PIONEER NATURAL RESOURCES CO
Form DEF 14A
April 07, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under § 240.14a-12

Pioneer Natural Resources Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table shown below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PIONEER NATURAL RESOURCES COMPANY

5205 North O Connor Boulevard

Suite 200

Irving, Texas 75039

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Pioneer Natural Resources Company:

Notice is hereby given that the Annual Meeting of Stockholders of Pioneer Natural Resources Company (Pioneer or the Company) will be held at 5205 North O Connor Boulevard, Suite 250, Irving, Texas 75039, on Thursday, May 19, 2016, at 9:00 a.m. Central Time (the Annual Meeting). The Annual Meeting is being held for the following purposes:

1. To elect thirteen directors, each for a term to expire at the 2017 Annual Meeting of Stockholders.

2. To ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for 2016.

3. To approve on an advisory basis named executive officer compensation.

4. To approve the amendment and restatement of the Company s 2006 Long-Term Incentive Plan (as so amended and restated, the Amended LTIP) to among other things, extend the term of the plan and increase the number of shares of the Company s common stock reserved for delivery thereunder.

5. To approve the eligible employees, business criteria and maximum annual per person compensation limits under the Amended LTIP to comply with the stockholder approval requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

6. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

These proposals are described in the accompanying proxy materials. You will be able to vote at the Annual Meeting only if you were a stockholder of record at the close of business on March 24, 2016. If there are not sufficient votes represented for a quorum or to approve the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned or postponed in order to permit further solicitation of proxies.

Beginning on or about April 7, 2016, the Company mailed a Notice Regarding the Internet Availability of Proxy Materials (the Notice) to its stockholders containing instructions on how to access the proxy statement and vote online, and the Company made proxy materials available to the stockholders over the Internet. Instructions for requesting a paper copy of the proxy materials are contained in the Notice.

YOUR VOTE IS IMPORTANT

Please vote over the internet at www.cstproxyvote.com or by phone at 1-866-894-0537 promptly so that your shares may be voted in accordance with your wishes and so that we may have a quorum at the Annual Meeting. If you received a paper copy of the proxy materials (which includes the proxy card), you may also vote by completing, signing and returning the paper proxy card by mail.

By Order of the Board of Directors,

Irving, Texas

Thomas J. Murphy

April 7, 2016

Corporate Secretary

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PROXY STATEMENT

2016 Annual Meeting of Stockholders

GENERAL INFORMATION

The Board of Directors of the Company (the Board) requests your Proxy for the Annual Meeting of Stockholders that will be held Thursday, May 19, 2016, at 9:00 a.m. Central Time, at 5205 North O Connor Boulevard, Suite 250, Irving, Texas 75039. By granting the Proxy, you authorize the persons named on the Proxy to represent you and vote your shares at the Annual Meeting. Those persons will also be authorized to vote your shares to adjourn the Annual Meeting from time to time and to vote your shares at any adjournments or postponements of the Annual Meeting.

If you attend the Annual Meeting, you may vote in person. If you are not present at the Annual Meeting, your shares may be voted only by a person to whom you have given a proper Proxy. You may revoke the Proxy in writing at any time before it is exercised at the Annual Meeting by (i) delivering a written notice of the revocation to the Secretary of the Company at 5205 North O Connor Boulevard, Suite 200, Irving, Texas 75039 no later than 5:00 p.m., Central Time on May 18, 2016, (ii) timely submitting a new Proxy electronically through the internet or by phone, (iii) signing and delivering to the Secretary of the Company at 5205 North O Connor Boulevard, Suite 200, Irving, Texas 75039 a new Proxy with a later date no later than 5:00 p.m., Central Time on May 18, 2016, or (iv) attending the Annual Meeting and voting your shares in person. Your attendance at the Annual Meeting will not revoke the Proxy unless you give written notice of revocation to the Company s Secretary before the Proxy is exercised or unless you vote your shares in person at the Annual Meeting.

Electronic Availability of Proxy Statement and Annual Report

As permitted under the rules of the Securities and Exchange Commission (the SEC), the Company is making this Proxy Statement and its Annual Report available to its stockholders electronically via the internet. The Company is sending the Notice on or about April 7, 2016, to its stockholders of record as of the close of business on March 24, 2016. This Notice includes (i) instructions on how to access the Company s proxy materials electronically, (ii) the date, time and location of the Annual Meeting, (iii) a description of the matters intended to be acted upon at the Annual Meeting, (iv) a list of the materials being made available electronically, (v) instructions on how a stockholder can request paper or e-mail copies of the Company s proxy materials, (vi) any control/identification numbers that a stockholder needs to access the Proxy, and (vii) information about attending the Annual Meeting and voting in person.

Stockholders of Record and Beneficial Owners

Most of the Company s stockholders hold their shares through a broker, bank or nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholders of Record. If your shares are registered directly in your name with the Company s transfer agent, you are considered the stockholder of record of those shares, and the Notice is being sent directly to you by the Company s agent. If you are a stockholder of record, you have the right to vote by Proxy or to vote in person at the Annual Meeting. If you received a paper copy of the proxy materials by mail instead of the Notice, the proxy materials include a proxy card for the Annual Meeting.

Beneficial Owners. If you hold your shares in a brokerage account or through a bank or nominee, you are considered the beneficial owner of shares held in street name, and the Notice will be forwarded to you by your broker or nominee.

The broker or nominee is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your broker how to vote. Beneficial owners

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that receive the Notice by mail from the stockholder of record should follow the instructions included in the Notice to view the Proxy Statement and transmit voting instructions. If you received a paper copy of the proxy materials by mail instead of the Notice, the proxy materials include a proxy card or voting instruction form for the Annual Meeting.

Quorum and Voting

Voting Stock. The Company s common stock is the only class of securities that entitles holders to vote generally at meetings of the Company s stockholders. Each share of common stock outstanding on the record date is entitled to one vote. An automated system that the Company s transfer agent administers will tabulate the votes.

Record Date. The record date for stockholders entitled to notice of and to vote at the Annual Meeting was the close of business on March 24, 2016. As of the record date, 163,652,858 shares of common stock were outstanding and entitled to be voted at the Annual Meeting.

Quorum and Adjournments. The presence, in person or by Proxy, of the holders of a majority of the shares entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present, the chairman of the Annual Meeting or the holders of a majority in voting power of the stock of the Company entitled to vote at the Annual Meeting who are present in person or by Proxy at the Annual Meeting have the power to adjourn the Annual Meeting from time to time, whether or not there is a quorum. No notice of the reconvened meeting is required to be given if the date, time and place are announced at the Annual Meeting unless the reconvened meeting is more than 30 days after the date for which notice was originally given. At any reconvened Annual Meeting at which a quorum is present, any business may be transacted that may have been transacted at the Annual Meeting had a quorum been present.

Effect of Broker Non-Votes and Abstentions; Vote Required. If you are a beneficial owner whose shares are held of record by a broker or nominee, you will receive instructions from the broker or nominee describing how to vote your shares. If you do not instruct your broker or nominee how to vote your shares, it may vote your shares as it decides with respect to any matter for which it has discretionary authority under the rules of the New York Stock Exchange (NYSE).

There are also non-discretionary matters for which your broker or nominee does not have discretionary authority to vote unless it receives timely instructions from you. A broker non-vote results when a broker or nominee does not have discretion to vote on a particular matter, you have not given timely instructions on how the broker or nominee should vote your shares and the broker or nominee indicates it does not have authority to vote such shares on its Proxy. Although broker non-votes will be counted as present at the Annual Meeting for purposes of determining a quorum, they will not be treated as entitled to vote or as votes cast, as applicable, with respect to non-discretionary matters.

If your shares are held in street name and you do not give voting instructions, pursuant to NYSE Rule 452, the record holder will only be entitled to vote your shares in its discretion with respect to the ratification of the selection of the Company s independent registered public accounting firm (Item 2).

Without voting instructions from you, the record holder will not be permitted to vote your shares with respect to the election of directors (Item 1), the advisory vote regarding executive compensation (Item 3), the proposal to approve the Amended LTIP (Item 4), and the proposal to approve the eligible employees, business criteria and maximum annual per person compensation limits under the Amended LTIP to comply with the stockholder approval requirements of Section 162(m) of the Code (Item 5). Your shares would therefore be considered broker non-votes with respect to these proposals.

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Abstentions occur when stockholders are present at the Annual Meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the stockholders are voting.

The Company s Fourth Amended and Restated Bylaws (the Bylaws) provide that the election of directors (Item 1) shall be decided by the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote in the election of directors at the Annual Meeting, unless, as of the tenth day preceding the date that the Company first distributes its proxy materials for the Annual Meeting, the number of nominees exceeds the number of directors to be elected at the Annual Meeting, in which case the directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at the Annual Meeting. In order for a director nominee to be elected by the affirmative vote of a majority of the votes cast, the number of votes cast For the nominee must exceed the number of votes cast Against the nominee. Abstentions and broker non-votes will not be counted as votes cast either For or Against any nominee for director and will have no effect on the outcome of the vote for directors.

Ratification of the selection of the Company s independent registered public accounting firm (Item 2) requires the affirmative vote of the holders of a majority of the shares present in person or by Proxy at the Annual Meeting and entitled to vote. Abstentions will be counted in determining the total number of shares entitled to vote on this proposal and will have the same effect as a vote Against the proposal. Because record holders have discretion to vote your shares on this proposal, there will be no broker non-votes.

The advisory vote to approve named executive officer compensation (Item 3) and the proposal to approve the Amended LTIP (Item 4) require the affirmative vote of the holders of a majority of the shares present in person or by Proxy at the Annual Meeting and entitled to vote. Abstentions will be counted in determining the total number of shares entitled to vote on these proposals and will have the same effect as a vote Against the proposals. The proposal to approve the eligible employees, business criteria and maximum annual per person compensation limits under the Amended LTIP to comply with the stockholder approval requirements of Section 162(m) of the Code (Item 5) requires the approval of the majority of the votes cast in accordance with regulations under Section 162(m). For purposes of Item 5, abstentions are not considered votes cast and do not affect the outcome of this proposal under Delaware law. Broker non-votes will have no effect on the outcome of the vote on any of these three proposals. While the advisory vote to approve named executive officer compensation is required by law, it will not be binding on the Company or the Board, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Company or the Board. However, the Compensation and Management Development Committee of the Board (the Compensation Committee) will take into account the outcome of the vote when considering future executive compensation decisions.

Default Voting. A Proxy that is properly completed and submitted will be voted at the Annual Meeting in accordance with the instructions on the Proxy. If you properly complete and submit a Proxy, but do not indicate any contrary voting instructions, your shares will be voted as follows:

- FOR the election of the thirteen persons named in this Proxy Statement as the Board s nominees for election as directors.

- FOR the ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for 2016.

FOR the advisory vote to approve named executive officer compensation.

FOR the approval of the amendment and restatement of the Company s 2006 Long-Term Incentive Plan to, among other things, extend the term of the plan and increase the number of shares of the Company s common stock reserved for delivery thereunder.

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FOR the approval of the eligible employees, business criteria and maximum annual per person compensation limits under the Amended LTIP to comply with the stockholder approval requirements of Section 162(m) of the Code.

If any other business properly comes before the stockholders for a vote at the Annual Meeting, your shares will be voted in accordance with the discretion of the holders of the Proxy. The Board knows of no matters, other than those previously stated, to be presented for consideration at the Annual Meeting.

Participants in the Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan

Participants in the Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (the 401(k) Plan) who have shares of common stock credited to their plan account as of the record date will have the right to direct the 401(k) Plan trustee how to vote those shares. The trustee will vote the shares in a participant s 401(k) Plan account in accordance with the participant s instructions or, if no instructions are received prior to 4:00 p.m., Central Time on May 16, 2016, the shares credited to that participant s account will be voted by the trustee in the same proportion as it votes shares for which it did receive timely instructions. Information as to how participants voted the shares credited to their 401(k) Plan account will not be disclosed to the Company.

If a participant holds common stock outside of the 401(k) Plan, the participant will need to vote those shares separately.

