



PIONEER
NATURAL RESOURCES

Pioneer Alaska A Look Ahead

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Presentation Outline



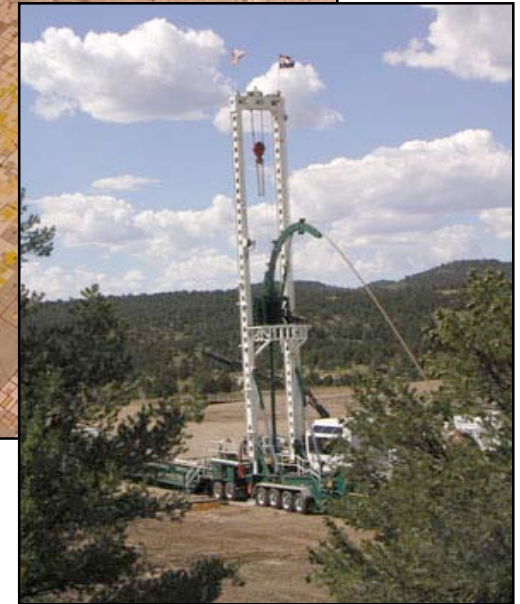
- Pioneer Profile
- Oooguruk Project
- Cosmopolitan Drilling
- Benefits of Current PPT Law
- ACES Bill - AK Competitiveness
- Conclusions



Pioneer Corporate Profile



- Large U.S. independent
- Operation Areas:
 - Alaska
 - Lower 48
 - South Africa
 - Tunisia
- In 2006 Pioneer:
 - 1,600 employees
 - 36 mmboe production
 - \$1.6 billion in revenue



Pioneer Alaska Profile



- Entered Alaska in 2002
- Anchorage headquarters
- 35 full-time Alaska employees
- Oooguruk Unit operator
- Cosmopolitan Unit operator
- 1.5 million acre leasehold
- Drilled 11 exploration wells

