and federal laws, rules or regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules or regulations available for the issuance and sale of such shares. Further, all Stock acquired pursuant to the Plan shall be subject to the Company's policy or policies, if any, concerning compliance with securities laws and regulations, as the same may be amended from time to time.

17. **No Restriction on Corporate Action**. Nothing contained in the Plan shall be construed to prevent the Company or any subsidiary from taking any corporate action which is deemed by the Company or such subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any subsidiary as a result of any such action.

18. **Withholding**. To the extent required by applicable federal, state or local law, a Participant must make arrangements satisfactory to the Company for the payment of any withholding or similar tax obligations that arise in connection with the Plan.

19. **Notice of Disqualifying Dispositions**. Each Participant shall give the Company prompt written notice of any disposition or other transfer of shares of Common Stock acquired pursuant to the exercise of an option acquired under the Plan, if such disposition or transfer is made within two years after the date of grant or within one year after the exercise date.

20. **Applicable Law**. The laws of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of the Plan, without regard to such state's conflict of law rules.

21. **General Provisions.**

a. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, all Eligible Employees who are granted options under the Plan shall have the same rights and privileges.

b. Neither the Plan nor any compensation paid hereunder will confer on any Participant the right to continue as an Employee or in any other capacity.

c. The Plan shall be binding on the Company and its successors and assigns.

d. This Plan constitutes the entire plan with respect to the subject matter hereof and supersedes all prior plans with respect to the subject matter hereof.

e. The Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Any provision of the Plan that is inconsistent with Section 423 of the Code shall be reformed to comply with Section 423.

f. If any provision of the Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed as if such invalid or unenforceable provision were omitted.

EXECUTED effective December 1, 2022.

PIONEER NATURAL RESOURCES COMPANY

By: /s/ Mark Kleinman
Mark Kleinman, Executive Vice President
and General Counsel

Exhibit 10.39 H

AMENDMENT NO. 10
TO THE PIONEER NATURAL RESOURCES COMPANY
EXECUTIVE DEFERRED COMPENSATION PLAN
(Amended and Restated Effective January 1, 2009)

WHEREAS, pursuant to the provisions of Section 11.4 thereof, the Pioneer Natural Resources Company Executive Deferred Compensation Plan (Amended and Restated Effective January 1, 2009, and as further amended to date) (the "***Plan***") may be amended from time to time;

WHEREAS, the Company now desires to amend the Plan to modify the salary levels applicable to the definition of an "Eligible Employee" within Section 2.1 of the Plan; and

WHEREAS, the Company desires the amendments below to become effective November 1, 2022 (the "***Effective Date***") in order for all potential individuals that may become eligible to participate in the plan for the 2023 Plan Year to be determined eligible (or not) for the Plan pursuant to this newly amended definition prior to the election deadlines that will be applicable for the 2023 Plan Year.

NOW, **THEREFORE**, the Plan shall be amended as follows:

Section 2.1(o) of the Plan shall be amended and restated in its entirety as follows:

"***Eligible Employee***" means any individual employed by a Company who is (i) an officer of the Company or (ii) a member of a select group of management or highly compensated employees (A) designated by the Plan Administrator from time to time as being eligible to participate in the Plan, (B) whose designated grade level is at least grade 23 in the Company's general salary grade structure or an equivalent grade in the specialized grade structure, as determined by the Plan Administrator and (C) whose annual rate of Basic Compensation is $225,000 or above; *provided*, *however*, that the individuals who became Members during or prior to the 2022 Plan Year shall be defined by the "Eligible Employee" definition that was set forth in the Plan as of the date that the individual became a Member. An Eligible Employee shall remain an Eligible Employee notwithstanding any reduction in his or her annual rate of Basic Compensation below the applicable minimum under clause (ii)(B) of this subsection; *provided*, *however*, that the Plan Administrator in its discretion may withdraw an individual's designation as an Eligible Employee under clause (ii) at any time and for any reason effective with respect to any subsequent Plan Year.

[*Signature Page Below*]

IN WITNESS WHEREOF, this Amendment No. 10 has been executed on this 15th day of November, 2022, to be effective as of the Effective Date.

PIONEER NATURAL RESOURCES COMPANY

By: _____/s/Tyson L. Taylor_____________________
Tyson L. Taylor
Senior Vice President, Human Resources and Communications

EXHIBIT 10.70H

PIONEER NATURAL RESOURCES COMPANY
AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT

This Amended and Restated Change in Control Agreement (***"Agreement"***) is entered into, as of February 8, 2023**,** among Pioneer Natural Resources Company, a Delaware corporation (***"Parent"***), Pioneer Natural Resources USA, Inc., a Delaware corporation that is a wholly-owned subsidiary of Parent (***"Employer"***), and [___] (***"Employee"***). As henceforth used in this Agreement, the term ***"Company"*** shall be deemed to include Parent and its direct or indirect majority-owned subsidiaries.

Recitals

Parent and Employer acknowledge that Employee possesses skills and knowledge instrumental to the successful conduct of the Company's business. Parent and Employer are willing to enter into this Agreement with Employee in order to better ensure themselves of access to the continued services of Employee both before and after a Change in Control.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. ***Term***. The term of this Agreement shall commence on the date indicated above (the ***"Effective Date"***) and end on September 30, 2023. Thereafter, on the date on which the term of this Agreement (as it may be extended from time to time under this paragraph 1) would otherwise expire, so long as Employee is still an employee of the Company on such date, such term will be automatically extended for 12 months, unless Parent shall have provided written notice to Employee at least 6 months before the date that the term would otherwise expire that it does not want the term to be extended. Parent may deliver a conditional notice of non-renewal that will be effective only if Employee does not agree, within the time period specified by Parent, to any amendment or modification of this Agreement that Parent shall request be executed as a condition to allowing the term hereof to be extended. Notwithstanding the foregoing, and regardless of whether Parent has theretofore delivered a notice of non-renewal and/or sought agreement from Employee to amendments to this Agreement, if a Potential Change in Control or a Change in Control occurs during the term hereof, the term of this Agreement shall be automatically extended to the second anniversary of the date on which the Change in Control occurs (the ***"Change in Control Date"***); *provided, however, that* if no Change in Control has occurred prior to the first anniversary of the occurrence of a Potential Change in Control and the Board of Directors of Parent (the ***"Board"***), acting in good faith, thereafter adopts a resolution that such Potential Change in Control will not result in the occurrence of a Change in Control, the term of this Agreement shall expire on a date specified by the Board not earlier than the first anniversary of the adoption of such resolution (unless otherwise extended pursuant to the second sentence of this paragraph 1).