ITEM ONE

ELECTION OF DIRECTORS

Directors and Nominees

Upon recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the thirteen individuals named below for election as directors at the Annual Meeting, each of whom is currently serving as a director of the Company.

The Company s Amended and Restated Certificate of Incorporation, as amended (the Certificate of Incorporation), provides that all directors are to be elected annually. The Company s Bylaws provide for the election of directors by the majority vote of stockholders in uncontested elections. This means the number of votes cast For a nominee s election must exceed the number of votes cast Against such nominee s election in order for him or her to be elected to the Board. As a condition to being nominated, each nominee for director is required to submit an irrevocable letter of resignation that becomes effective if the nominee does not receive a majority of the votes cast in an uncontested election and the Board decides to accept the resignation. If a nominee who is currently serving as a director does not receive a majority of the votes cast for his or her election, the Board will act on the tendered resignation within 90 days after the date of the certification of the election results. If the resignation is not accepted, the Board will publicly disclose its decision and its primary rationale, and the director will continue to serve as a director until his or her successor is elected and qualified or until his or her earlier resignation or removal. If the Board accepts the resignation, the Board may fill the vacancy in accordance with the Company s Bylaws or may decrease the size of the Board.

The Board has no reason to believe that any of its nominees will be unable or unwilling to serve if elected. If a nominee becomes unable or unwilling to accept nomination or election, either the number of the Company s directors will be reduced or the persons acting under the Proxy will vote for the election of a substitute nominee that the Board recommends.

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The table below sets forth certain information, as of the date of this Proxy Statement, regarding the Company s director nominees. Following the table is additional biographical information regarding each nominee, including his or her principal occupations and business experience.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS

THAT STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED BELOW.

Name	Position and Offices	Age	Director Since
Edison C. Buchanan	Director	61	2002
Andrew F. Cates	Director	45	2009
Timothy L. Dove	Director; President and Chief Operating Officer	59	2013
Phillip A. Gobe	Director	63	2014
Larry R. Grillot	Director	69	2013
Stacy P. Methvin	Director	59	2013
Royce W. Mitchell	Director	61	2014
Frank A. Risch	Director	73	2005
Scott D. Sheffield	Chairman of the Board and Chief Executive Officer	63	1997
Mona K. Sutphen	Director	48	2015
J. Kenneth Thompson	Director	64	2011
Phoebe A. Wood	Director	62	2013
Michael D. Wortley	Director	68	2015

Edison C. Buchanan

Mr. Buchanan was a Managing Director of various groups in the Investment Banking Division of Dean Witter Reynolds in their New York and Dallas offices from 1981 to 1997. In 1997, Mr. Buchanan joined Morgan Stanley Dean Witter as a Managing Director in the Real Estate Investment Banking group. During 2000, Mr. Buchanan served as Managing Director and head of the domestic Real Estate Investment Banking Group of Credit Suisse First Boston. Mr. Buchanan also served on the Board of Directors of MFA Financial, Inc. from March 2004 through May 2011. Mr. Buchanan received a Bachelor of Science degree in Civil Engineering from Tulane University and a Master of Business Administration in Finance and International Business from Columbia University Graduate School of Business. The Board believes that Mr. Buchanan is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his financial education, his extensive experience of over twenty years in investment banking, and his management experience as a senior executive with a large institution.

Andrew F. Cates

Mr. Cates is the Managing Member of Value Acquisition Fund and Chief Executive Officer of RVC Outdoor Destinations, a developer and operator of outdoor resorts. He has acquired and asset managed commercial real estate throughout the United States within various entities, including Value Acquisition Fund, an acquisition, development, and asset management company that he founded in 2004. After starting his career in Dallas, Texas with Crow Family Holdings and Viceroy Investments, he became the Project Developer and founding Board Chairman of Soulsville, one of the largest inner city revitalization projects in the United States. In 2000, he began working with a team of civic and business leaders that attracted the Vancouver Grizzlies NBA franchise to Memphis, Tennessee in 2001. Mr. Cates also serves as a director of PICO Holdings, Inc., a diversified holding company, and on the board of the Myelin Repair Foundation. Mr. Cates earned a Bachelor of Business Administration in Finance at the

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University of Texas. The Board believes that Mr. Cates is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his senior executive experience and experience in business operations and asset management, as well as evaluating investments.

Timothy L. Dove

Mr. Dove has served as the Company s President and Chief Operating Officer since December 2004. He held the positions for the Company of Executive Vice President and Chief Financial Officer from February 2000 to November 2004 and Executive Vice President - Business Development from August 1997 to January 2000. Mr. Dove also served as President and Chief Operating Officer of the general partner of Pioneer Southwest Energy Partners L.P. (Pioneer Southwest), which was a majority-owned subsidiary of the Company, from June 2007 through the Company s acquisition of Pioneer Southwest in December 2013. Mr. Dove joined Parker & Parsley Petroleum Company, a predecessor of the Company (together with its predecessor companies, Parker & Parsley), in 1994 as a Vice President and was promoted to Senior Vice President - Business Development in October 1996, in which position he served until the Company s formation in August 1997. Before joining Parker & Parsley, Mr. Dove was employed with Diamond Shamrock Corp and its successor, Maxus Energy Corp., in various capacities in international exploration and production, marketing, refining, and planning and development. Mr. Dove earned a Bachelor of Science degree in Mechanical Engineering from Massachusetts Institute of Technology and received his Master of Business Administration from the University of Chicago. The Board believes that Mr. Dove is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his role as President and Chief Operating Officer of the Company, his experience as the former Chief Financial Officer of the Company, his educational background and work experience in petroleum engineering, his deep knowledge of the Company resulting from his long tenure with the Company and its predecessor, and his extensive knowledge of the energy industry.

Phillip A. Gobe

Mr. Gobe joined Energy Partners, Ltd. as Chief Operating Officer in December 2004 and became President in May 2005, and served in those capacities until his retirement in September 2007. Mr. Gobe also served as a director of Energy Partners, Ltd. from November 2005 until May 2008. Prior to that, Mr. Gobe served as Chief Operating Officer of Nuevo Energy Company from February 2001 until its acquisition by Plains Exploration & Production Company in May 2004. Prior to that time, he held numerous operations and human resources positions with Vastar Resources, Inc. and Atlantic Richfield Company and its subsidiaries. Mr. Gobe served as an independent director of the general partner of Pioneer Southwest from June 2009 through the Company s acquisition of Pioneer Southwest in December 2013. He is also Lead Director and Chairman of the Compensation Committee of Scientific Drilling International, Inc., a privately held directional drilling and wellbore navigation, surveying and logging service company. Subsequent to his retirement in September 2007, Energy Partners, Ltd. filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in May 2009. Energy Partners, Ltd. emerged from bankruptcy in September of that same year. Mr. Gobe is a graduate of the University of Texas with a degree in history and earned his Master of Business Administration at the University of Louisiana in Lafayette. The Board believes that Mr. Gobe is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his extensive senior management experience in the oil and gas industry.

Larry R. Grillot

Dr. Grillot served as the dean of the Mewbourne College of Earth and Energy at the University of Oklahoma from 2006 until his retirement from the university in June 2015. Dr. Grillot is a member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists and the Society of Petroleum Engineers. Prior to his role at the University of Oklahoma, from 1973 until his retirement in

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2003, Dr. Grillot worked for Phillips Petroleum Company in a variety of technical and managerial positions in exploration and production, including Manager of E&P Technology and Services, Upstream Technology and Project Development, Manager of International Exploration, President and Region Manager for Phillips Petroleum Canada Limited and Manager of E&P Planning. Dr. Grillot graduated from Mississippi State University with a Bachelor of Science degree in Physics and then earned master s and doctoral degrees in geological sciences from Brown University. The Board believes that Dr. Grillot is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his extensive technical experience as a geophysicist and his senior executive experience with a major integrated oil company.

Stacy P. Methvin

Ms. Methvin was Vice President, Refining Margin Optimization of Shell Oil Company (Shell) from 2011 until her retirement in 2012, and from 2009 until 2010, she was Vice President, Global Distribution of Shell. Ms. Methvin also held various other operational and management roles in the upstream, downstream and chemical businesses during her tenure at Shell and its subsidiaries that began in 1979, including President, Shell Louisiana E&P Company, President, Shell Deer Park Refining Company, President, Shell Pipeline Company LP, President, Shell Chemical LP, and Vice President, Strategy and Portfolio for the downstream business. Ms. Methvin also serves on the Board of Directors of the general partner of Magellan Midstream Partners, L.P., a master limited partnership engaged in the transportation, storage and distribution of refined petroleum products and crude oil, and as Vice Chair of Marquard & Bahls AG, a Hamburg, Germany-based company that operates in the fields of energy supply, trading and logistics. She also serves on the board of the Houston Zoo, and is a member of the finance and systems quality committee of the Board of Memorial Hermann Healthcare System and a trustee for the Springside Chestnut Hill Academy in Philadelphia. She has been an appointee on the Louisiana Governor s Commission for Coastal Restoration and Protection since 2003. Ms. Methvin graduated from Princeton University with a Bachelor of Arts degree in Geological and Geophysical Sciences. The Board believes that Ms. Methvin is qualified to serve on the Board based on her experience and education, as summarized above, and particularly, her extensive executive experience in upstream, downstream and chemical businesses with a major integrated oil company.

Royce W. Mitchell

Mr. Mitchell has been an executive consultant, focusing on advising management and audit committees of exploration and production companies, since January 2005, except for the period from April 2008 through December 2008 when he served as Chief Financial Officer of Frac Tech Services, Ltd. Mr. Mitchell served as Executive Vice President, Chief Financial Officer and Chief Accounting Officer of Key Energy Services, Inc. from January 2002 to January 2005. Before joining Key Energy Services, Inc., he was a partner with KPMG LLP from April 1986 through December 2001 specializing in the oil and gas industry. Mr. Mitchell served as an independent director and audit committee chairman of the general partner of Pioneer Southwest from April 2008 through the Company s acquisition of Pioneer Southwest in December 2013. He received a Bachelor of Business Administration degree from Texas Tech University and is a certified public accountant. The Board believes that Mr. Mitchell is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his extensive experience in accounting matters focused on the oil and gas industry, developed through experience with both an outside accounting firm and companies in the industry.

Frank A. Risch

Mr. Risch joined Exxon Corporation in 1966 as a financial analyst in New York and subsequently held various positions in finance, planning, marketing and general management with Exxon and its operating affiliates in the U.S. and abroad for nearly 38 years. He retired in July 2004 as Vice President and

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Treasurer (and principal financial officer) of Exxon Mobil Corporation. Mr. Risch is a member of the Business Board of Advisors of the Tepper School of Business at Carnegie Mellon University and Financial Executives International, and is active in civic and community organizations, serving as Immediate Past Chairman and Life Trustee of the Board of the Dallas Theater Center; Chairman of the Board of Communities Foundation of Texas; a member of the Boards of the ATT Performing Arts Center and the Dallas Holocaust Museum; and an Emeritus Director of Dallas CASA (Court Appointed Special Advocates). Mr. Risch also served on the Board of Directors of the general partner of Susser Petroleum Partners LP, a master limited partnership, from September 2013 until its acquisition in August 2014. Mr. Risch holds a Bachelor of Science degree in Business Administration from Pennsylvania State University and a Master of Science degree in Industrial Administration from Carnegie Mellon University. The Board believes that Mr. Risch is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his extensive experience as an employee and executive in the oil and gas industry for almost 40 years, including his role, at the time of his retirement, as principal financial officer of Exxon Mobil Corporation.