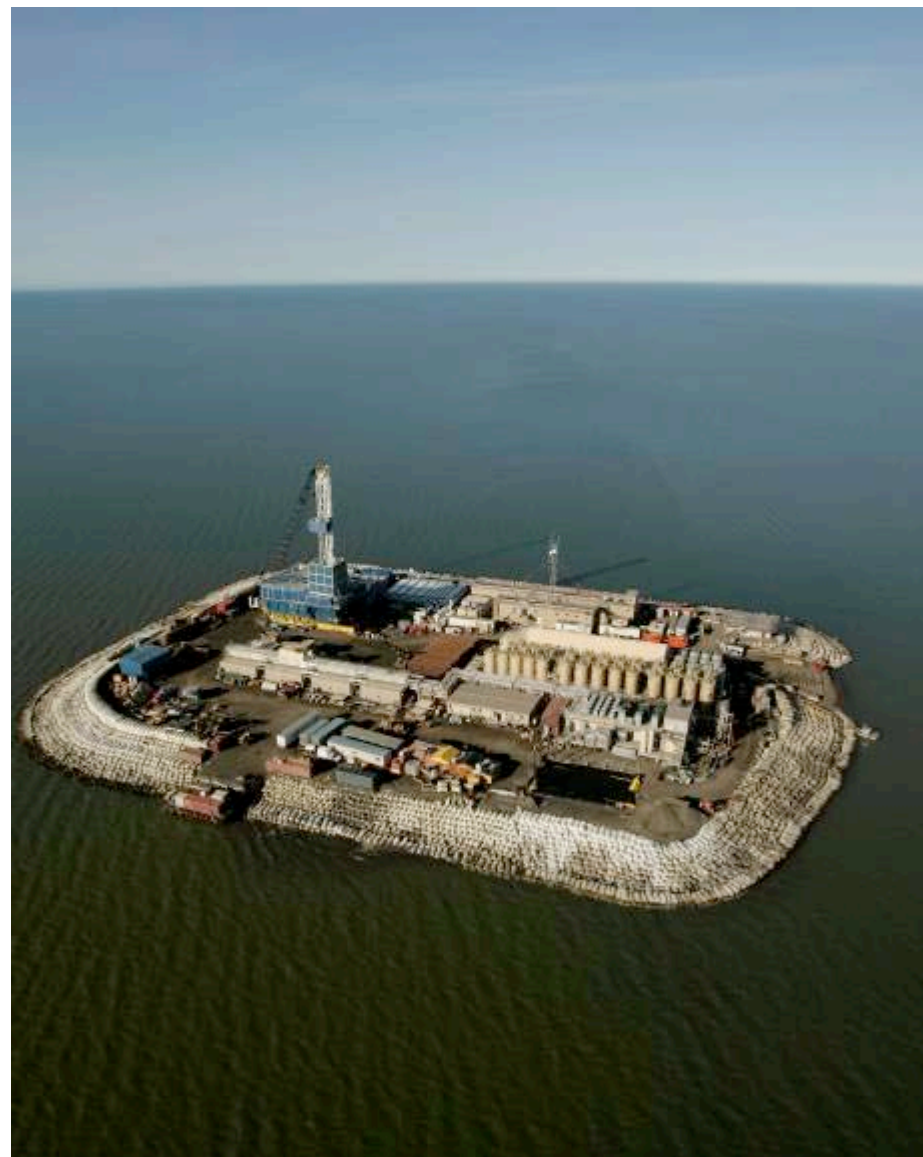


Oooguruk Project Summary



Future Operating Statistics

Field Life Cycle	Development
Project Type	Oil, EOR
Gross Acres	58,000
Working Interest	70% (Operator)
Partner	ENI (30%)
Gross Reserve Potential	70 - 90 MMBO
First Production	2008
Gross Peak Flow Rates	15 - 20 MBOPD
Productive Life	25+ Years
Development Wells	~40



Oooguruk Project Summary

- Project sanction Feb 2006
- Constructed island drill site
- Fab/set ~120 modules
- Installed subsea flowline
- 3 year development drilling
- 600+ contractors at peak
- Total capex \$550+ MM
- **First oil in 2008**