2. ***Operation of Agreement***. Except as expressly provided below, no benefits shall be payable under this Agreement if Employee is not employed by the Company on the Change in Control Date. Notwithstanding anything else contained herein to the contrary, if Employee's employment is terminated (a) by the Company and such termination is not a Termination for Cause and (b) after the occurrence of a Potential Change in Control but prior to a Change in Control and a Change in Control occurs within 12 months after such termination, Employee shall be deemed, solely for purposes of determining Employee's rights under this Agreement, to have remained employed until the Change in Control Date and to have been terminated by the Company without cause immediately thereafter; *provided, however, that*, in such case, the Separation Payment payable hereunder shall be reduced by the amount of any other cash severance benefits theretofore paid to Employee in connection with such termination. If Employee is still an employee of the Company on the Change in Control Date, or Employee is deemed, for purposes of this Agreement, to continue to be in the employ of the Company until the Change in Control Date pursuant to the immediately preceding sentence, upon the occurrence of a Change in Control this Agreement shall supersede any other individual agreement between Parent and Employer and Employee, the primary purpose of which is to provide Employee the right to receive severance benefits and certain other benefits ancillary to such severance benefits in connection with the termination of Employee's employment (the "***Severance Agreement***"), subject, if applicable, to the offset set forth in the immediately preceding sentence.

3. ***Certain Definitions***. As used in this Agreement, the following terms shall have the meanings set forth below:

"Accrued Obligations" shall mean any vested amounts or benefits owing to Employee under any of the Company's employee benefit plans and programs in which Employee has participated, including any compensation previously deferred by Employee (together with any accrued earnings thereon) and not yet paid.

"Base Salary" shall mean Employee's annualized base salary at the rate in effect at the relevant date or event as reflected in Employer's regular payroll records.

"Change in Control" shall mean an event that constitutes a "change in control" as defined in Parent's LTIP, except that, solely for purposes of determining whether Employee is eligible for benefits under this Agreement due to a termination of employment occurring after a Potential Change in Control, but prior to the occurrence of a Change in Control, an event shall only constitute a Change in Control if it both qualifies as such under Parent's LTIP and is a change in the ownership or effective control or in the ownership of a substantial portion of the assets of the Parent for purposes of Section 409A of the Code. Any modification to the definition of "change in control" in Parent's LTIP (including by virtue of the adoption by the Parent of a successor plan thereto setting forth a modified definition of "change in control") adopted after the Effective Date shall

apply for purposes of this Agreement, except that any modification to such definition adopted on or after, or within 180 days prior to, a Change in Control or Potential Change in Control shall not apply in determining the definition of such term under this Agreement unless such amendment is favorable to Employee.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended, or any successor provision thereto.

"**Date of Termination*****"*** shall mean

(1) In the case of a termination for which a Notice of Termination is required, the date of receipt of such Notice of Termination or, if later, the date specified therein; and

(2) In all other cases, the actual date on which Employee's employment terminates;

provided, however, that if Employee continues to provide or, in the 12 month period following such termination of employment, Employee is expected to provide, sufficient services that, under the Parent's written and generally applicable policies regarding what constitutes a "separation from service" for purpose of Section 409A of the Code, Employee does not incur a separation of service for purposes of such Section 409A on the date of termination, Employee's Date of Termination for purposes of this Agreement shall be the date on which such Employee incurs a separation from service under such policies.

"Disability" shall mean Employee's physical or mental impairment or incapacity of sufficient severity such that

(1) In the opinion of a qualified physician selected by Parent with the consent of Employee or Employee's legal representative (which consent shall not be unreasonably withheld), after taking into account all reasonable accommodations that the Company has made or could make, Employee is unable to continue to perform Employee's duties and responsibilities as an employee of the Company; and

(2) Employee's condition entitles Employee to long-term disability benefits under any employee benefit plan maintained by the Company or any of its affiliates that are at least comparable to those made available to Employee by the Company prior to the Change in Control.

For purposes of subparagraph (1) of this definition, Employee agrees to provide such access to Employee's medical records and to submit to such physical examinations and

medical tests as, in the opinion of the physician selected by Parent, is reasonably necessary to make the determination required as to Employee's ability to perform Employee's duties and responsibilities.

"Earned Salary" shall mean the Base Salary earned by Employee, but unpaid, through Employee's Date of Termination.

"Normal Retirement Date" shall mean the date on which (x) Employee attains a minimum retirement age of 55, (y) Employee has completed a minimum of five Years of Service as of the date of Employee's termination of employment, and (z) Employee's Years of Service, plus Employee's age equals 65 or more.

"Notice of Termination" shall mean a written notice given, in the case of a Termination for Cause, within 45 days of Parent's or Employer's having actual knowledge of the events giving rise to such termination, and in the case of a Termination for Good Reason, within 90 days of the later to occur of (x) the Change in Control Date or (y) Employee's having actual knowledge of the events giving rise to such termination. Any such Notice of Termination shall

(1) Indicate the specific termination provision in this Agreement relied upon;

(2) Set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee's employment under the provision so indicated; and

(3) If the Date of Termination is other than the date of receipt of such notice, specify the Date of Termination (which date shall be not more than 30 days after the giving of such notice).

The failure by Employee to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Termination for Good Reason shall not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing Employee's rights hereunder.

"***Parent's LTIP***" shall mean the Parent's Amended and Restated 2006 Long Term Incentive Plan, as the same may be amended, modified, supplemented, or restated from time to time, or any successor plan thereto.

"Potential Change in Control" shall mean the occurrence of any of the following events:

(1) Any person or group shall have announced publicly an intention to effect a Change in Control, or commenced any action (such as the commencement of a tender offer for Parent's common stock or the solicitation of proxies for the election of any of Parent's directors) that, if successful, could reasonably be expected to result in the occurrence of a Change in Control;

(2) Parent enters into an agreement the consummation of which would constitute a Change in Control; or

(3) Any other event occurs which the Board declares to be a Potential Change in Control.

"Separation Payment" shall mean any lump sum cash payment in excess of Earned Salary and Accrued Obligations payable to Employee under this Agreement.

"*Target Bonus*" shall mean the greater of:

(1) the average of the target bonuses made available to Employee under any Company annual bonus program (which, if not stated as the target for a full year of service, shall be annualized) for the year in which the Change in Control Date occurs and for each of the last two years ended prior to the year in which the Change in Control Date occurs (or, if less, the number of years prior to the year in which the Change in Control Date occurs during which Employee was employed by the Company);

(2) the target bonus made available to Employee under any Company annual bonus program (which, if not stated as the target for a full year of service, shall be annualized) for the year in which the Change in Control Date occurs; and

(3) Employee's highest target bonus made available to Employee under the annual bonus program in which Employee participated for services rendered or to be rendered by Employee in any calendar year after the calendar year in which the Change in Control Date occurs;

in either case as reflected in Employer's records.

"Termination for Cause" shall mean a termination of Employee's employment by Parent and Employer due to the occurrence of any of the following

(1) Employee's continued failure (i) to substantially perform Employee's duties and responsibilities (other than any such failure resulting from Employee's physical or mental impairment or incapacity) or (ii) to comply with any material written policy of the Company generally applicable to all officers of the Company

and, if applicable, the successor in interest to Parent or, if such successor is a subsidiary of any other entity, the direct or indirect ultimate parent of such successor (such successor or such ultimate parent entity, the ***"Parent Successor"***), which specifically provides that Employee may be dismissed (or Employee's employment terminated) as a consequence of any such failure to comply, in either case more than 10 business days after written demand for substantial performance or compliance with the policy is delivered by Parent specifically identifying the manner in which Parent believes Employee has not substantially performed Employee's duties and responsibilities or not complied with the written policy;

(2) Employee's engaging in an act or acts of gross misconduct which result in, or are intended to result in, material damage to the Company's business or reputation;

(3) Employee's failure, following a written request from Parent, reasonably to cooperate (including, without limitation, the refusal by Employee to be interviewed or deposed, or to give testimony) in connection with any investigation or proceeding, whether internal or external (including, without limitation, by any governmental or quasi-governmental agency), into the business practices or operations of the Company; or

(4) Employee's conviction of (or plea of guilty or *nolo contendere* to a charge of) any felony or any crime or misdemeanor, in either case, involving moral turpitude or financial misconduct which results in significant monetary damage to the Company.