Scott D. Sheffield

Mr. Sheffield has held the position of Chief Executive Officer (CEO) for the Company since August 1997 and assumed the position of Chairman of the Board of Directors (Chairman) for the Company in August 1999. He was President of the Company from August 1997 to November 2004. Mr. Sheffield also served as Chief Executive Officer and director from June 2007, and as Chairman of the Board from May 2008, of the general partner of Pioneer Southwest through the Company s acquisition of Pioneer Southwest in December 2013. Mr. Sheffield was the Chairman of the Board of Directors and Chief Executive Officer of 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 and Chief Executive Officer in January 1989. Before joining Parker & Parsley, Mr. Sheffield was employed as a production and reservoir engineer for Amoco Production Company. Mr. Sheffield also serves as a director of Santos Limited, an Australian exploration and production company. Mr. Sheffield is a distinguished graduate of the University of Texas with a Bachelor of Science degree in Petroleum Engineering. The Board believes that Mr. Sheffield is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his role as CEO of the Company, his educational background and work experience in petroleum engineering, his deep knowledge of the Company resulting from his long tenure with the Company and its predecessor, and his extensive knowledge of the energy industry. Mr. Sheffield s severance agreement provides that his failure to be re-elected constitutes good reason under his severance agreement whether or not his resignation is accepted by the Board, which would entitle him to terminate his employment and receive the benefits described in the section below entitled Executive Compensation Tables - Potential Payments upon Termination or Change in Control.

Mona K. Sutphen

Ms. Sutphen is a Partner at Macro Advisory Partners LLP, a consulting firm providing strategic advice in the areas of financial markets, geopolitics and government policy, and previously spent three years at UBS AG, a global financial institution, as Managing Director, covering geopolitical risk and macro-policy trends. From 2009 through 2011, she served as White House Deputy Chief of Staff for Policy for President Obama, working on a range of domestic and international policy and regulatory matters. Prior to that position, she was Managing Director at Stonebridge International, an international consulting firm, and from 1991 through 2000 was a career diplomat, serving on the staff of the National Security Council, the U.S. Mission to the United Nations and postings in Asia and Europe.
Ms. Sutphen is a Member of the President s Intelligence Advisory Board. She serves on the Boards of Drilling Info Holdings LLC, a privately held provider of information and analytic tools for energy companies, the International Rescue

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Committee and Human Rights First. Ms. Sutphen is a member of the Council on Foreign Relations, a Trustee of Mount Holyoke College and is on the Advisory Board of the Center for Global Energy Policy at Columbia University. She is co-author of The Next American Century: How the US Can Thrive as Other Powers Rise, and holds a Bachelor of Arts degree from Mount Holyoke College and a Master of Science degree from the London School of Economics. The Board believes that Ms. Sutphen is qualified to serve on the Board based on her experience and education, as summarized above, and particularly, her extensive leadership and experience in the areas of macroeconomics, geopolitics, and governmental relations, policy and regulatory matters.

J. Kenneth Thompson

Mr. Thompson has served as the President and Chief Executive Officer of Pacific Star Energy LLC, a privately held oil and gas investment firm in Alaska, since September 2000, and as Managing Director of Alaska Venture Capital Group LLC, a privately held, family-owned oil and gas exploration company in which Pacific Star Energy LLC owns an interest, from December 2004 to December 2012. Mr. Thompson s experience includes serving as Executive Vice President of Atlantic Richfield Company s (ARCO) Asia Pacific oil and gas operating companies in Alaska, California, Indonesia, China and Singapore from 1998 to 2000, and President and Chief Executive Officer of ARCO Alaska, Inc., the parent company s oil and gas producing subsidiary based in Anchorage, from June 1994 to January 1998. He also served as executive head of ARCO s oil and gas research and technology center from 1993 to 1994. Mr. Thompson also serves as a director of Coeur d Alene Mines Corporation, a company engaged in the operation, ownership, development and exploration of silver and gold mining property, Alaska Air Group, Inc., a holding company for Alaska Airlines and Horizon Air Industries, and Tetra Tech, Inc., an engineering consulting firm. Mr. Thompson received a Bachelor of Science degree in Petroleum Engineering from Missouri University of Science & Technology. The Board believes that Mr. Thompson is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his educational background in petroleum engineering and experience as a senior executive with a major integrated oil company and as a chief executive officer, which bring to the Board significant leadership, risk management, operations, strategic planning, engineering, environmental, safety and regulatory experience.

Phoebe A. Wood

Ms. Wood has been a principal at CompaniesWood, a consulting firm specializing in early stage investments, since 2008. She was Executive Vice President and Chief Financial Officer of Brown-Forman Corporation, a diversified consumer products manufacturer, from 2001 to 2006, and Vice Chairman and Chief Financial Officer from 2006 to 2008. Prior to Brown-Forman Corporation, Ms. Wood was Vice President, Chief Financial Officer and a Director of Propel Corporation (a subsidiary of Motorola) from 2000 to 2001. Previously, Ms. Wood served in various capacities during her tenure at ARCO from 1976 to 2000. Ms. Wood currently serves on the Boards of Directors of Coca-Cola Enterprises Inc., a major bottler and distributor of Coca-Cola products, Invesco Ltd., a global investment management company, and Leggett & Platt, Incorporated, a diversified manufacturer, as well as on the boards of trustees for the Gheens Foundation and the American Printing House for the Blind. Ms. Wood graduated from Smith College with an A.B. degree in Psychology and then earned a Master of Business Administration from the University of California Los Angeles. The Board believes that Ms. Wood is qualified to serve on the Board based on her experience and education, as summarized above, and particularly, her extensive experience as a financial executive, including in the oil and gas industry, and her experience on the boards and audit committees of a number of public companies.

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Michael D. Wortley

Mr. Wortley is currently the Chief Legal Officer for Reata Pharmaceuticals, Inc., a clinical-stage biopharmaceutical company, and has practiced corporate law for over 35 years, focusing primarily on corporate governance matters, acquisitions and divestitures, public and private financings and securities law matters, including over 25 years in management positions. Mr. Wortley was a partner in the Dallas, Texas, office of Vinson & Elkins L.L.P. from 1995 to 2014 and served in various capacities, including Chief Operating Partner of the firm and Managing Partner of the Dallas office. Prior to joining Vinson & Elkins L.L.P., he was an attorney with Johnson & Wortley, P.C. (which prior to 1993 was known as Johnson & Swanson or Johnson & Gibbs) from 1978 to 1995 and served in various capacities, including President and Chairman of the Board. Mr. Wortley has also served on both for-profit public company boards and non-profit boards of trustees. He holds Bachelor of Arts and Juris Doctorate degrees from Southern Methodist University and a Master s degree in Regional Planning from the University of North Carolina at Chapel Hill. The Board believes that Mr. Wortley is qualified to serve on the Board based on his experience and education, as summarized above, and particularly, his education in the law and his extensive experience of over 35 years as a corporate attorney, including advising boards of directors in the areas of corporate governance and significant financing transactions and acquisitions and divestitures.

Executive Officers

The following table sets forth certain information, as of the date of this Proxy Statement, 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	Chairman of the Board and Chief Executive Officer	63
Timothy L. Dove	President and Chief Operating Officer	59
Mark S. Berg	Executive Vice President, Corporate/Operations	57
Chris J. Cheatwood	Executive Vice President, Business Development and Geoscience	55
Richard P. Dealy	Executive Vice President and Chief Financial Officer	50
J. D. Hall	Executive Vice President, Permian Operations	50
Kenneth H. Sheffield, Jr.	Executive Vice President, STAT, WAT and Corporate Engineering	55
Mark H. Kleinman	Senior Vice President and General Counsel	54
Margaret M. Montemayor	Vice President and Chief Accounting Officer	38

The biographical information for Messrs. Sheffield and Dove may be found above under Directors and Nominees.

Mark S. Berg. Mr. Berg was elected the Company s Executive Vice President and General Counsel in April 2005, serving in those capacities until January 2014, at which time he assumed broader executive responsibilities, most recently being elected to serve as Executive Vice President, Corporate/Operations in August 2015. Mr. Berg also served as Executive Vice President, General Counsel and Assistant Secretary of the general partner of Pioneer Southwest from June 2007 through the Company s acquisition of Pioneer Southwest in December 2013. 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 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.

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Chris J. Cheatwood. Mr. Cheatwood was elected the Company s Executive Vice President, Business Development and Geoscience in November 2011. Mr. Cheatwood had previously served the Company as Executive Vice President, Business Development and Technology since February 2010, as Executive Vice President, Geoscience from November 2007 until February 2010, as Executive Vice President - Worldwide Exploration from January 2002 until November 2007, as Senior Vice President Worldwide Exploration from December 2000 to January 2002, and as Vice President - Domestic Exploration from July 1998 to December 2000. Mr. Cheatwood also served as an Executive Vice President of the general partner of Pioneer Southwest from June 2007 through the Company s acquisition of Pioneer Southwest in December 2013. Before joining the Company, Mr. Cheatwood spent ten years with Exxon Corporation. Mr. Cheatwood is a graduate of the University of Oklahoma with a Bachelor of Science degree in Geology and earned his Master of Science degree in Geology from the University of Tulsa.

Richard P. Dealy. Mr. Dealy was elected the Company s Executive Vice President and Chief Financial Officer in 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 also served as Executive Vice President, Chief Financial Officer, Treasurer and Director of the general partner of Pioneer Southwest from June 2007 through the Company s acquisition of Pioneer Southwest in December 2013. 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. He is a Certified Public Accountant, and before joining Parker & Parsley, he was employed by KPMG LLP. Mr. Dealy graduated with honors from Eastern New Mexico University with a Bachelor of Business Administration degree in Accounting and Finance.

J. D. Hall. Mr. Hall was elected Executive Vice President, Permian Operations, in August 2015. Mr. Hall had previously held positions for the Company as 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.

Kenneth H. Sheffield, Jr. Mr. Sheffield was elected as Executive Vice President, STAT (the Company s South Texas Asset Team), WAT (the Company s Western Asset Team) and Corporate Engineering in August 2015. Mr. Sheffield has previously served the Company in a number of executive positions, including Executive Vice President, South Texas Operations from August 2014 to August 2015, Senior Vice President, Operations and Engineering from June 2013 to August 2014, Vice President, Corporate Engineering from November 2011 to June 2013, and President of the Company s Alaska subsidiary from September 2002 to November 2011. Mr. Sheffield joined MESA in June 1982 and held a number of supervisory and technical positions with MESA in the areas of drilling, production, reservoir engineering and acquisitions until being promoted to Vice President Acquisitions & Development in 1996. He is a graduate of Texas A&M University with a Bachelor of Science degree in Petroleum Engineering.

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Mark H. Kleinman. Mr. Kleinman was elected Senior Vice President and General Counsel in January 2014. He also held the positions of Corporate Secretary from June 2005 through August 2015, Vice President from May 2006 until January 2014 and Chief Compliance Officer from May 2006 until May 2013. Mr. Kleinman also served as Vice President and Secretary of the general partner of Pioneer Southwest from June 2007 until April 2008, and as its Vice President and Chief Compliance Officer from April 2008 through the Company s acquisition of Pioneer Southwest in December 2013. Prior to joining the Company, Mr. Kleinman was Vice President and General Counsel of Inet Technologies, Inc., a communications software provider, from 2000 until its acquisition in 2004, and Assistant General Counsel of Sterling Software, Inc., a computer software provider, from 1996 until its acquisition in 2000. 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.

Margaret M. Montemayor. Ms. Montemayor was elected the Company s Vice President and Chief Accounting Officer in March 2014. Ms. Montemayor had previously served the Company as Vice President and Corporate Controller since January 2014, Corporate Controller from April 2012 to December 2013, and Director of Technical Accounting and Financial Reporting from June 2010 to March 2012. Prior to joining the Company, Ms. Montemayor served as Manager at PricewaterhouseCoopers LLP since June 2006. Ms. Montemayor graduated from St. Mary s University in San Antonio, Texas with a Bachelor of Business Administration degree in Accounting and a Master of Business Administration.

COMPENSATION OF DIRECTORS

2015 Director Compensation Table

The table below summarizes the compensation paid by the Company to non-employee directors during 2015.

