EIA ENERGY CONFERENCE
JUNE 26, 2017
PERMIAN BASIN TAKES GLOBAL STAGE

**Rystad Energy, July 4, 2016**

“U.S. now holds more oil reserves than Saudi Arabia”

---

**Wood Mackenzie**

“The Midland and Delaware basins hold the largest number of undrilled, low-cost tight oil locations in the Lower 48. No other region comes close.”

---

1) Total recoverable resource includes oil and gas for all fields
Source: Wood Mackenzie for international fields; Permian Basin from internal estimates
From 2009 to 2012, production growth primarily attributable to increased vertical activity.

Post 2012, production growth driven by horizontal activity.

Spraberry/Wolfcamp production has increased ~1,000,000 BOEPD since 2009.

Source: IHS Energy monthly data through March 2017 for the Spraberry, Credo East, Garden City South and Lin Fields; 2-stream production data.
Permian Basin is the only growing major U.S. oil shale since downturn began.
The Permian Basin has produced >35 BBOE in the past 90 years with an estimated >150 BBOE recoverable resource remaining.

Source: Production data from EIA (U.S. tight oil production – selected plays) through May 2017; historical WTI price from EIA
Average Monthly Oil Production

Source: EIA, monthly data through March 2017, weekly data through June 9th 2017
### PRODUCTION GROWTH FORECAST

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Net Production (MBOEPD)</th>
<th>Oil Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>204</td>
<td>52%</td>
</tr>
<tr>
<td>2016</td>
<td>234</td>
<td>57%</td>
</tr>
<tr>
<td>Q1</td>
<td>249</td>
<td>59%</td>
</tr>
<tr>
<td>Q2</td>
<td>254 - 259</td>
<td>59% - 60%</td>
</tr>
<tr>
<td>Q3</td>
<td>259</td>
<td>59%</td>
</tr>
<tr>
<td>Q4</td>
<td>269 - 276</td>
<td>15% - 28%</td>
</tr>
<tr>
<td>2017E1</td>
<td>~1 MMBOEPD</td>
<td>&gt;70%</td>
</tr>
<tr>
<td>2026E1</td>
<td>~1 MMBOEPD</td>
<td>&gt;70%</td>
</tr>
</tbody>
</table>

1) Assumes ethane rejection continues in Spraberry/Wolfcamp (~8 MBOEPD of ethane was rejected in Q1 2017)
Well Productivity and Costs Continue to Improve

Increases in well productivity coupled with decreasing well costs allow for strong returns in the current oil price environment.

Well Productivity Drivers
- Increased water volumes
- Increased sand volumes
- Reduced cluster spacing
- Longer lateral lengths

Cost Reduction Drivers
- Focused drilling on 3 zones vs. 8 zones
- Decreased drilling and completion times
- Reduced service costs

2) Drilling and completion costs per perforated lateral foot; represents all PXD horizontal wells in Spraberry/Wolfcamp since Q4 2014
THE TWO LARGEST U.S. OIL SHALE PLAYS

Delaware Basin
- Avalon Shale
- 1st Bone Spring
- Wolfcamp A
- Wolfcamp D

Midland Basin
- Clear Fork
- 2nd Bone Spring
- M. Spraberry
- JoMill
- 3rd Bone Spring
- L. Spraberry
- Wolfcamp B
- Wolfcamp D "Cline"
- ~75 BBOE recoverable resource potential

Midland Basin

- Wolfcamp C 2 BBOE
- Wolfcamp D 13 BBOE
- Spraberry Shales 14 BBOE
- Wolfcamp A 19 BBOE

Estimates indicate similar resource potential to the Midland Basin

Source: PXD

Eagle Ford Condensate
Niobrara
Bakken
Marcellus

PIONEER NATURAL RESOURCES | 9
MIDLAND BASIN: STACKED PLAY POTENTIAL

- “Delta log R” (excess electrical resistance)
- Red intervals indicate hydrocarbons
- Petrophysical analysis indicates significantly more oil in place in the Wolfcamp and Spraberry Shale intervals in the Midland Basin compared to other major U.S. shale oil plays

<table>
<thead>
<tr>
<th>Layer</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear Fork</td>
<td></td>
</tr>
<tr>
<td>U. Spraberry Shale</td>
<td></td>
</tr>
<tr>
<td>M. Spraberry Shale</td>
<td></td>
</tr>
<tr>
<td>Jo Mill Shale</td>
<td></td>
</tr>
<tr>
<td>L. Spraberry Shale</td>
<td></td>
</tr>
<tr>
<td>Dean</td>
<td></td>
</tr>
<tr>
<td>Wolfcamp A</td>
<td></td>
</tr>
<tr>
<td>Wolfcamp B</td>
<td></td>
</tr>
<tr>
<td>Wolfcamp C</td>
<td></td>
</tr>
<tr>
<td>Wolfcamp D “Cline”</td>
<td></td>
</tr>
<tr>
<td>Strawn</td>
<td></td>
</tr>
<tr>
<td>Atoka</td>
<td></td>
</tr>
<tr>
<td>Barnett Miss Lime Woodford</td>
<td></td>
</tr>
</tbody>
</table>

Source: PXD