For purposes of subparagraph (2) of this definition, an act, or failure to act, on Employee's part shall only be considered "misconduct" if done, or omitted, by Employee not in good faith and without reasonable belief that such act, or failure to act, was in the best interest of the Company.

"Termination for Good Reason" shall mean a termination of Employee's employment by Employee due to the occurrence of any of the following, without the express written consent of Employee, after the occurrence of a Potential Change in Control or a Change in Control:

(1) (i) The assignment to Employee of any duties inconsistent in any material adverse respect with Employee's position, authority or responsibilities as in effect immediately prior to a Potential Change in Control or a Change in Control, or (ii) any other material adverse change in such position, including (A) titles, authority, responsibilities, status, powers or functions, (B) the position to which Employee reports or the principal departmental functions that report to

Employee, or (C) the budget over which Employee retains authority, which, in the case of any officer of Parent, shall be deemed to have occurred unless, following the Change in Control Date, Employee holds such position or positions with the Parent Successor that are substantially comparable to the position or positions held by Employee with Parent immediately prior to the Change in Control Date (or, if higher, immediately prior to the occurrence of a Potential Change in Control); provided that there shall be excluded for the purpose of this subparagraph (1) any isolated, insubstantial and inadvertent action remedied promptly after receipt of notice thereof given by Employee;

(2) Any failure by the Company or the Parent Successor, other than an insubstantial or inadvertent failure remedied promptly after receipt of notice thereof given by Employee, to provide Employee with an annual Base Salary which is at least equal to the Base Salary payable to Employee immediately prior to the Change in Control Date (or, if higher, immediately prior to the occurrence of a Potential Change in Control) or, if more favorable to Employee, at the rate made available to Employee at any time thereafter (the ***"Protected Base Salary"***);

(3) Any failure by the Company or the Parent Successor, other than an insubstantial or inadvertent failure remedied promptly after receipt of notice thereof given by Employee, to provide Employee with a reasonably achievable opportunity (determined in a manner consistent with the Company's practices prior to the Change in Control) to receive an annual bonus ranging from 100%, at targeted levels of performance, to 200%, at superior levels of performance, of Employee's Target Bonus;

(4) Any failure by the Company or the Parent Successor, other than an insubstantial or inadvertent failure remedied promptly after receipt of notice thereof given by Employee, to provide Employee with annual awards of long-term incentive compensation that have a value (using the same valuation methodologies used for valuing long-term incentive compensation awards of a similar type made to senior officers of Parent and, if applicable, the Parent Successor) at least equal to the average dollar value assigned thereto by the Company at the date of grant of the last three annual long-term incentive compensation awards (including, without limitation, equity and equity-based awards) granted to Employee in respect of Employee's employment with the Company (or if Employee has received less than three such annual grants, the average of the value of the number of grants received by Employee prior to the Change in Control Date);

(5) Any failure by the Company or the Parent Successor, other than an insubstantial or inadvertent failure remedied promptly after receipt of notice thereof given by Employee, to permit Employee (and, to the extent applicable, Employee's dependents) to participate in or be covered under all pension, retirement, deferred compensation, savings, medical, dental, health, disability, group life, accidental death and travel accident insurance plans and programs at a level that is at least as favorable, in the aggregate, as the benefits provided under the plans of the Company and its affiliated companies prior to the Change in Control Date (or, if more favorable to Employee, at the level made available to Employee or other similarly situated officers at any time thereafter); or

(6) Parent or Parent Successor requires (or notifies Employee in writing that it will require) Employee to be based at any office or location more than 50 miles from that location at which Employee principally performed services for the Company immediately prior to the Change in Control Date, except for travel reasonably required in the performance of Employee's responsibilities to an extent substantially consistent with Employee's business travel obligations immediately prior to the Change in Control;

(7) If, not later than the Change in Control Date, any Parent Successor shall have failed to agree in writing to assume and perform this Agreement as required by paragraph 7(h) hereof.

For purposes of this definition, any determination made by Employee that an event or events give rise to a right to Termination for Good Reason shall be presumed to be valid unless such determination, pursuant to paragraph 7(b), is deemed by an arbitrator to be unreasonable and not to have been made in good faith by Employee.

"***Years of Service***" shall mean the total number of years that Employee has been employed by the Company or its Subsidiaries as determined with the Company's policies as administered from time to time.

4. *Termination of Employment*.

(a) ***Right to Terminate***. Nothing in this Agreement shall be construed in any way to limit the right of the Company to terminate Employee's employment, with or without cause, or for Employee to terminate Employee's employment with the Company, with or without reason; *provided, however, that* the Company and Employee must nonetheless comply with any duty or obligation such party has at law or under any agreement (including paragraph 6 of this Agreement) between the parties.

(b) ***Termination due to Death or Disability***. Employee's employment with the Company shall be terminated upon Employee's death. By written notice to the other

party, either the Company or Employee may terminate Employee's employment due to Disability.

5. ***Amounts Payable Upon Termination of Employment***. The following provisions shall apply to any termination of Employee's employment occurring (or which, pursuant to paragraph 2, is deemed to occur) at the time of, or at any time within 2 years following, a Change in Control:

(a) ***Death or Disability***. In the event that Employee's employment terminates due to Employee's death or Disability (regardless of whether such Disability termination is initiated by Employee or the Company), Parent or Employer shall pay Employee (or, if applicable, Employee's beneficiaries or legal representative(s)):

(1) The Earned Salary, as soon as practicable (but not more than 10 days) following Employee's Date of Termination;

(2) The Accrued Obligations, in accordance with applicable law and the provisions of any applicable plan, program, policy or practice; and

(3) A Separation Payment in an amount equal to Employee's Base Salary, which shall be paid 10 days following Employee's Date of Termination, provided that, if, at the Date of Termination, Employee is a "specified employee" within the meaning of Section 409A of the Code, as determined in accordance with the procedures specified or established by the Parent in accordance with such Section 409A and the regulations thereunder (a "***Specified Employee***"), and the Separation Payment is payable due to Disability, the Separation Payment shall be made six months and one day after Employee's Date of Termination. In the event that the Separation Payment is made six months and one day after the Date of Termination, it shall be paid with interest from the Date of Termination at a rate equal to Employer's cost of borrowing under its principal credit facility as in effect at the Date of Termination, as determined by the Parent's Chief Financial Officer.