Name (a)	Fees Earned or Paid in Cash (1)($) (b)	Stock Awards (2) ($) (c)	All Other Compensation (3) ($) (g)	Total ($) (h)
Current Directors				
Edison C. Buchanan	$ 50,025	$ 219,053	$ 7,058	$
Andrew F. Cates	$ 50,108	$ 205,286	$ -	$
Phillip A. Gobe	$ 50,108	$ 205,286	$ 228	$
Larry R. Grillot	$ 50,108	$ 205,286	$ 1,250	$
Stacy P. Methvin	$ 50,025	$ 219,053	$ 5,000	$
Royce W. Mitchell	$ 50,108	$ 205,286	$ -	$
Frank A. Risch	$ 50,025	$ 219,053	$ -	$
Mona K. Sutphen (4)	$ 12,630	$ 295,705	$ -	$
J. Kenneth Thompson	$ 50,306	$ 227,925	$ 1,477	$
Phoebe A. Wood	$ 50,108	$ 205,286	$ 5,000	$
Michael D. Wortley (4)	$ 12,630	$ 295,705	$ -	$
Former Directors				

Charles E. Ramsey, Jr. (5)	$	25,000	$	-	$	5,000	$
Jim A. Watson (5)	$	25,000	$	-	$		$

(1) As noted below, the elements of compensation for the Company s non-employee directors are a cash annual base retainer fee of $50,000 plus an annual award of restricted stock units (RSUs), the amount of which varies for directors serving as Lead Director or the chair of a standing committee. A portion of the amounts included in this column represent cash received in lieu of fractional RSUs that vested during 2015 and were not deferred.

(2) Stock awards represent the aggregate grant date fair value attributable to RSU awards granted in 2015, determined in accordance with Financial Accounting Standards Board of Accounting Standards Codification Topic 718 (FASB ASC 718). Accordingly, the Company valued its RSU awards based on the market-quoted closing price of the Company s common

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stock on the last trading day prior to the grant date of the awards. Additional detail regarding the Company s share-based awards is included in Note H of Notes to Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data in the Company s Annual Report on Form 10-K for the year ended December 31, 2015. Aggregate director stock awards for which restrictions had not lapsed as of December 31, 2015, totaled (i) 672 shares for Mr. Cates; (ii) 716 shares for Messrs. Buchanan and Risch; (iii) 1,126 shares for Messrs. Gobe and Mitchell; (iv) 1,006 shares for Dr. Grillot, and Ms. Wood; (v) 1,050 shares for Ms. Methvin; (vi) 746 shares for Mr. Thompson; and (vii) 1,763 shares for Ms. Sutphen and Mr. Wortley. In accordance with director elections, shares for which vesting services had been performed but for which share issuance has been deferred totaled 22,857 for Mr. Buchanan, 4,417 for Mr. Watson, 1,661 for Messrs. Gobe and Mitchell, 1,796 for Dr. Grillot; 377 for Ms. Sutphen and Mr. Wortley, and 3,587 for Ms. Wood as of December 31, 2015. The Company did not issue to the directors any options to purchase the Company s common stock during 2015, and the directors did not hold any unexercised stock options as of December 31, 2015.

(3) Amounts reported in the All Other Compensation column consist of certain travel and entertainment costs of directors and their spouses (if applicable) related to attendance at Board or committee meetings or director education seminars, and, in the case of the following directors, the amounts indicated, which represent a matching contribution made by the Company under its Matching Gifts to Educational Institutions Policy: Mr. Buchanan, $5,000; Dr. Grillot, $1,250; Ms. Methvin, $5,000; Ms. Wood, $5,000; and Mr. Ramsey, $5,000.

(4) Ms. Sutphen and Mr. Wortley joined the Board in June 2015.

(5) Messrs. Ramsey and Watson ceased to serve on the Board effective as of the 2015 Annual Meeting.

General

The elements of compensation for the Company s non-employee directors for the 2015-2016 director year, which began as of the 2015 Annual Meeting, are as follows:

Each non-employee director received a cash annual base retainer fee of $50,000.

Each non-employee director received an annual grant of RSUs, valued at $225,000 based on the methodology described below.

The Lead Director received an additional annual retainer of $25,000, and the chairs of the Audit Committee, Compensation Committee and Health, Safety and Environment Committee each received an additional annual retainer of $15,000, in each case, payable in the form of RSUs.

All of the RSUs received in payment of non-employee directors annual fees vest quarterly on a pro rata basis during the director year, and the price that is used to calculate the number of RSUs granted is based on an average of the closing stock prices over the 30 trading days prior to the date of the annual meeting of stockholders. The vesting of ownership and the lapse of transfer restrictions on RSUs awarded to non-employee directors is accelerated in the event of the death or disability of the director or a change in control of the Company.

Unless a deferral election is made, RSUs are paid in shares of the Company s common stock promptly following the vesting date. Non-employee directors may elect to defer settlement of their RSUs until the earliest to occur of (i) the one-year anniversary of the director s retirement, resignation, or removal from the Board, (ii) a date certain that the director specifies, (iii) the director s death or (iv) a change in control of the Company.

In July 2015, in connection with their initial election to the Board, each of Ms. Sutphen and Mr. Wortley received grants of (i) RSUs valued at $168,750 as the pro rata portion of the normal annual grant of RSUs for directors, and (ii) RSUs valued at $150,000 as a one-time grant. The RSUs covered by these one-time grants are subject to vesting and transfer restrictions that lapse with respect to one third of the shares each year following the grant over a three year period. Retirement before the third anniversary of the grant results in pro rata vesting, and vesting is accelerated in full in the event of the death or disability of the director or a change in control of the Company.

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Additionally, non-employee directors are (i) eligible to participate in the Company s Matching Gifts to Educational Institutions Policy, pursuant to which the Company will match up to $5,000 of eligible contributions to a qualifying educational institution each year, (ii) provided information technology support by the Company, and (iii) reimbursed for travel and certain other related expenses to attend meetings of the Board or its committees and director education seminars and for the cost of certain trade publications. No additional fees are paid for attendance at Board or committee meetings. In those instances when a director s spouse accompanies the director to Board or committee meetings or director education seminars, the Company reimburses the director for the cost of the spouse s travel and certain related expenses.

Mr. Sheffield, the Company s CEO, and Mr. Dove, the Company s President and Chief Operating Officer, do not receive additional compensation for serving on the Board.

The Compensation Committee s practice is to review with its independent compensation consultant the compensation program for the Company s non-employee directors each year at its regularly scheduled November meeting. To assist in this process, the Committee engages the consultant to conduct a full benchmarking study of the Company s program and the programs of the Company s peers every other year, using the same peer companies as those used in connection with benchmarking executive compensation. The full benchmarking study was most recently conducted in November 2014, and indicated that the Company s compensation program for non-employee directors was well below the median of the peer group, but the Committee determined not to recommend an increase in the program at that time in light of declining commodity prices. In November 2015, the Committee reviewed the program with its independent compensation consultant and determined that, based on a review of the peer companies 2015 proxy statements, the Company s compensation program continued to be below the median of the peer group, but again the Committee determined not to recommend an increase in the program in light of commodity prices continuing to be low.

Stock Ownership Guidelines for Non-Employee Directors

To support the Company s commitment to significant stock ownership, the Company has established an ownership guideline that non-employee directors own stock with a value equal to at least ten times the cash annual base retainer fee of $50,000. The non-employee directors have three years after joining the Board to meet this guideline. Directors are required to retain all shares of common stock acquired upon the vesting of RSUs, other than sales to satisfy tax obligations, until the ownership guideline is reached. In evaluating compliance by directors with the stock ownership guidelines, the Compensation Committee has established procedures to minimize the effect of stock price fluctuations on the deemed value of the individual s holdings. All non-employee directors are in compliance with this ownership guideline.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board believes that sound governance practices and policies provide an important framework to assist it in fulfilling its duty to stockholders. The Company s Corporate Governance Guidelines cover the following principal subjects:

- Role and functions of the Board and its Lead Director

Qualifications and independence of directors

Size of the Board and director selection process

Committee functions and independence of committee members

Meetings of non-employee directors

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Self-evaluation of the Board and its committees

Ethics and conflicts of interest (a copy of the current Code of Business Conduct and Ethics is posted on the Company s website at www.pxd.com/about/governance)

Reporting of concerns about the Company s conduct, or about the Company s accounting, internal accounting controls or auditing matters, directly to any director, the Board, the Lead Director or the Audit Committee

Compensation of the Board and stock ownership requirements

Succession planning and annual compensation review of senior management

Directors access to senior management and to independent advisors

New director orientation

Continuing director education

Review and approval of related person transactions

The Company s Corporate Governance Guidelines are posted on the Company s website at www.pxd.com/about/governance. The Corporate Governance Guidelines are reviewed periodically and as necessary by the Company s Nominating and Corporate Governance Committee, and any proposed additions to or amendments of the Corporate Governance Guidelines are presented to the Board for its approval.

The NYSE has adopted rules that require listed companies to adopt governance guidelines covering certain matters. The Company believes that the Corporate Governance Guidelines comply with the NYSE rules.

Board Leadership Structure

Mr. Sheffield was first elected CEO of the Company in 1997 and Chairman of the Company in 1999, and has been re-elected to those positions each year since 1999. Mr. Sheffield also served as the Chairman of the Board and Chief Executive Officer of Parker & Parsley, a predecessor of the Company, from January 1989 until the formation of the Company in 1997.

The Board believes that at present the combined role of Chairman and CEO promotes unified leadership and direction for the Company, which allows for a single, clear focus for management to execute the Company s strategy and business plans. As CEO, Mr. Sheffield is best suited to ensure that critical business issues are brought before the Board, which enhances the Board s ability to develop and implement business strategies.

To maintain a strong and independent board, all directors of the Company, other than Messrs. Sheffield and Dove, are independent as described in more detail below. In addition, the Company s Corporate Governance Guidelines provide that if the Chairman is also the Chief Executive Officer, or if the Chairman is otherwise not independent, the Board shall have a Lead Director, who is to be an independent director designated by the Nominating and Corporate Governance Committee, which is composed entirely of independent directors, from among the independent members of the Board, and who will serve as the chair of the Nominating and Corporate Governance Committee.

Mr. Thompson has served as Lead Director of the Board since May 2015, succeeding the prior independent Lead Director who had served in that role since 2002 until his retirement from the Board. The Lead Director provides, in conjunction with the Chairman, leadership and guidance to the Board, and also:

presides at all meetings of the Board at which the Chairman is not present, including the executive sessions of the independent directors, and has the authority to call such executive sessions;

in consultation with the Chairman and Corporate Secretary, approves the agenda and meeting schedules for each meeting of the Board, taking into account suggestions of other directors;

coordinates the nature, quality, quantity and timeliness of, and is authorized to approve, information sent to the Board in advance of meetings;

serves as liaison between the Chairman and the independent directors, although all of the independent directors have complete and open access to the Chairman and all members of management; and

serves as the Board s contact for direct employee and stockholder communications with the Board.

In addition, all directors are encouraged to suggest the inclusion of agenda items and meeting materials, and any director is free to raise at any Board meeting items that are not on the agenda for that meeting. All of these principles are set forth in the Company s Corporate Governance Guidelines.

The Board s independent directors regularly meet in executive session without the presence of any members of management. The Lead Director presides at these meetings and provides the Board s guidance and feedback to the Chairman and the Company s management team.

The Company s governing documents allow the roles of Chairman of the Board and CEO to be filled by the same or different individuals. This approach allows the Board flexibility to determine whether the two roles should be separate or combined based upon the Company s needs and the Board s assessment of the Company s leadership from time to time. Although the Board regularly considers and is open to different structures as circumstances may warrant, the Board believes that, at the present time, the current arrangement of having the strong leadership of the Company s Chairman and CEO, the effective counterbalancing role of the Lead Director and a Board composed of strong and independent directors, best serves the interests of the Company and its stockholders.

Director Independence

Each year, the Board assesses the independence of its directors. In making this assessment, the Board uses the independence standards of the NYSE corporate governance rules for determining whether directors are independent, and additionally considers the rules of the SEC and the NYSE in determining independence for Audit Committee and Compensation Committee members. A director cannot be considered independent unless the Board affirmatively determines that he or she does not have any relationship with management or the Company that may interfere with the exercise of his or her independent judgment, including any of the relationships that would disqualify the director from being independent under the rules of the NYSE and SEC.

