

PIONEER NATURAL RESOURCES CO  
Form 8-K  
January 19, 2010

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 19, 2010

PIONEER NATURAL RESOURCES COMPANY  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-13245 (Commission File Number)	75-2702753 (I.R.S. Employer Identification No.)
5205 N. O'Connor Blvd., Suite 200, Irving, Texas (Address of principal executive offices)		75039 (Zip Code)

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

Not applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



## Item 2.02. Results of Operations and Financial Condition

Explanatory note: Pioneer Natural Resources Company and its subsidiaries ("Pioneer" or the "Company") presents in this Item 2.02 certain information regarding the impact of changes in the fair values of its derivative instruments on the results of operations for the three and twelve months ended December 31, 2009 and certain other information regarding its accounting for derivative instruments.

Prior to February 1, 2009, Pioneer entered into and designated certain commodity and interest rate derivative instruments as cash flow hedges of commodity price risk and interest rate risk in accordance with generally accepted accounting principles in the United States ("GAAP"). Effective February 1, 2009, the Company discontinued hedge accounting on all of its existing derivative instruments, and since that date forward has accounted for derivative instruments using the mark-to-market ("MTM") accounting method.

On January 31, 2009, the Company determined the fair value of its derivative hedge instruments and increased the effective portion of its net hedge gains recorded in accumulated other comprehensive income – deferred hedge gains, net of tax ("AOCI"), in the equity portion of its consolidated balance sheet, to \$99.3 million. In accordance with GAAP, the Company transfers the net hedge gains included in AOCI to oil, natural gas liquids ("NGL") and gas revenues and interest expense in the same periods in which the transactions that they hedged are recognized in earnings. For the three and twelve months ended December 31, 2009, the Company transferred \$24.9 million and \$121.1 million, respectively, of net gains from AOCI to oil, NGL and gas revenues and approximately \$942 thousand and \$6.8 million, respectively, of losses from AOCI to interest expense.

Under the MTM accounting method, the Company has accounted for all changes in the fair values of its derivative instruments since February 1, 2009 as gains or losses in the earnings of the periods in which they occurred. The following table summarizes net derivative losses that Pioneer expects to record in its earnings for the three and twelve months ended December 31, 2009:

DERIVATIVE LOSSES, NET  
(in thousands)

	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2009
Noncash MTM Changes:		
Oil derivative loss	\$ 84,004	\$ 150,799
NGL derivative loss	11,946	20,206
Gas derivative (gain) loss	(37,699)	6,612
Interest rate derivative loss	12,407	13,928
Total noncash derivative loss, net	70,658	191,545
Cash Settlements:		
Oil derivative loss	35,365	60,604
NGL derivative loss	5,546	8,340
Gas derivative gain	(1,492)	(66,428)
Interest rate derivative (gain) loss	(103)	1,496
Total cash derivative loss, net	39,316	4,012
Total derivative loss, net	\$ 109,974	\$ 195,557



## Item 7.01

## Regulation FD Disclosure

The following table presents Pioneer's open commodity derivative positions as of January 18, 2010:

	2010				Twelve Months Ended December 31,		
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2011	2012	2013
Average Daily Oil Production Associated with Derivatives:							
Swap Contracts:							
Volume (Bbl)	2,500	2,500	2,500	2,500	750	3,000	3,000
NYMEX price (Bbl)	\$ 93.34	\$ 93.34	\$ 93.34	\$ 93.34	\$ 77.25	\$ 79.32	\$ 81.02
Collar Contracts:							
Volume (Bbl)	-	-	-	-	2,000	-	-
NYMEX price (Bbl):							
Ceiling	\$ -	\$ -	\$ -	\$ -	\$ 170.00	\$ -	\$ -
Floor	\$ -	\$ -	\$ -	\$ -	\$ 115.00	\$ -	\$ -
Collar Contracts with Short Puts:							
Volume (Bbl)	26,750	27,000	27,000	27,250	37,000	15,000	1,250
NYMEX price (Bbl) (a):							
Ceiling	\$ 83.79	\$ 83.82	\$ 83.82	\$ 83.94	\$ 99.22	\$ 118.58	\$ 111.50
Floor	\$ 66.86	\$ 66.89	\$ 66.89	\$ 66.92	\$ 73.92	\$ 81.00	\$ 83.00
Short Put	\$ 53.95	\$ 53.96	\$ 53.96	\$ 53.97	\$ 59.41	\$ 65.00	\$ 68.00
Percent of total oil production (b)	~85%	~85%	~85%	~85%	~90%		