(b) ***Cause and Voluntary Termination***. If Employee's employment is terminated by the Company in a Termination for Cause or voluntarily by Employee (which is not a Termination for Good Reason), Parent or Employer shall pay Employee:

(1) The Earned Salary as soon as practicable (but not more than 10 days) following Employee's Date of Termination; and

(2) The Accrued Obligations in accordance with applicable law and the provisions of any applicable plan, program, policy or practice.

(c) ***Termination After Normal Retirement***. If Employee's employment terminates after Employee's Normal Retirement Date due to Employee's voluntary retirement, Parent or Employer shall pay Employee:

(1) The Earned Salary as soon as practicable (but not more than 10 days) following Employee's Date of Termination;

(2) The Accrued Obligations in accordance with applicable law and the provisions of any applicable plan, program, policy or practice; and

(3) a Separation Payment in an amount equal to Employee's Base Salary, which shall be paid 10 days following Employee's Date of Termination, provided that, if, at the Date of Termination, Employee is a Specified Employee, the Separation Payment shall be made six months and one day after Employee's Date of Termination. In the event that the Separation Payment is made six months and one day after the Date of Termination, an amount equal to such Separation Payment shall be contributed by the Company or Employer within five business days following the Date of Termination to a grantor trust in the United States subject to the claims of the grantor's creditors (a "***Grantor Trust***"), with such amount to be invested through the trust in U.S. Treasury securities or money market investments, with the principal investment purpose being to preserve principal ("***Fixed Income Securities***"). When payment of any such deferred portion of the Separation Payment is made in accordance with the second preceding sentence, it shall be increased by an amount equal to the earnings on the amounts contributed to such Grantor Trust in respect of such deferred Separation Payment.

(d) ***Termination for Good Reason or Without Cause***. If Employee terminates Employee's employment in a Termination for Good Reason or the Company terminates Employee's employment for any reason other than those described in paragraphs 5(a) and (b) above, Parent or Employer shall pay or shall provide to Employee the following benefits and compensation:

(1) The Earned Salary, as soon as practicable (but not more than 10 days) following Employee's Date of Termination;

(2) The Accrued Obligations, in accordance with applicable law and the provisions of any applicable plan, program, policy or practice;

(3) Continued coverage for Employee and Employee's eligible dependents under the Employer's group medical plans or, to the extent such continued coverage cannot be provided under such plan without adverse consequences for the Company or Employee due to non-discrimination

requirements, then under an individual or group insurance policy that is substantially similar in all material respects to the coverage made available under such group health plans, for each of the following two periods (i) from Employee's Date of Termination until and including the 36-month anniversary of such termination, with such coverage provided at no cost to Employee; and (ii) from the day after the 36-month anniversary of Employee's Date of Termination and continuing until the earlier of (x) the lifetime of Employee (and, if she shall survive him, Employee's spouse) or (y) until the date Employee (and, in respect of any coverage available to Employee's spouse, until such spouse) is eligible for full medical benefits under the provisions of Medicare, with such coverage provided at the same costs that apply to similarly situated active employees; it being understood that standard coordination of benefits provisions apply so that any coverage made available to Employee hereunder shall be secondary to any such coverage made available to Employee by a subsequent employer or other entity providing such coverage in respect of Employee's services and that Employee must accept that available coverage.

(4) If Employee shall have relocated Employee's principal residence to enter into the Company's employ, or otherwise relocated such residence at the request of the Company, within 1 year of the Change in Control Date, and if Employee elects to relocate to Employee's original location following Employee's Date of Termination, relocation benefits under the same relocation policy as applied to Employee's initial relocation; provided that the benefits provided hereunder shall (i) be paid to Employee not later than the end of the calendar year following the year in which such the corresponding reimbursable relocation expenses are incurred and (ii) not be duplicative of any relocation benefits to which Employee is entitled in connection with the plan, policy, program or practice of any subsequent employer;

(5) To the extent that any award granted to Employee under Parent's LTIP and outstanding on the Change in Control Date shall not have previously become fully vested and, as applicable, exercisable, payable, distributable and free of any transfer restrictions, such award shall be and become fully vested and, as applicable, exercisable, payable or distributable to, and transferable by, Employee on Employee's Date of Termination, without any further action by the Company or any other person(s); provided, however, that (i) in the case of any award that vests upon the attainment of specified performance conditions and the agreement or plan pertaining to such award does not expressly provide for the treatment of such award upon or following a Change in Control, the extent to which such award becomes vested and payable will be contingent (to the extent specified in the applicable award agreement) upon the achievement of such criteria, as measured at the time of the Change in Control and (ii) if the award is

deferred compensation subject to Section 409A that does not qualify for an otherwise available exemption from such Section 409A, payment thereof shall be made to Employee at the same time as the Separation Payment referenced in subparagraph 5(d)(6) and, if such payment is delayed for six months and one day following the Date of Termination, the Employer shall be required to contribute the amount payable in respect of such award to the grantor trust referenced in the paragraph following such subparagraph 5(d)(6) at the same time, and subject to the same conditions, as apply with respect to such Separation Payment; and

(6) A Separation Payment in an amount equal to the sum of

(i) 2.99 times the sum of (A) Employee's Protected Base Salary and (B) the greater of (x) Employee's Target Bonus or (y) the average of the annual bonuses paid to Employee in respect of the three years immediately preceding the Effective Date;

(ii) Employee shall also receive the Separation Payment payable under subparagraph 5(c)(3), on the same basis as though Employee had attained Normal Retirement Date immediately prior to the Date of Termination, regardless of whether Employee shall have attained Normal Retirement Date on or prior to the Date of Termination;

(iii) the product of (A) the amount of the Target Bonus and (B) a fraction, the numerator of which is the number of days in the then current calendar year which have elapsed as of the Date of Termination, and the denominator of which is 365;

(iv) if Employee's employment was terminated prior to the Change in Control Date, but Employee is deemed to have continued in the Company's employment for purposes of this Agreement until the Change in Control Date pursuant to paragraph 2 hereof, an amount equal to the value (as determined based on the fair market value of the Parent's common stock on the Change in Control Date, but debiting therefrom any amount Employee would be required to pay to receive the benefit of such award) of any equity awards (including, without limitation, stock options, restricted stock units and restricted stock) granted to Employee under Parent's LTIP that were outstanding but unvested (after taking into account any accelerated vesting thereof in connection with such termination of employment) on Employee's Date of Termination; and

(v) if the termination of employment is by the Company and if the Date of Termination is less than 30 days after the date Notice of

Termination is given, an amount equal to one-twelfth (1/12) of the Protected Base Salary.

Payment of the Separation Payment shall be made within 10 business days after Employee's Date of Termination, provided that, if, at the Date of Termination, Employee is a Specified Employee, the portion of the Separation Payment described in subclauses (i), (ii), (iv) and (v) above shall be made six months and one day after Employee's Date of Termination. Any such deferred portion of the Separation Payment payable to Employee shall be contributed by the Company or Employer within five business days following the Date of Termination to a Grantor Trust, with such amount to be invested through the trust in Fixed Income Securities. When payment of any such deferred portion of the Separation Payment is made in accordance with the second preceding sentence, it shall be increased by an amount equal to the earnings on the amounts contributed to such Grantor Trust in respect of such deferred Separation Payment.