The Board has assessed the independence of each director and each nominee for director under the independence standards of the NYSE and affirmatively determined that all of the Board s non-employee directors (Messrs. Buchanan, Cates, Gobe, Mitchell, Risch, Thompson and Wortley, Dr. Grillot and Mses. Methvin, Sutphen and Wood) are independent. The Board also determined that Messrs. Ramsey and Watson, two non-employee directors who retired from the Board in May 2015, were independent. In connection with its assessment of the directors independence, the Board reviewed the facts and circumstances of certain of the directors roles as independent directors of companies that have a business relationship as a vendor or service provider to the Company in the ordinary course of business. In each such case, the Board concluded that the director is an independent director because his or her role at the other company is limited to that of an independent director, and the amount of business done

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between the Company and the other company is immaterial to both entities (less than two percent of revenues). This was applicable to Mr. Gobe s role as an independent director of Scientific Drilling International, Inc., a privately owned company that provides directional drilling services and other related technology services to the Company; Ms. Methvin s role as an independent director of the general partner of Magellan Midstream Partners, L.P., which owns the Longhorn crude oil pipeline on which the Company is a shipper; Ms. Sutphen s role as an independent director of Drilling Info Holdings LLC, a privately owned company that publishes an industry information service to which the Company subscribes; and Mr. Thompson s role as an independent director of Alaska Air Group, Inc., a publicly owned airline company, and Tetra Tech, Inc., an engineering consulting firm that provides services to the Company. In addition, prior to Ms. Sutphen s appointment to the Board in June 2015, the Board reviewed the facts and circumstances regarding (i) the position of her brother, David Sutphen, as a partner with Brunswick Group (Brunswick), a leading business communications firm with 23 offices in 14 countries that provided advisory services to the Company in 2015, and (ii) the services Ms. Sutphen s consulting company provided to a law firm during 2015 in connection with that firm s services to Producers for American Crude Oil Exports (PACE), which was an ad hoc group of energy companies formed to advocate for lifting the ban on United States oil exports, and Pioneer was among its members. The Board concluded that Ms. Sutphen is an independent director because she had no role at or interest in Brunswick, and the amount of business done between the Company and Brunswick was immaterial to both Brunswick and the Company (less than one percent of the Brunswick s gross revenues for 2014, the last full year prior to the assessment). With regard to PACE, the Board noted, among other facts, that Ms. Sutphen s company was engaged directly by the law firm pursuant to general budget authority PACE was granted prior to the engagement, her fees were not being passed through to Pioneer (and in any event, on a percentage basis, Pioneer s share of the payments were expected to be less than $15,000), and PACE s management was led by an unaffiliated company. Both the Company s engagement of Brunswick and Ms. Sutphen s work on behalf of PACE terminated in 2015. Prior to Mr. Wortley s appointment to the Board in June 2015, the Board reviewed the facts and circumstances of Mr. Wortley s former position as a partner in the law firm of Vinson & Elkins L.L.P. Mr. Wortley had retired as a partner from the law firm on December 31, 2014, and remained as an employee (of counsel) through March 31, 2015. He currently has no role at the firm. The Board concluded that Mr. Wortley is an independent director because his role at the firm had terminated and he no longer has any interest in amounts paid by the Company to the firm, and the amount of business done between the Company and the firm was immaterial to the Company and to the firm (less than one percent of the firm s gross revenues for 2014, the last full year prior to the assessment).

In connection with its assessment of the independence of each non-employee director, the Board also determined that each member of the Audit Committee meets the additional independence standards of the NYSE and SEC applicable to members of the Audit Committee. Those standards require that the director not be an affiliate of the Company and that the director not receive from the Company, directly or indirectly, any consulting, advisory or other compensatory fees except for fees for services as a director.

In connection with its independence assessment, the Board also determined that each member of the Compensation Committee meets the additional independence standards of the NYSE and SEC applicable to members of the Compensation Committee. Those standards require that the Board consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to his or her ability to be independent from management of the Company in connection with the duties of a member of the Compensation Committee, including the source of his or her compensation and whether he or she is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

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Director Succession

The Board does not believe that it is appropriate to impose arbitrary term limits on directors service, and currently the Board does not have a mandatory retirement age. Directors who have served on the Board for an extended period of time provide valuable insight based on their experience with and understanding of the Company s mission, strategies and objectives and the challenges faced by the Company in the oil and gas industry, particularly given the industry s cyclical nature.

Each year the Board undergoes a self-evaluation process led by the Lead Director. The process includes an evaluation of the current directors, as well as an evaluation of the Board in terms of the experience of its members in the key technical, professional, business, financial, regulatory, legal and other areas needed to lead a large U.S. independent oil and gas company.

Over time, the Board refreshes its membership through a combination of adding or replacing directors to achieve the appropriate balance between maintaining longer-term directors with deep institutional knowledge of the Company and adding directors who bring a diversity of perspectives and experience. For example, following the Annual Meeting of Stockholders in 2009, the Board was composed of ten directors, nine of whom were independent, including three directors who were newly elected to the Board at that time. Since that meeting:

- Six of the nine independent directors serving following the 2009 Annual Meeting have resigned or retired.

- The membership of the Board has been expanded to thirteen directors, eleven of whom are independent.

- Nine new directors have been named to the Board, eight of whom are independent, including directors who bolster the Board s diversity and experience and knowledge in the areas of oil and gas engineering and operations, geology, the midstream and downstream segments of the energy industry, macroeconomics, geopolitics, governmental relations and regulatory matters, safety, accounting, law and corporate governance.

- The Lead Director and the chair of the Audit Committee have changed, and a new Health, Safety and Environment Committee has been established. Four of the new independent directors serve on the Audit Committee, three serve on the Compensation Committee, and three serve on the Nominating and Corporate Governance Committee.

If all of the nominees are elected to the Board, following the Annual Meeting, the average tenure of the independent directors will be five years.

Meetings and Committees of the Board

The Board held eleven meetings during 2015, and its independent directors met in executive session four times during 2015. During 2015, each of the directors attended at least 75 percent of the aggregate of the total number of meetings of the Board and the total number of meetings of all committees of the Board on which that director served.

The Board has established four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Health, Safety and Environment Committee. The Board has also formed an ad hoc reserves committee to assist the Board in overseeing the Company s reporting of proved reserves.

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Audit Committee. The Audit Committee assists the Board with its responsibilities relating to the oversight of the Company s internal controls, financial statements and the audit process, including among other responsibilities:

- overseeing:
  - the integrity of the Company s financial statements;
  - the Company s accounting, disclosure and financial reporting processes and its accounting policies and practices;
  - the Company s compliance with legal and regulatory requirements;
  - the independent auditor s qualifications and independence;
  - the performance of the Company s internal audit function; and
  - the performance of the Company s systems of internal controls;
- reviewing and appraising the audit efforts of the Company s independent auditors and internal auditors and, where appropriate, replacing the independent auditors or internal auditors; and
- providing an open avenue of communication among the independent auditors, financial and senior management, the internal auditors, and the Board.

The Chief Financial Officer works with the Audit Committee chairperson to prepare an agenda for regularly scheduled meetings, but the Audit Committee chairperson makes the final decision regarding the agenda for regularly scheduled meetings and develops the agenda for special meetings based on the information supplied by the persons requesting the special meeting. As a part of its effort to foster open communications, the Audit Committee Charter provides that the Audit Committee is to meet at least annually with management, the internal auditors and the independent auditors in separate executive sessions. As a matter of practice, the Audit Committee holds these executive sessions throughout the year. In addition, representatives of Ernst & Young LLP, the Company s independent registered public accounting firm, are present at all regularly scheduled quarterly meetings of the Audit Committee. Additional information regarding the functions performed by the Audit Committee and its membership is set forth in the Audit Committee Report included herein and also in the Audit Committee Charter that is posted on the Company s website at www.pxd.com/about/governance.

The members of the Audit Committee are Messrs. Risch (Chair), Mitchell and Wortley, Dr. Grillot and Ms. Wood. The Audit Committee held eight meetings during 2015.

Financial Literacy of Audit Committee and Designation of Financial Experts. In 2015, the Board evaluated the members of the Audit Committee for financial literacy and the attributes of an audit committee financial expert as defined by the SEC. The Board determined that each of the Audit Committee members is financially literate and that three of the Audit Committee members (Messrs. Mitchell and Risch and Ms. Wood) meet the SEC s definition of audit committee financial expert.

Compensation and Management Development Committee. The Compensation Committee assists the Board with its responsibilities relating to executive compensation and management development and succession, including among other responsibilities:

- reviewing and approving the compensation of the Company s executive officers, including the individual elements of the total compensation of the CEO;
- monitoring the Company s overall employee compensation and benefits philosophy and strategy;
- administering the Company s employee and executive benefit plans;
- periodically reviewing and recommending to the full Board total compensation for each non-employee director for services as a member of the Board and its committees;
- overseeing the Company s succession planning for the CEO and other executive officers;

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- overseeing the Company s management development activities; and

- conducting an annual review of the CEO s performance and discussing the CEO s review of the other executive officers performance.

The Compensation Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Compensation Committee. The Compensation Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. Meetings may, at the discretion of the Compensation Committee, include members of the Company s management, other members of the Board, consultants or advisors, and such other persons as the Compensation Committee or its chairperson may determine. Additional information regarding the functions performed by the Compensation Committee is set forth in the Compensation Discussion and Analysis included herein and also in the Compensation Committee Charter, which is posted on the Company s website at www.pxd.com/about/governance.

The Vice President and Chief Human Resources Officer of the Company, or such other officer as may from time to time be designated by the Compensation Committee, acts as the management liaison to the Compensation Committee and works with the Compensation Committee chairperson to prepare an agenda for regularly scheduled meetings. The Compensation Committee chairperson makes the final decision regarding the agenda for regularly scheduled meetings and develops the agenda for special meetings based on the information supplied by the persons requesting the special meeting. The CEO makes recommendations to the Compensation Committee regarding the compensation of other executive officers and provides information to the Compensation Committee regarding the executive officers performance; however, the Compensation Committee makes all final decisions regarding the executive officers compensation.

The Compensation Committee has the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive officer compensation. The Compensation Committee has sole authority to approve the consultant s fees and other retention terms and has authority to cause the Company to pay the fees and expenses of such consultants. During 2015, the Compensation Committee engaged the services of Meridian Compensation Partners LLC (Meridian). The terms of Meridian s engagement are set forth in an engagement agreement that provides, among other things, that Meridian is engaged by, and reports only to, the Compensation Committee and will perform the compensation advisory services requested by the Compensation Committee. Among the services Meridian performed were apprising the Compensation Committee of compensation-related trends, developments in the marketplace and industry best practices; informing the Compensation Committee of compensation-related regulatory developments; providing peer group survey data to establish compensation ranges for the various elements of executive compensation; providing an evaluation of the competitiveness of the Company s executive compensation and benefits programs; assessing the relationship between executive pay and performance; advising on the design of the Company s incentive compensation programs, including metric selection and target setting and the design and administration of the Company s performance unit award program; advising the Compensation Committee on director compensation; and providing such additional reports and analyses as requested by the Compensation Committee from time to time. Meridian does not provide any services to the Company other than its services to the Compensation Committee. The Compensation Committee has assessed the independence of Meridian pursuant to applicable SEC and NYSE rules and concluded that Meridian s work for the Compensation Committee does not raise any conflict of interest.

The members of the Compensation Committee are Messrs. Buchanan (Chair), Cates, Gobe and Thompson, and Ms. Methvin. The Compensation Committee held six meetings during 2015.

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Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee assists the Board with its responsibilities relating to its composition and corporate governance, including among other responsibilities:

- reviewing and assessing the adequacy of the Company s Corporate Governance Guidelines, and recommending to the Board any necessary modifications to those guidelines;
- identifying and evaluating nominees for election at the annual meeting of stockholders, as well as for filling vacancies or additions on the Board that may occur between annual meetings;
- recommending committee members and structure;
- reviewing related person transactions that the rules of the SEC require be disclosed in the Company s Proxy Statement, and making a recommendation to the Board regarding the initial authorization or ratification of any such transactions;
- advising the Board about, and developing and recommending to the Board, appropriate corporate governance principles and practices and assisting the Board in implementing those practices; and
- overseeing the evaluation of the Board.