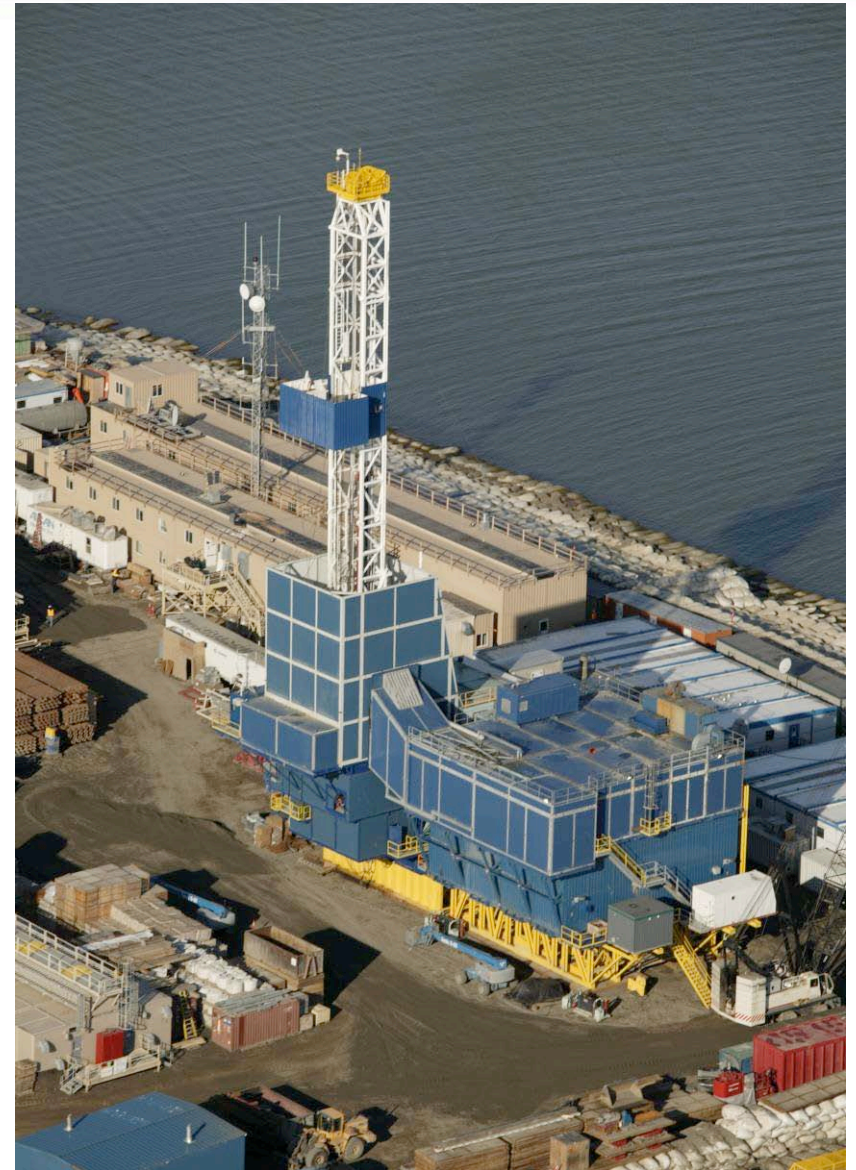
Oooguruk Island - Ready to Drill



Oooguruk Project Benefits



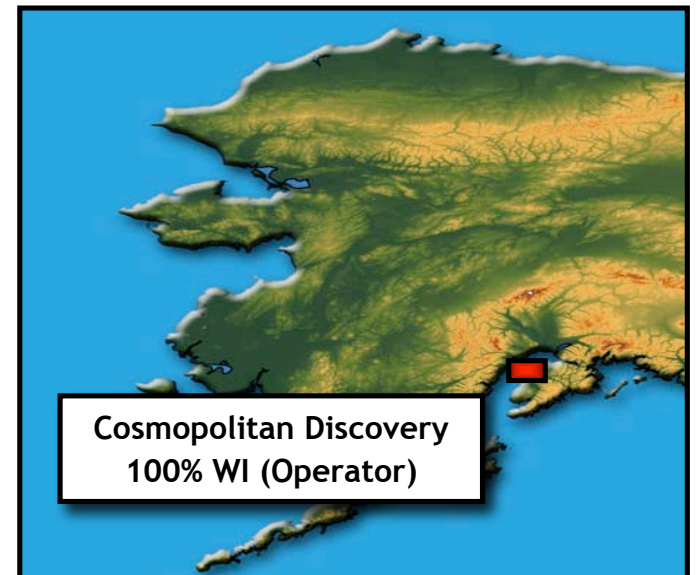
- First independent NS oil producer
- First third party facility access
- Trailblazer for other investors
- Royalty plus 30% net profits to SOA
- State income tax
- Property taxes to NSB
- Construction & Operating jobs
- Contractor profits



Cosmopolitan Appraisal Underway



- **Discovered oil resource in Cook Inlet**
 - 2 miles offshore Kenai Peninsula
- **Gross resource potential: 30 - 50 MMBOE**
- **3-D seismic acquired**
- **Horizontal drilling from onshore pad**
 - Appraisal well underway



Pioneer's View of PPT



- **Huge Pioneer investments & Oooguruk sanction pre-PPT**
- **Balanced system - Investment credits offset high tax rate**
- **Modest incentive for investment**
 - Encourages development of abundant lower tier resources
 - Challenged by size, quality, viscosity or location
- **Sustainable and fair across a broad range of investments**
- **PPT should grow the pie and give the State a bigger slice**

ACES Bill - Competitiveness



- Erodes modest incentives from PPT
- Changes are mostly negative for the investor
- AK investment competition: L48 resource plays
 - Lower cost - Shorter cycle time - Greater flexibility
 - Lower take - No progressivity - Investor price upside
- Increasing taxes make Alaska less competitive

Conclusions



- Pioneer has been an aggressive investor to date
- Oooguruk is a precedent setting project
 - Construction phase nearing completion
 - Prep to kick off 3+ year drilling program
- Significant potential being tested at Cosmopolitan
- Pending tax changes will make AK less competitive
- Pioneer team working hard to build a business in Alaska