(7) Employer shall pay Employee a lump sum cash payment, on the same date that payment of Employee's Separation Payment is made pursuant to Section 5(d)(6) above (and subject to the same requirements regarding potential contributions to a Grantor Trust), equal to the maximum contribution that Employer would have been required to make on behalf of Employee to Employer's retirement and/or deferred compensation plans in which Employee participates as of immediately prior to the Date of Termination if Employee had remained fully employed for thirty-six months and elected to have Employer match the Employee's contributions to such plans, determined as if Employee continued to make contributions to such plans at a rate equal to the contributions actually made by Employee under such plans in the last complete calendar year immediately preceding the Date of Termination.

(e) ***Limit on Payments by Parent and Employer***.

(1) Application of this Paragraph 5(e). In the event that

(i) Any amount or benefit paid or distributed to Employee pursuant to this Agreement, taken together with any amounts or benefits otherwise paid or distributed to Employee by the Company or any affiliated company in connection with the Change in Control that are treated as parachute payments under Section 280G of the Code and such payments (collectively, the "***Covered Payments***") would be or become subject to the tax (the "***Excise Tax***") imposed under Section 4999 of the Code or any similar tax that may hereafter be imposed, and

(ii) Employee would receive a greater net-after tax benefit by limiting the Covered Payments, so that the portion thereof that are parachute payments do not exceed the maximum amount of such parachute payments that could be paid to Employee without Employee's being subject to any Excise Tax (the "***Safe Harbor Amount***"),

(iii) then the amounts payable to Employee under this paragraph 5 shall be reduced (but not below zero) so that the aggregate amount of parachute payments that Employee receives does not exceed the Safe Harbor Amount. In the event that Employee receives reduced payments and benefits hereunder, such payments and benefits shall be reduced in connection with the application of the Safe Harbor Amount in the following manner: first, any portion of Employee's Separation Payment payable other than on account of Employee's having attained Normal Retirement Date shall be reduced, followed by, to the extent necessary and in order, any relocation reimbursement payable, the continuation of welfare benefits, any awards under the LTIP in which Employee becomes vested under this Agreement and finally, the Accrued Obligations.

(2) Assumptions for Calculation. For purposes of determining whether any of the Covered Payments will be subject to the Excise Tax,

(i) such Covered Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless, and except to the extent that, in the good faith judgment of a public accounting firm appointed by Parent prior to the Change in Control Date or tax counsel selected by such accounting firm (the "***Accountants***"), the Company has a reasonable basis to conclude that such Covered Payments (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for personal services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount," or such "parachute payments" are otherwise not subject to such Excise Tax, and

(ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accountants in accordance with the principles of Section 280G of the Code.

(3) Adjustments in Respect of the Safe Harbor Amount. If Employee receives reduced payments and benefits under this paragraph 5(e) (or this paragraph 5(e) is determined not to be applicable to Employee because the

Accountants conclude that Employee is not subject to any Excise Tax) and it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding (a "***Final Determination***") that, notwithstanding the good faith of Employee and the Company in applying the terms of this Agreement, the aggregate "parachute payments" within the meaning of Section 280G of the Code paid to Employee or for Employee's benefit exceed the Safe Harbor Amount and the provisions of this paragraph 5(e) would otherwise have applied, then the amount of such parachute payment in excess of such Safe Harbor Amount shall be deemed for all purposes to be a loan to Employee made on the date of receipt of such excess payments, which Employee shall have an obligation to repay to the Company on demand, together with interest on such amount at the applicable Federal rate (as defined in Section 1274(d) of the Code) from the date of the payment hereunder to the date of repayment by Employee.

6. *Nonpublic Information*.

(a) ***Acknowledgement of Access.*** Employee hereby acknowledges that, in connection with Employee's employment with the Company, Employee has received, and will continue to receive, various information regarding the Company and its business, operations and affairs (***"Nonpublic Information"***). Nonpublic Information shall not include information that (A) is already properly in the public domain or enters the public domain with the express consent of the Company, or (B) is intentionally made available by the Company to third parties without any expectation of confidentiality.

(b) ***Agreement to Keep Confidential***. Employee hereby agrees that, from and after the Effective Date and continuing until 3 years following Employee's Date of Termination, Employee will keep all Nonpublic Information confidential and will not, without the prior written consent of the Board, Chief Executive Officer or the President of Parent, disclose any Nonpublic Information in any manner whatsoever or use any Nonpublic Information other than in connection with the performance of Employee's services to the Company; *provided, however, that* the provisions of this paragraph shall not prevent Employee from

(1) Disclosing any Nonpublic Information to any other employee of the Company or to any representative or agent of the Company (such as an independent accountant, engineer, attorney or financial advisor) when such disclosure is reasonably necessary or appropriate (in Employee's judgment) in connection with the performance by Employee of Employee's duties and responsibilities;

(2) Disclosing any Nonpublic Information as required by applicable law, rule, regulation or legal process (but only after compliance with the provisions of paragraph (c) of this paragraph); and

(3) Disclosing any information about this Agreement and Employee's other compensation arrangement to Employee's spouse, financial advisors or attorneys, or to enforce any of Employee's rights under this Agreement.

(c) ***Commitment to Seek Protective Order***. If Employee is requested pursuant to, or required by, applicable law, rule, regulation or legal process to disclose any Nonpublic Information, Employee will notify Parent promptly so that the Company may seek a protective order or other appropriate remedy or, in Parent's sole discretion, waive compliance with the terms of this paragraph, and Employee will fully cooperate in any attempt by the Company to obtain any such protective order or other remedy. If no such protective order or other remedy is obtained, or Parent waives compliance with the terms of this paragraph, Employee will furnish or disclose only that portion of the Nonpublic Information as is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Nonpublic Information that is so disclosed.

(d) ***Protective Provisions.*** Nothing in paragraph 6 or any other provision of this Agreement shall prevent or restrict in any way (1) Employee from exercising any rights that cannot be lawfully waived or restricted, (2) Employee from testifying at a hearing, deposition, or in court in response to a lawful subpoena or (3) Employee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the United States Department of Justice, Congress, any agency Inspector General or any other federal, state or local governmental agency or commission ("***Government Agencies***"). Further, nothing in paragraph 6 or any other provision of this Agreement shall prevent or restrict in any way (i) Employee's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company or the Company, or (ii) the right of Employee to receive an award from a Government Agency for information provided to any Government Agencies.

7. *Miscellaneous Provisions*.

(a) ***No Mitigation, No Offset***. Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, and the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by Employee as the result of employment by another employer after the Date of Termination. Except as provided in subparagraph 5(d)(3), Parent's or Employer's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment,

defense or other right which the Company may have against Employee or others whether by reason of the subsequent employment of Employee or otherwise.