Additional information regarding the functions performed by the Nominating and Corporate Governance Committee is set forth in the Nominating and Corporate Governance Committee Charter that is posted on the Company s website at www.pxd.com/about/governance. Please see Stockholder Proposals; Identification of Director Candidates - Director Nominations for a discussion of the Nominating and Corporate Governance Committee s process and criteria for the selection of candidates for nomination to the Board.

The members of the Nominating and Corporate Governance Committee are Messrs. Thompson (Chair), Buchanan, Cates, Risch and Wortley, and Ms. Wood. The Nominating and Corporate Governance Committee held four meetings during 2015.

Health, Safety and Environment Committee. The Health, Safety and Environment Committee assists the Board in its oversight of the Company s health, safety and environmental (HSE) practices, including among other responsibilities:

- providing oversight for the Company s HSE practices;
- monitoring management s efforts in creating a culture of continuous improvement in the Company s HSE practices;

- reviewing the Company s HSE performance, including working with management to establish HSE goals and objectives, and communicating the Committee s evaluation of the Company s HSE performance to the Board s Compensation Committee as appropriate;

- reviewing the Company s management of current and emerging HSE issues, including trends in legislation and proposed regulations affecting the Company; and

- receiving reports from management regarding, and providing oversight for, the HSE aspects of the Company s sustainable development program.

The Health, Safety and Environment Committee s principal responsibility is one of oversight, as the Company s management is responsible for execution of the Company s goal to comply with applicable laws and regulations relating to HSE protection.

Additional information regarding the functions performed by the Health, Safety and Environment Committee and its membership is set forth in the in the Health, Safety and Environment Committee Charter that is posted on the Company s website at www.pxd.com/about/governance.

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The members of the Health, Safety and Environment Committee are Ms. Methvin (Chair), Messrs. Gobe and Mitchell, Dr. Grillot and Ms. Sutphen. The Health, Safety and Environment Committee held four meetings during 2015.

Board s Role in Oversight of Risk Management

Except as discussed below, the Board as a whole oversees the Company s assessment of major risks and the measures taken to manage such risks. For example:

- the Board oversees the long-term strategic direction of the Company, and in doing so periodically reviews the Company s strategic plans, the principal issues and risks that the Company may face and management s efforts to monitor and mitigate those risks;
- the Board receives periodic presentations from management regarding significant areas of operational risk and efforts to mitigate those risks;
- the Board oversees management of the Company s commodity price risk through regular review with executive management of the Company s derivatives strategy, and the oversight of the Company s policy that limits the Company s authority to enter into derivative commodity price instruments to a specified level of production, above which management must seek Board approval;
- the Board has established specific dollar limits on the commitment authority of members of senior management and requires Board approval of expenditures or entering into material contracts and transactions exceeding that authority; and
- the Board reviews management s capital spending plans, approves the Company s capital budget after reviewing projected investment returns, and requires that management present for Board review significant departures from those plans.

The Audit Committee of the Board is responsible for overseeing the Company s assessment and management of financial reporting and internal controls risks, as well as other financial risks such as the credit risks associated with counterparty exposure. Management and the Company s external and internal auditors report regularly to the Audit Committee on those subjects.

The Nominating and Corporate Governance Committee is responsible for overseeing risks that may arise in connection with the Company s governance structures and processes, including Board and committee composition and succession planning, director independence, and the Company s charitable contributions, political spending and lobbying activities.

The Health, Safety and Environment Committee of the Board provides oversight for the Company s HSE practices and monitors management s efforts in creating a culture of safety and environmental stewardship.

In addition, the ad hoc reserves committee of the Board periodically meets with the executives and employees of the Company responsible for overseeing the Company s proved reserves estimates to assist the Board in its oversight of the risks related to the Company s disclosure of proved reserves.

The Company believes that its leadership structure supports the risk oversight function of the Board. While the Company currently has combined the role of Chairman and CEO, strong, independent directors chair the Board committees involved with risk oversight, there is open communication between management and directors, and all directors are actively involved in the risk oversight function.

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Attendance at Annual Meetings

The Board encourages all directors to attend the annual meetings of stockholders, if practicable. All of the then-serving directors attended the 2015 Annual Meeting of Stockholders held on May 20, 2015.

Procedure for Directly Contacting the Board and Whistleblower Policy

The means for stockholders and any other interested parties to directly contact the Board (including the Lead Director) has been established and is published on the Company s website at www.pxd.com/about/governance. Matters for which this contact may be used include allegations about actions of the Company or its directors, officers or employees involving (i) questionable accounting, internal controls and auditing matters; (ii) materially misleading statements or omissions in SEC reports, press releases, or other public statements or other forms of wire, mail or securities fraud; (iii) violations of law, Company policy or the Company s Code of Business Conduct and Ethics; or (iv) other concerns that should be brought to the attention of the Company s independent directors. All complaints and concerns are received and processed by the Company s Corporate Secretary s Office. Complaints relating to the Company s accounting, internal accounting controls or auditing matters are referred to the Audit Committee and other concerns are referred to the Lead Director. Information may be submitted confidentially and anonymously, although the Company may be obligated by law to disclose the information or identity of the person (if known) providing the information in connection with government or private legal actions and in some other circumstances. The Company s policy is not to take any adverse action, and to not tolerate any retaliation, against any person for asking questions or making good faith reports of possible violations of law, Company policy or the Code of Business Conduct and Ethics.

AUDIT COMMITTEE REPORT

The information contained in this Audit Committee Report and references in this Proxy Statement to the independence of the Audit Committee members shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 (the Exchange Act), except to the extent that the Company specifically incorporates such information by reference in such filing.

The Audit Committee s purpose is to assist the Board with its responsibilities relating to the oversight of the Company s internal controls, financial statements and the audit process. The Board, in its business judgment, has determined that all members of the Audit Committee meet the independence standards of the NYSE and the SEC applicable to members of the Audit Committee.

Management is responsible for the preparation, presentation and integrity of the Company s financial statements, accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards and for auditing the Company s internal controls over financial reporting. While the Audit Committee has the responsibilities and powers set forth in its charter and management and the independent registered public accounting firm for the Company are accountable to the Audit Committee, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company s consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In performing its oversight role, the Audit Committee has reviewed and discussed the audited financial statements as of and for the year ended December 31, 2015 with management and the independent registered public accounting firm. The Audit Committee has also discussed with the independent

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registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight in Rule 3200T, and any other applicable accounting and auditing standards. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the firm s independence.

Based on the reports and discussions described in this Audit Committee Report, and subject to the limitations on the roles and responsibilities of the Audit Committee referred to below and in the Audit Committee Charter, the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the SEC. The Audit Committee has also selected Ernst & Young LLP as the Company s independent registered public accounting firm for 2016.

Although determined to be financially literate (as defined by the SEC rules), the members of the Audit Committee are not professionally engaged in the practice of auditing or accounting for the Company and are not experts in auditor independence standards or legal or regulatory matters. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly, the Audit Committee s oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee s considerations and discussions referred to above do not assure that the audit of the Company s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that Ernst & Young LLP is in fact independent.

Respectfully submitted by the Audit Committee of the Board of Directors,

Frank A. Risch, Chair

Larry R. Grillot

Royce W. Mitchell

Phoebe A. Wood

Michael D. Wortley

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COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE REPORT

The information contained in this Compensation and Management Development Committee Report shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates such information by reference to such filing.

During the last fiscal year, and this year in preparation for the filing of this Proxy Statement with the SEC, the Compensation and Management Development Committee of the Board of Directors:

- reviewed and discussed the disclosure set forth under the heading Compensation Discussion and Analysis with management as required by Item 402(b) of Regulation S-K; and

- based on the reviews and discussions referred to above, recommended to the Board of Directors that the disclosure set forth under the heading Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Respectfully submitted by the Compensation and Management Development Committee of the Board of Directors,

Edison C. Buchanan, Chair

Andrew F. Cates

Phillip A. Gobe

Stacy P. Methvin

J. Kenneth Thompson

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COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis is to explain the Compensation Committee s philosophy for determining the compensation program for the Company s CEO, Chief Financial Officer and three other most highly compensated executive officers for 2015 (the NEOs) and to discuss how the 2015 compensation package for these executives was determined. Following this discussion are tables that include compensation information for the NEOs. The NEOs for 2015 are as follows:

- Scott D. Sheffield, Chairman and CEO;
- Timothy L. Dove, President and Chief Operating Officer;
- Mark S. Berg, Executive Vice President, Corporate/Operations;
- Chris J. Cheatwood, Executive Vice President, Business Development and Geoscience; and
- Richard P. Dealy, Executive Vice President and Chief Financial Officer.

Executive Summary

Company Compensation Philosophy and Components

The Company s executive compensation program is designed to emphasize pay for performance. The three main components of the executive compensation program, each of which generally is targeted at the median level of the Company s peer group, are:

- Base salary fixed cash compensation component (for 2015, represented approximately eight percent of the CEO s total compensation, and approximately 12 percent of the other NEOs total compensation)
- Annual cash bonus variable cash payout based on Company and individual performance (for 2015, represented approximately eleven percent of the CEO s total compensation, and approximately 13 percent of the other NEOs total compensation)
- Long-term incentive plan awards variable stock-based payout based on the performance of the Company s common stock over a three-year period, with the opportunity to realize substantially more or less than the initial award (for 2015, represented approximately 80 percent of the CEO s total compensation, and approximately 73 percent of the other NEOs total compensation)

Company Performance

Highlights of the Company s 2015 performance included:

realizing significant capital efficiency gains in the Spraberry/Wolfcamp area as evidenced by (i) reducing the average cost per lateral foot to drill and complete horizontal wells in the Wolfcamp B interval of the northern Spraberry/Wolfcamp area by 30 percent between the fourth quarter of 2014 and the fourth quarter of 2015 and (ii) during this same period, improving the average well productivity for these same Wolfcamp B interval wells over their first 90 days of production by 50 percent as a result of the Company s completion optimization program;

maintaining a strong balance sheet, with $1.4 billion of cash and cash equivalents at year end, including proceeds from the successful issuance of $500 million of 3.45% Senior Notes due 2021 and $500 million of 4.45% Senior Notes due 2026 in December to fund the repayment of senior notes maturing in 2016 and 2017;

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- completing the sale of the Company s 50.1 percent equity interest in its non-core Eagle Ford Shale midstream business, EFS Midstream LLC, for total cash proceeds to the Company of approximately $1.0 billion; $530 million was received in July 2015 with the remaining $500 million to be received in July 2016;
- receiving $875 million in cash proceeds during the year from the Company s oil and gas derivatives positions;
- producing an average of 204,000 barrels oil equivalent per day (MBOEPD), an increase of 22 MBOEPD, or 12 percent, compared to 2014 (reflects Alaska, Barnett Shale and Hugoton divestures in 2014 as discontinued operations); oil production grew by 18,000 barrels per day (MBPD), or 21 percent, on a comparable basis; oil production represented 52 percent of total production in 2015 compared to 48 percent in 2014; this strong annual production growth was primarily driven by the Company s continued successful Spraberry/Wolfcamp horizontal drilling program in the Permian Basin of West Texas;
- adding proved reserves of 210 million barrels oil equivalent (MMBOE) from discoveries, extensions and technical revisions of previous estimates (excludes negative price revisions of 269 MMBOE resulting from lower oil and gas prices in 2015 compared to 2014 and reserves added from acquisitions of 1 MMBOE); the substantial reserve additions in 2015 were primarily due to (i) the continued successful execution of Pioneer s horizontal drilling program in the Spraberry/Wolfcamp and (ii) improved well performance and reduced costs in the Spraberry/Wolfcamp, Raton and West Panhandle;
- delivering this strong production growth and low-cost reserve replacement despite a reduction in the Company s average horizontal rig count from 36 rigs in 2014 to 20 rigs in 2015 in response to the almost 50 percent drop in the average price of oil between 2014 and 2015;
- realizing a 24 percent reduction in base lease operating expenses during the fourth quarter of 2015 as compared to the fourth quarter in 2014;
- working proactively with the United States Congress and the administration to have legislation approved that resulted in the lifting of the 40-year old ban on U.S. oil exports; the Company expects to have facilities operational along the Gulf Coast by the middle of 2016 to take advantage of future export opportunities;
- continuing the Company-wide focus on HSE performance, with all Pioneer business units seeing improvements in overall employee safety and environmental compliance; continuing to emphasize the drive toward an incident- and injury-free workplace during 2015, realizing reductions in Occupational Safety and Health Administration (OSHA) lost time accident and preventable vehicle accident rates for 2015; reducing the Company s reportable spills by 37 percent compared to 2014 levels; and
- maintaining a strong Company culture, with the Company ranking second among large employers in the Dallas/Fort Worth area in an annual survey for the best places to work; it is the sixth consecutive year that Pioneer has been ranked in the top three, and the Company is one of the few companies in the area to place in the Top 100 every year since the program s inception in 2009.