(b) ***Arbitration***. Except to the extent provided in paragraph 7(d), any dispute or controversy arising under or in connection with this Agreement shall be resolved by binding arbitration. The arbitration shall be held in Dallas, Texas and except to the extent inconsistent with this Agreement, shall be conducted in accordance with the Expedited Employment Arbitration Rules of the American Arbitration Association then in effect at the time of the arbitration, and otherwise in accordance with principles which would be applied by a court of law or equity. The arbitrator shall be acceptable to both Parent and Employee. If the parties cannot agree on an acceptable arbitrator, the dispute shall be heard by a panel of three arbitrators, one appointed by each of the parties and the third appointed by the other two arbitrators.

(c) ***Interest***. Until paid, all past due amounts required to be paid to Employee under any provision of this Agreement shall bear interest at the per annum rate equal to the higher of (1) 12% or (2) the prime rate announced from time to time by the Company’s primary bank lender, plus 3%, in either case subject to the maximum rate allowed by law.

(d) ***Equitable Relief Available***. Employee acknowledges that remedies at law may be inadequate to protect the Company against any actual or threatened breach of the provisions of paragraph 6 by Employee. Accordingly, without prejudice to any other rights or remedies otherwise available to the Company, Employee agrees that the Company shall have the right to equitable and injunctive relief to prevent any breach of the provisions of paragraph 6 (without the requirement to post any bond), as well as to such damages or other relief as may be available to the Company by reason of any such breach as does occur.

(e) ***Not A Contract of Employment***. Employee acknowledges that this Agreement is ***not*** an “employment agreement” or “employment contract” (written or otherwise), as either term is used or defined in, or contemplated by or under

(1) Parent's LTIP;

(2) Any other plan or agreement to which the Company is a party; or

(3) Applicable statutory, common or case law.

(f) ***Breach Not a Defense***. The representations and covenants on the part of Employee contained in paragraph 6 shall be construed as ancillary to and independent of any other provision of this Agreement, and the existence of any claim or cause of action of Employee against the Company or any officer, director, stockholder or

representative of the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants on the part of Employee contained in paragraph 6.

(g) ***Notices***. Any Notice of Termination or other communication called for by the terms of this Agreement shall be in writing and either delivered personally or by registered or certified mail (postage prepaid and return receipt requested) and shall be deemed given when received at the following addresses (or at such other address for a party as shall be specified by like notice):

(1) If to Parent, Employer or the Company, 777 Hidden Ridge, Irving, Texas 75038, Attention: General Counsel.

(2) If to Employee, the address of Employee set forth below Employee's signature on the signature page of this Agreement.

(h) ***Assumption by Parent Successor***. Parent shall require any Parent Successor (regardless of whether the Parent Successor is the direct or indirect successor to all or substantially all of the business or assets of Parent and regardless of whether it became the Parent Successor by purchase of securities, merger, consolidation, sale of assets or otherwise), to expressly assume and agree to perform the obligations to be performed by the Company under this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(i) ***Assignment***. Employer may assign its duties and obligations hereunder to any other direct or indirect majority-owned subsidiary of Parent, but shall remain secondarily liable for the performance of this Agreement by Parent and/or any such assignee. Except pursuant to either the immediately preceding sentence or an assumption by a Parent Successor, the rights and obligations of Parent and Employer pursuant to this Agreement may not be assigned, in whole or in part, by Parent or Employer to any other person or entity without the express written consent of Employee. The rights and obligations of Employee pursuant to this Agreement may not be assigned, in whole or in part, by Employee to any other person or entity without the express written consent of the Board.

(j) ***Successors***. This Agreement shall be binding on, and shall inure to the benefit of, Parent, Employer, the Company, Employee and their respective successors, permitted assigns, personal and legal representatives, executors, administrators, heirs, distributees, devisees and legatees, as applicable.

(k) ***Amendments and Waivers***. No provision of this Agreement may be amended or otherwise modified, and no right of any party to this Agreement may be waived, unless such amendment, modification or waiver is agreed to in a written

instrument signed by Employee, Parent and Company. No waiver by either party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(l) ***Complete Agreement***. This Agreement replaces and supersedes all prior agreements, if any, among the parties with respect to the payments to be made to Employee upon termination of employment following a Change in Control, including, but not limited to, the Change in Control Agreement between Parent, Employer and Employee, as in effect immediately prior to the date hereof, and the provisions of this Agreement constitute the complete understanding and agreement among the parties with respect to the subject matter hereof. Nothing in this paragraph (l) is intended to, or shall be construed to, (1) supercede the Severance Agreement at any time prior to the time expressly provided in paragraph 2 hereof or (2) limit Employee's rights upon the occurrence of a Change in Control under Parent's LTIP or any other Company plan, policy, program or practice (other than any plan, policy, program or practice primarily providing severance or other termination benefits) generally applicable to similarly situated employees.

(m) ***Governing Law***. **THIS AGREEMENT IS BEING MADE AND EXECUTED IN, AND IS INTENDED TO BE PERFORMED IN, THE STATE OF TEXAS AND SHALL BE GOVERNED, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF TEXAS.**

(n) ***Attorney Fees***. All legal fees and other costs incurred by Employee in connection with the resolution of any dispute or controversy under or in connection with this Agreement shall be reimbursed by Parent and Employer to Employee, on a quarterly basis, upon presentation of proof of such expenses, but in no event later than the end of the calendar year following the calendar year in which such legal fees and expenses are incurred; *provided, however, that* if Employee asserts any claim in any contest and Employee shall not prevail, in whole or in part, as to at least one material issue as to the validity, enforceability or interpretation of any provision of this Agreement, Employee shall reimburse Parent and Employer for such amounts, plus simple interest thereon at the 90-day United States Treasury Bill rate as in effect from time to time, compounded annually. The Company shall be responsible for, and shall pay, all legal fees and other costs incurred by the Company in connection with the resolution of any dispute or controversy under or in connection with this Agreement, regardless of whether such dispute or controversy is resolved in favor of the Company or Employee.

(o) ***Counterparts***. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

(p) ***Construction***. The captions of the paragraphs, subparagraphs and sections of this Agreement have been inserted as a matter of convenience of reference only and shall not affect the meaning or construction of any of the terms or provisions of this Agreement. Unless otherwise specified, references in this Agreement to a “paragraph,” “subparagraph,” “section,” “subsection,” or “schedule” shall be considered to be references to the appropriate paragraph, subparagraph, section, subsection, or schedule, respectively, of this Agreement. As used in this Agreement, the term “including” shall mean “including, but not limited to.”

(q) ***Validity and Severability***. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable under the present or future laws effective during the term of this Agreement, (1) such term or provision shall be fully severable, (2) this Agreement shall be construed and enforced as if such term or provision had never comprised a part of this Agreement and (3) the remaining terms and provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable term or provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable term or provision, there shall be added automatically as a part of this Agreement, a term or provision as similar to such illegal, invalid or unenforceable term or provision as may be possible and be legal, valid and enforceable.

(r) ***Survival***. Notwithstanding anything else in this Agreement to the contrary (including, without limitation, the termination of this Agreement in accordance with paragraph 1), paragraphs 6 and 7, and, to the extent that any of Parent’s and Employer’s obligations thereunder have not theretofore been satisfied, paragraph 5 of this Agreement shall survive the termination hereof.