Over the three-year period covering 2013 through 2015 and the five-year period covering 2011 through 2015, the Company s total return to shareholders was second best in its 12-company E&P peer group and third best among the 17 E&P companies in the Standard & Poor s 500 Index (the S&P 500). (See Compensation Setting Process Benchmarking for more information regarding the Company s peer group.) This strong performance reflected the Company s world class assets, outstanding operational performance and strong financial position during periods of volatile and declining commodity prices.

The following charts compare the cumulative total stockholder return on the Company s common stock during the three-year and five-year periods ended December 31, 2015, with cumulative total return during the same period for the Company s peer group average, the Standard & Poor s Oil and Gas Exploration & Production Index and the S&P 500.

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Note: The total stockholder returns for the Company s common stock and the indices in the chart are based on closing prices as of the first and last days in the periods depicted. The total stockholder returns for the Company s common stock differ from those reported below with respect to the performance unit awards because the returns for the performance unit awards are based on average closing prices of the Company s common stock over 60-day periods prior to the first and last days in the applicable periods.

Compensation Actions

In general, the Compensation Committee s process in making its compensation decisions for a given year is to begin its evaluation of benchmarking data late in the prior year, and make its decisions as to base salaries, annual cash bonus target percentages and long-term incentive awards at the beginning of the year. As stated above, in general each of these is targeted at the median level of the Company s peer group.

For 2015 compensation levels, in light of the significantly reduced commodity prices in late 2014 and early 2015, the Committee decided not to increase base salaries, annual cash bonus target percentages or long-term incentive award levels for any of the NEOs, even where determined to be below the median of the peer group, with one exception noted below. With regard to the 2015 annual bonuses paid in 2016, the Committee approved a discretionary annual cash bonus pool in an amount equal to 105 percent of the potential target bonus levels for the NEOs (before individual adjustments) based on its assessment of the Company s strong performance and accomplishments described herein in light of the significantly reduced commodity prices during 2015.

The following charts illustrate the various components of total 2015 annual compensation for the CEO and the other NEOs as a group, and reflect the following: the annual base salary for 2015 established by the Compensation Committee, the annual cash bonus paid for 2015, the grant date fair value for the 2015 annual long-term incentive plan awards and the other compensation for each NEO as included in the Summary Compensation Table below.

More specific information regarding the Compensation Committee s compensation decisions for 2015 and the Company s executive compensation program generally is contained in the remainder of this Compensation Discussion and Analysis section.

Good Governance and Best Practices

The Compensation Committee continually monitors developing practices in the areas of executive compensation and corporate governance as it relates to compensation. The following are some of the Company s more significant practices and policies:

The Compensation Committee emphasizes long-term performance, with a majority of the NEOs total compensation being in the form of long-term incentive awards.

The Company maintains significant stock ownership guidelines for all of its directors and officers.

The Company has a long-standing practice of granting stock-based compensation awards to the majority of its employees.

The Company does not provide gross-ups for excise taxes on severance or other payments in connection with a change of control.

The Company has a policy that prohibits directors, officers and employees from engaging in short sales or in transactions involving derivatives based on the Company s common stock.

The Company has a clawback policy pursuant to which the Board has the right to cause the reimbursement of certain incentive compensation if predicated upon the achievement of financial results that were subsequently the subject of a required restatement.

The Company s 2006 Long-Term Incentive Plan expressly prohibits repricing of stock options, unless approved by stockholders.

All members of the Compensation Committee are independent as defined in the corporate governance listing standards of the NYSE.

The Compensation Committee has engaged a compensation consultant that is independent of management and free of conflicts of interest with the Company.

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Executive Compensation Philosophy

Philosophy and Objectives

The Company s executive compensation program is designed to emphasize pay for performance by:

- providing performance-driven compensation opportunities that attract, retain and motivate executives to achieve optimal results for the Company and its stockholders;
- aligning compensation with the Company s short- and long-term business objectives while providing sufficient flexibility to address the unique dynamics of the E&P industry; and
- emphasizing the use of equity-based compensation to motivate the long-term retention of the Company s executives and align their interests with those of stockholders.

As an executive s leadership role expands, and the scope, duties and responsibilities of the executive s position increase, the Compensation Committee believes a greater portion of total compensation should be performance-driven and have a longer duration, and base salary should be a relatively smaller portion of senior executive total compensation. The Committee believes that the majority of an NEO s realized compensation should be driven by the performance of the Company.

Executive Compensation Components

The components of the Company s executive compensation program for 2015 and the respective purposes of each within the framework of the Company s compensation philosophy and objectives are described in the table below.

Compensation Component	Description	Purpose and Philosophy
Base Salary	Fixed annual cash compensation	n Provides a stable, fixed element of cash compensation n Recognizes and considers the internal value of the position within the Company and the individual s experience, leadership potential, and demonstrated performance

Annual Cash Bonus	Performance-based annual cash compensation based on annual performance goals	n Rewards executives for the achievement of annual financial, operating and strategic goals and individual performance n Allows the Committee to evaluate both objective and subjective considerations when determining final payout amounts n Emphasizes team performance; however, individual executives may receive bonus payments above the team level if the individual s performance adds significant value, or below the team level if performance does not meet expectations

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Long-Term Incentive, in two components		n Ensures that realized value to the executive aligns with value delivered to stockholders. Realized value is dependent on Company performance over the long-term (three years), with performance unit payout being dependent on relative total stockholder return against industry peers
Performance Units	Performance units - equity compensation with payout in shares based on total stockholder return in relation to peers over a three-year period	
Restricted Stock	Restricted stock - equity compensation with time-based, three-year cliff vesting	n Reinforces executive stock ownership n Through a combination of award types, encourages executives to take the proper level of risk in developing and executing the Company s business plan with a long-term focus n Critical to the Company s ability to attract, motivate and retain the Company s key executives
Other Compensation	Health and life insurance, retirement benefits and limited perquisites	n Addresses health and post-retirement welfare of executives and provides certain other limited benefits

In determining compensation components and their design, the Compensation Committee also considers the typical practices of the Company s direct industry peers.

The Compensation Committee reviews peer data relative to each of the three main components for each NEO. The Committee s philosophy, in general, is to set base salary, target bonus percentage and long-term incentive award value at approximately the median of the Company s peers for each NEO, unless the Committee determines that an NEO s term of experience and/or contribution level justify setting compensation levels below or above median. However, the ultimate values realized by the NEOs upon payout of the annual cash bonus incentive or vesting of long-term incentive awards will vary above or below median depending on performance, which in the case of the long-term incentive awards will be determined after three years.

Compensation Setting Process

Role of the Compensation and Management Development Committee

As a part of its oversight of the Company s executive compensation program, the Compensation Committee:

- administers the Company s executive compensation program;
- establishes the Company s overall compensation philosophy and strategy; and
- ensures the NEOs are rewarded appropriately in light of the guiding principles as described in the sections above.

In determining the compensation of the NEOs, other than the CEO, the Compensation Committee considers the CEO s evaluation of their performance and his recommendations as to their compensation, but the Committee makes all final decisions regarding the NEOs compensation. The Committee determines the individual elements of the CEO s total compensation and benefits; approves specific annual corporate goals and objectives relative to the CEO s compensation; reviews the CEO s performance in meeting these corporate goals and objectives; and prior to finalizing compensation for the CEO, reviews the Committee s intentions with the other independent directors on the Board and receives their input.

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The Compensation Committee utilizes tally sheets to review each NEO s total compensation and potential payouts in the event of a change in control and for various employment termination events, including the NEO s potential walk-away benefits. The Committee also reviews historical target and actual compensation levels to determine whether the compensation plan design is meeting the Committee s objectives of providing fair compensation and effective retention and supporting the program s emphasis on pay-for-performance.

A further description of the duties and responsibilities of the Compensation Committee can be found in Corporate Governance - Meetings and Committees of the Board.

Role of Management

The Company s Administration and Human Resources Departments assist the Compensation Committee and its independent compensation consultant, Meridian, in gathering the information needed for their respective reviews of the Company s executive compensation program. This assistance includes assembling requested compensation data for the NEOs. As referenced in the section above, the CEO develops pay recommendations for the other NEOs for review and discussion with the Committee. The Committee, in executive session and without executive officers present, approves the CEO s pay levels.

Role of the Compensation Consultant

For 2015, the Compensation Committee retained Meridian to serve as an independent consultant to the Committee to provide information and objective advice regarding executive and director compensation. All of the decisions with respect to the Company s executive compensation, however, are made by the Committee. The Committee did not direct Meridian to perform its services in any particular manner or under any particular method. The Committee has the final authority to hire and terminate the compensation consultant, and the Committee evaluates the compensation consultant annually. Meridian does not provide any services to the Company other than in its role as advisor to the Committee, and the Committee has determined that no conflicts of interest exist as a result of the engagement of Meridian. The Committee has retained Meridian as its independent consultant on executive and director compensation for 2016.

From time to time, Meridian contacts the Company s executive officers for information necessary to fulfill its assignment and makes reports and presentations to and on behalf of the Compensation Committee that the Company s executive officers also receive.

Benchmarking

In conjunction with Meridian, the Compensation Committee annually benchmarks the competitiveness of its compensation programs to determine the degree to which target and actual compensation levels reflect the Company s overall philosophy and compare to the external market. Each year the Committee identifies a peer group consisting of independent oil and gas E&P companies that have similar operational and capital investment profiles as the Company. The Committee believes these metrics are appropriate for determining peers in this context because these metrics are likely to result in identification of the companies with which the Company should expect to compete for executive talent. Thus, the Committee believes this peer group provides a reasonable point of reference for comparing the compensation of the Company s executives to others holding similar positions and having similar responsibilities. The Committee s overall objective is to construct a peer group with roughly equal numbers of companies that are larger than and smaller than the Company, primarily taking into consideration the companies relative sizes in terms of market capitalization and enterprise value, but also considering total assets and revenue. The Committee reviews the peer group each year and makes changes as needed.

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The Company s benchmarking consists of all components of direct compensation, including base salary, annual cash bonus targets and long-term incentive awards. Information gathered from the proxy statements of the peer group companies and Meridian s proprietary databases are reviewed as a part of the benchmarking effort.