(s) ***Joint and Several Liability***. Parent and Employer (or any assignee of Employer pursuant to paragraph 7(i)) shall each be jointly and severally liable to Employee hereunder with regard to any obligation imposed by the terms hereof on Parent or Employer.

(SIGNATURE PAGE ATTACHED)

In witness whereof, the parties have executed this Agreement effective as of the date first written above.

PIONEER NATURAL RESOURCES COMPANY

By:

Name:

Title:

PIONEER NATURAL RESOURCES USA, INC

By:

Name:

Title:

EMPLOYEE:

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

Subsidiaries	State or Jurisdiction of Organization
Pioneer Natural Resources USA, Inc.	Delaware
DMLP CO.	Delaware
Mesa Environmental Ventures Co.	Delaware
Petroleum South Cape (Pty) Ltd.	South Africa
Pioneer Giddings Wind Energy LLC	Delaware
Pioneer Natural Gas Company	Texas
Pioneer Natural Resources Foundation	Texas
Pioneer Natural Resources Pumping Services LLC	Delaware
Industrial Sands Holding Company	Delaware
Pioneer Sands LLC	California
Pioneer Natural Resources South Africa (Pty) Limited	South Africa
Pioneer Natural Resources (Tierra del Fuego) S.R.L.	Argentina
Pioneer Natural Resources Well Services LLC	Delaware
Pioneer Resources Gabon Limited	Bahamas
Pioneer Water Management LLC	Delaware
Pioneer Uravan, Inc.	Texas
PNR Acquisitions LLC	Delaware
Pioneer International Resources Company	Delaware
LF Holding Company LDC	Cayman Islands
Parker & Parsley Argentina, Inc.	Delaware
TDF Holding Company LDC	Cayman Islands
Bobwhite Electric LLC	Delaware
Park Hill Resources LLC	Delaware
Park Hill Disposal LLC	Delaware
DE Midland III LLC	Delaware
Eagle Point Royalty Member LLC	Delaware
Eagle Point Royalty LLC	Delaware
Pioneer PE Holding LLC	Delaware
Permian Midstream Services, LLC	Delaware
Parsley Energy, LLC	Delaware
Parsley Finance Corp.	Delaware
Parsley Energy Operations, LLC	Texas
Parsley Administration, LLC	Texas
Parsley GP, LLC	Delaware
Parsley Energy, L.P.	Texas
Parsley Veritas Energy Partners, LLC	Delaware
Parsley DE Operating LLC	Delaware
Parsley DE Lone Star LLC	Delaware
Parsley Novus Land Services LLC	Delaware
Spraberry Trend, LP	Texas
Parsley Minerals, LLC	Texas
Parsley Water Resources, LLC	Delaware

Note: Inclusion in the list is not a representation that the subsidiary is a significant subsidiary.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-241031) of Pioneer Natural Resources Company and in the related Prospectus,

(2) Registration Statement (Form S-3 No. 333-256293) of Pioneer Natural Resources Company and in the related Prospectus,

(3) Registration Statement (Form S-8 No. 333-136488) pertaining to the Pioneer Natural Resources Company Executive Deferred Compensation Plan,

(4) Registration Statement (Form S-8 No. 333-136489) pertaining to the Pioneer Natural Resources Company 2006 Long-Term Incentive Plan,

(5) Registration Statement (Form S-8 No. 333-136490) pertaining to the Pioneer Natural Resources Company Long-Term Incentive Plan,

(6) Registration Statement (Form S-8 No. 333-88438) pertaining to the Pioneer Natural Resources Company Long-Term Incentive Plan,

(7) Registration Statement (Form S-8 No. 333-39153) pertaining to the Pioneer Natural Resources Company Deferred Compensation Retirement Plan,

(8) Registration Statement (Form S-8 No. 333-39249) pertaining to the Pioneer Natural Resources USA, Inc. Profit Sharing 401(k) Plan,

(9) Registration Statement (Form S-8 No. 333-35087) pertaining to the Pioneer Natural Resources Company Long-Term Incentive Plan,

(10) Registration Statement (Form S-8 No. 333-161283) pertaining to the Pioneer Natural Resources Company 2006 Long Term Incentive Plan,

(11) Registration Statement (Form S-8 No. 333-176712) pertaining to the Pioneer Natural Resources Company Employee Stock Purchase Plan,

(12) Registration Statement (Form S-8 No. 333-178671) pertaining to the Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan, the Pioneer Natural Resources Company 2006 Long-Term Incentive Plan and the Pioneer Natural Resources Company Executive Deferred Compensation Plan,

(13) Registration Statement (Form S-8 No. 333-183379) pertaining to the Pioneer Natural Resources Company Employee Stock Purchase Plan,

(14) Registration Statement (Form S-8 No. 333-212774) pertaining to the Pioneer Natural Resources Company Amended and Restated 2006 Long Term Incentive Plan,

(15) Registration Statement (Form S-8 No. 333-252057) pertaining to the Amended and Restated Parsley Energy, Inc. 2014 Long Term Incentive Plan, Jagged Peak Energy Inc. 2017 Long Term Incentive Plan and Pioneer Natural Resources Company Amended and Restated 2006 Long-Term Incentive Plan,

(16) Registration Statement (Form S-8 No. 333-253793) pertaining to the Amended and Restated Parsley Energy, Inc. 2014 Long Term Incentive Plan and Pioneer Natural Resources Company Amended and Restated 2006 Long-Term Incentive Plan, and

(17) Registration Statement (Form S-8 No. 333-260983) pertaining to the Pioneer Natural Resources Company Employee Stock Purchase Plan

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EXHIBIT 23.1

of our reports dated February 23, 2023, with respect to the consolidated financial statements of Pioneer Natural Resources Company and the effectiveness of internal control over financial reporting of Pioneer Natural Resources Company included in this Annual Report (Form 10-K) of Pioneer Natural Resources Company for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Dallas, Texas
February 23, 2023

NSAI NETHERLAND, SEWELL & ASSOCIATES, INC.

EXHIBIT 23.2

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the references to our firm, in the context in which they appear, and to the references to and the incorporation by reference of our audit letter dated February 8, 2023, included in the Annual Report on Form 10-K of Pioneer Natural Resources Company (the "Company") for the fiscal year ended December 31, 2022, as well as in the notes to the financial statements included therein. We also hereby consent to the incorporation by reference of the references to our firm, in the context in which they appear, and to our audit letter dated February 8, 2023, into the Company's previously filed Registration Statements on Form S-8 (No. 333-176712, No. 333-178671, No. 333-35087, No. 333-39153, No. 333-39249, No. 333-88438, No. 333-136488, No. 333-136489, No. 333-136490, No. 333-161283, No. 333-183379, No. 333-212774, No. 333-252057, No. 333-253793 and No. 333-260983) and on Form S-3 (No. 333-241031 and No. 333-256293) in accordance with the requirements of the Securities Act of 1933, as amended.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Eric J. Stevens

Eric J. Stevens, P.E.
President and Chief Operating Officer

Dallas, Texas
February 23, 2023

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Scott D. Sheffield, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pioneer Natural Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 23, 2023

/s/ Scott D. Sheffield

Scott D. Sheffield, Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Neal H. Shah, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pioneer Natural Resources Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 23, 2023

/s/ Neal H. Shah

Neal H. Shah, Senior Vice President
and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF PIONEER NATURAL RESOURCES COMPANY
PURSUANT TO 18 U.S.C. § 1350

I, Scott D. Sheffield, President and Chief Executive Officer of Pioneer Natural Resources Company (the "Company"), hereby certify that the accompanying Annual Report on Form 10-K for the year ended December 31, 2022 and filed with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Report") by the Company fully complies with the requirements of that section.

I further certify that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ Scott D. Sheffield
Name:	Scott D. Sheffield, Chief Executive Officer
Date:	February 23, 2023

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF PIONEER NATURAL RESOURCES COMPANY
PURSUANT TO 18 U.S.C. § 1350

I, Neal H. Shah, Senior Vice President and Chief Financial Officer of Pioneer Natural Resources Company (the "Company"), hereby certify that the accompanying Annual Report on Form 10-K for the year ended December 31, 2022 and filed with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Report") by the Company fully complies with the requirements of that section.

I further certify that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ Neal H. Shah
Name:	Neal H. Shah, Senior Vice President and Chief Financial Officer
Date:	February 23, 2023

NSAI NETHERLAND, SEWELL & ASSOCIATES, INC.
WORLDWIDE PETROLEUM CONSULTANTS
ENGINEERING • GEOLOGY • GEOPHYSICS • PETROPHYSICS

EXECUTIVE CHAIRMAN
C.H. (SCOTT) REES III
DANNY D. SIMMONS

CHIEF EXECUTIVE OFFICER
RICHARD B. TALLEY, JR.
PRESIDENT & COO
ERIC J. STEVENS

EXECUTIVE COMMITTEE
ROBERT C. BARG
P. SCOTT FROST
JOHN G. HATTNER
JOSEPH J. SPELLMAN

February 8, 2023

Mr. Ken Rockwood
Pioneer Natural Resources Company
777 Hidden Ridge Drive
Irving, Texas 75038

Dear Mr. Rockwood:

In accordance with your request, we have audited the estimates prepared by Pioneer Natural Resources Company (Pioneer), as of December 31, 2022, of the proved reserves and future revenue to the Pioneer interest in certain oil and gas properties located in the Permian Basin, Texas. It is our understanding that the proved reserves estimates shown herein constitute all of the proved reserves owned by Pioneer. We have examined the estimates with respect to reserves quantities, reserves categorization, future producing rates, future net revenue, and the present value of such future net revenue, using the definitions set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Rule 4-10(a). The estimates of reserves and future revenue have been prepared in accordance with the definitions and regulations of the SEC and, with the exception of the exclusion of future income taxes, conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. We completed our audit on or about the date of this letter. This report has been prepared for Pioneer's use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

The following table sets forth Pioneer's estimates of the net reserves and future net revenue, as of December 31, 2022, for the audited properties:

	Net Reserves			Future Net Revenue (M$)	
Category	Oil (MBBL)	NGL (MBBL)	Gas (MMCF)	Total	Present Worth at 10%
Proved Developed Producing	852,498	652,142	3,534,253	82,588,435	42,317,901
Proved Developed Non-Producing	9,475	7,924	40,176	1,071,785	662,106
Proved Undeveloped	110,045	78,379	422,562	10,260,903	4,486,781
Total Proved	972,018	738,445	3,996,991	93,921,123	47,466,788

The oil volumes shown include crude oil and condensate. Oil and natural gas liquids (NGL) volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

When compared on a lease-by-lease basis, some of the estimates of Pioneer are greater and some are less than the estimates of Netherland, Sewell & Associates, Inc. (NSAI). However, in our opinion the estimates shown herein of Pioneer's reserves and future revenue are reasonable when aggregated at the proved level and have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). Additionally, these estimates are within the recommended 10 percent tolerance threshold set forth in the SPE Standards. We are satisfied with the methods and procedures used by Pioneer in preparing the December 31, 2022, estimates of reserves and future revenue, and we saw nothing of an unusual nature that would cause us to take exception with the estimates, in the aggregate, as prepared by Pioneer.

Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been

adjusted for risk. Pioneer's estimates do not include probable or possible reserves that may exist for these properties, nor do they include any value for undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated.

Prices used by Pioneer are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2022. For oil and NGL volumes, the average West Texas Intermediate spot price of $93.67 per barrel is adjusted by property group for quality, transportation fees, and market differentials. For gas volumes, the average Henry Hub spot price of $6.357 per MMBTU is adjusted by property group for energy content, transportation fees, and market differentials. All prices are held constant throughout the lives of the properties. The average adjusted product prices weighted by production over the remaining lives of the properties are $94.73 per barrel of oil, $38.20 per barrel of NGL, and $5.36 per MCF of sales gas.

Operating costs used by Pioneer are based on historical operating expense records. For the nonoperated properties, these costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Operating costs for the operated properties are limited to direct lease- and field-level costs and Pioneer's estimate of the portion of its headquarters general and administrative overhead (G&A) expenses necessary to operate the properties. Pioneer's estimates of G&A expenses are included at the division level. Operating costs have been divided into division-level costs, per-well costs, and per-unit-of-production costs. Capital costs used by Pioneer are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for workovers, new development wells, and production equipment. Abandonment costs used are Pioneer's estimates of the costs to abandon the wells and production facilities; these estimates do not include any salvage value for the lease and well equipment. Operating, capital, and abandonment costs are not escalated for inflation.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, estimates of Pioneer and NSAI are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by Pioneer, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing these estimates.

It should be understood that our audit does not constitute a complete reserves study of the audited oil and gas properties. Our audit consisted primarily of substantive testing, wherein we conducted a detailed review of major properties making up approximately 95 percent of Pioneer's total proved reserves, which account for approximately 98 percent of the present worth of its reserves. In the conduct of our audit, we have not independently verified the accuracy and completeness of information and data furnished by Pioneer with respect to ownership interests, oil and gas production, well test data, historical costs of operation and development, product prices, or any agreements relating to current and future operations of the properties and sales of production. However, if in the course of our examination something came to our attention that brought into question the validity or sufficiency of any such information or data, we did not rely on such information or data until we had satisfactorily resolved our questions relating thereto or had independently verified such information or data. Our audit did not include a review of Pioneer's overall reserves management processes and practices.

We used standard engineering and geoscience methods, or a combination of methods, including performance analysis and analogy, that we considered to be appropriate and necessary to establish the conclusions set forth herein. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

Supporting data documenting this audit, along with data provided by Pioneer, are on file in our office. The technical person primarily responsible for conducting this audit meets the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. Michael B. Begland, a Licensed Professional Engineer in the State of Texas, has been practicing consulting petroleum engineering at NSAI since 1993 and has over 8 years of prior industry experience. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

/s/ C.H. (Scott) Rees III
By:
C.H. (Scott) Rees III, P.E.
Executive Chairman

/s/ Michael B. Begland
By:
Michael B. Begland, P.E. 104898
Vice President

Date Signed: February 8, 2023

MBB:MBG