For the 2015 compensation decisions, the Compensation Committee used a peer group of 16 companies and grouped those companies into two tiers as follows (all statistics are as of October 31, 2014):

Tier 1 Companies	**Market Cap. ($ million)**	**Enterprise Value ($ million)**
EOG Resources, Inc.	52,036	56,715
Apache Corporation	29,527	37,900
Hess Corporation	26,098	27,974
Devon Energy Corporation	24,546	35,195
Marathon Oil Corporation	23,877	29,138
Continental Resources, Inc.	20,982	26,338
Noble Energy, Inc.	20,854	25,250
Chesapeake Energy Corporation	14,767	27,871
Concho Resources Inc.	12,315	15,329
Range Resources Corporation	11,539	14,537
Southwestern Energy Company	11,480	13,267

Tier 2 Companies	**Market Cap. ($ million)**	**Enterprise Value ($ million)**
Anadarko Petroleum Company	46,482	52,875
Cimarex Energy Co.	9,892	11,263
Murphy Oil Corporation	9,481	12,214
Whiting Petroleum Corporation	7,291	10,017
Denbury Resources Inc.	4,368	7,994

Summary Statistics and Pioneer Ranking	**Market Cap. ($ million)**	**Enterprise Value ($ million)**
Summary Tier 1 Statistics		
25th Percentile	13,541	20,289
50th Percentile	20,982	27,871
75th Percentile	25,322	32,166
Summary Tiers 1 and 2 Statistics		
25th Percentile	11,083	13,004
50th Percentile	17,810	25,794
75th Percentile	24,934	30,652
Pioneer	**27,054**	**29,268**

Percentile Rank - Tier 1	77%	67%
Percentile Rank - Tiers 1 and 2	82%	73%

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The Compensation Committee believed the Tier 1 peer group companies were most closely related to the Company in size and operations. The Tier 2 group includes the Tier 1 peer group companies plus the next five companies closest in size and operations to the Company. The Committee believes a tiered approach to analyzing benchmarking data provides additional insight to determine the most comparable levels of compensation for each NEO. The Committee relies primarily on the market survey data of the Tier 1 peer group companies to make its compensation decisions. Overall, the peer companies remained primarily the same as the group used for 2014 decisions, except that QEP Resources, Inc. and Newfield Exploration Company were removed as peer companies, and Hess Corporation and Murphy Oil Corporation were added as new peer group companies.

Elements of the Company s Compensation Program

The following sections describe in greater detail each of the components of the Company s executive compensation program and how the amounts of each element were determined for 2015.

Base Salary

The Compensation Committee reviewed with Meridian its base salary survey data and analyzed how effectively the survey data matched each executive s duties and responsibilities. The Committee decided not to increase base salaries, even where determined to be below the median of the peer group, in light of the significantly reduced commodity prices in late 2014 and early 2015, and accordingly approved the 2015 base salaries of the NEOs as follows:

NEO	2014 Base Salary	2015 Base Salary	% Change
Scott D. Sheffield	$990,000	$990,000	-
Richard P. Dealy	$488,000	$488,000	-
Mark S. Berg	$410,000	$410,000	-
Chris J. Cheatwood	$425,000	$425,000	-
Timothy L. Dove	$635,000	$635,000	-

Annual Cash Bonus Incentive Program

Annual Cash Incentive Bonus

The Company s annual cash bonus incentive program is generally administered each year as follows. At the beginning of the year, the Compensation Committee establishes for each NEO a target bonus level as a percent of the executive s base salary. The levels that had been established in 2014 were determined to be near the median level of companies in the Company s peer group, and accordingly were not increased for 2015, and were set as follows:

NEO	2014 Target Bonus %	2015 Target Bonus %	% Change
Scott D. Sheffield	130	130	-
Richard P. Dealy	100	100	-
Mark S. Berg	80	80	-
Chris J. Cheatwood	80	80	-
Timothy L. Dove	100	100	-

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The Compensation Committee also establishes a baseline performance hurdle that is a condition to the payout of awards under the program and, if achieved, would permit a payout at a maximum bonus level of 250 percent of target for each NEO. Although the achievement of the baseline performance hurdle would permit a payout at the maximum 250 percent of target bonus level for each NEO, the Compensation Committee, in determining actual awards, applies its subjective judgment to reduce the amount of the bonus payout, taking into consideration the Committee s assessment of Company performance. The program does not permit the Committee to increase the award above the maximum 250 percent bonus award opportunity. This approach is designed to qualify each NEO s annual cash bonus incentive program award as tax-deductible under Section 162(m) of the Code.

In evaluating whether to reduce the payout, and in determining the actual payout to each NEO, shortly following the end of the year when the Company s results are known, the Committee uses the following formula:

$$\text{Actual payout} = \text{Base salary} \times \text{Target bonus (\%)} \times \text{Performance score (\%)} +/- \text{Individual performance adjustment (if any)}$$

To assist the Compensation Committee in its determination of the performance score, the Compensation Committee works with senior management to establish a limited number of operational, financial and strategic performance goals, each with a pre-assigned weighting, for purposes of guiding the Committee s evaluation of performance. The performance goals are intended to be a group of operational and financial goals that support the Company s business plan for the year, as well as its long-term strategy. The goals also seek to provide a balanced approach, such that, the goals to achieve production growth or additions to reserves are complemented by goals designed to control costs and limit the Company s debt levels.

At the end of the year, the Compensation Committee assesses the Company s performance by assigning a payout percentage for each of the goals to derive the performance score. The payout percentage for each goal can range from zero to a maximum of 250 percent, and is established by the Committee using its subjective judgment as to the Company s performance in each area. The Committee believes it is important to retain its ability to exercise this level of discretion so that the Board and management will have flexibility to plan for and react to changing industry circumstances, such as commodity prices, cost structures and business opportunities, without creating conflicting incentives for management. It also allows the Committee the flexibility to take into account other performance measures, such as drilling program returns, return on equity and return on capital employed as part of assessing management performance.

In addition, the Compensation Committee reviews with Mr. Sheffield the individual performance of the other NEOs and makes a determination, in its discretion, as to whether any individual NEO merits a bonus payment above or below the bonus payout level determined for the Company as a whole based on achievement of individual goals, contributions to the Company during the year and other factors. The Committee makes its own assessment as to whether Mr. Sheffield s individual performance merits a bonus payment above or below the bonus payout level. Mr. Sheffield works with the other NEOs to develop the individual goals, and reviews them with the Committee as part of its management development and succession planning function.

Set forth below are the operational, financial and strategic performance goals established at the beginning of the year for the NEOs, their pre-assigned weightings and relative weights, and the results for the year and resulting scores by the Compensation Committee.

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Performance Goal	Target Performance	Performance Result	Relative Weight	Payout (% of Target)	Weighted Payout
Health, safety and environmental (1)	-	-	10%	125%	37.50%
Certain strategic goals (2)	-	-	30%	125%	12.50%
Lease operating and general and administrative expenses/BOE	$15.75	$14.01	15%	125%	18.75%
Ratio of net debt to EBITDAX (3)	1.5x	1.3x	15%	125%	18.75%
Production growth	73 MMBOE	74 MMBOE	15%	125%	18.75%
Proved reserve replacement (4)	100%	274%	15%	150%	22.50%
			100%		128.75%

(1) Health, safety and environmental (HSE) goals generally were weighted one-half toward health and safety-related goals and one-half toward environmental-related goals, with the evaluation based in part, on input from the HSE Committee as to its evaluation of Company performance in the areas of safety observations, safety investigations, training of personnel, improvement in lagging indicators of ten percent and environmental metrics.

(2) For 2015, the strategic goals category included preserving the strength of the Company s balance sheet, taking strategic steps to evaluate the Company s cost structure, and completing the divestiture of the Company s 50.1 percent equity interest in EFS Midstream LLC, assuming adequate value could be realized.

(3) EBITDAX represents earnings before depletion, depreciation and amortization expense; impairment of oil and gas properties; inventory and other property and equipment; exploration and abandonments; accretion of discount on asset retirement obligations; interest expense; income taxes; gain or loss on the disposition of assets; income or loss from discontinued operations; noncash derivative related activity; amortization of stock-based compensation; and other noncash items. The target performance goal was adjusted by the Committee following the closing of the sale of the Company s interest in EFS Midstream LLC, to take into account the revised structure of a two-step payment, and also to take into account the increases in capital expenditures the Board approved during the year, which had not been in the initial, approved 2015 budget.

(4) Proved reserve replacement is the summation of annual proved reserves, on a BOE basis, attributable to revisions of previous estimates, purchases of minerals-in-place and extensions and discoveries, if any, divided by annual production of oil, natural gas liquids (NGLs) and gas, on a BOE basis. Revisions of previous estimates exclude negative price revisions of 269 MMBOE resulting from lower oil and gas prices in 2015 compared to 2014.

The baseline performance hurdle applicable to the annual cash bonus incentive program for 2015 was based on achieving net cash from operating activities of over $1.4 billion. Due to the steep decline and prolonged period of low commodity prices during 2015, the Company did not achieve the baseline performance hurdle, although it achieved strong results in production growth and many other areas of its business despite the challenging environment. Over a period when oil, NGL and gas prices declined 49 percent, 51 percent and 41 percent, respectively, the Company achieved net cash from operating activities of $1.2 billion. As a result, for 2015, the Compensation Committee did not pay out awards under the Company s annual cash bonus incentive program; however, the Compensation Committee approved a separate discretionary cash bonus pool to recognize the NEOs contributions to the Company s performance for 2015.

2015 NEO Bonus Payments

While no payouts were made to the NEOs under the annual cash bonus incentive program, the Compensation Committee determined that a separate discretionary bonus for the NEOs for 2015 was warranted. The Compensation Committee made this determination because it believed that the steep decline and prolonged period of low commodity prices during 2015 was unexpected by the industry and caused by circumstances over which management had no control, and particularly affected the Company s cash flow (the baseline performance hurdle under the annual cash bonus incentive program), despite the Company s growth in production, cost reductions and improvements in drilling efficiency. The Company, under the leadership of the Company s management team, more than exceeded its goals for production and cost-management, while preserving the Company s strong balance sheet. Moreover, the

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Company has been particularly successful in proactively preparing the Company for the continuation of lower commodity prices, including entering into a strong derivative position for 2016 and conducting successful public offerings of debt and equity securities so that the Company is in a position to fund its capital program for 2016 and into 2017.

In making its decision as to the amount of the separate discretionary cash bonus pool for the NEOs, the Committee took into consideration the following accomplishments:

The Company realized significant capital efficiency gains in the Spraberry/Wolfcamp area as evidenced by (i) reducing the average cost per lateral foot to drill and complete horizontal wells in the Wolfcamp B interval and (ii) during this same period, improving the average well productivity for these same Wolfcamp B interval wells over their first 90 days of production by 50 percent as a result of the Company s completion optimization program.

The Company maintained a strong balance sheet, with $1.4 billion of cash and cash equivalents at year end and net debt-to-book capitalization of 21 percent. The Company completed the successful issuance of $500 million of 3.45% Senior Notes due 2021 and $500 million of 4.45% Senior Notes due 2026 in December to fund the repayment of senior notes maturing in 2016 and 2017.

The Company sold its 50.1 percent equity interest in its non-core Eagle Ford Shale midstream business, EFS Midstream LLC, for total cash proceeds to the Company of approximately $1.0 billion. In conjunction with this transaction, the Company also extended its downstream processing and transportation contracts to 20 years, with improved terms.

The Company received $875 million in cash proceeds during the year from the Company s oil and gas derivatives positions.

Near the end of 2015, management moved quickly and proactively to effect an equity offering in advance of many of its peers, successfully completing the offering on favorable terms. With the successful equity and debt offerings, the Company is in a position to fund its 2016 and 2017 capital programs and repay its public debt maturing in the near term without incurring additional debt, and if prices improve, to quickly ramp up drilling activity.

The Company realized production growth of 12 percent compared to 2014 on a comparable basis, primarily driven by the Company s continued successful Spraberry/Wolfcamp horizontal drilling program in the Permian Basin of West Texas. Oil production increased 21 percent year-over-year.

The Company added proved reserves of 210 MMBOE from discoveries, extensions and technical revisions of previous estimates (excludes negative price revisions and proved reserves added from acquisitions), primarily due to the continued successful execution of Pioneer s horizontal drilling program in the

Spraberry/Wolfcamp and improved well performance and reduced costs in the Spraberry/Wolfcamp, Raton and West Panhandle areas.

The Company delivered this strong production growth and low-cost reserve replacement despite a reduction in the Company s average horizontal rig count in response to the almost 50 percent drop in the average price of oil between 2014 and 2015.

The Company effectively managed its operating costs, realizing a 24 percent reduction in base lease operating expenses during the fourth quarter of 2015 as compared to the fourth quarter in 2014.

The Company worked proactively with the United States Congress and the administration to have legislation approved that resulted in the lifting of the 40-year old ban on U.S. oil exports.

The Company continued to implement the Company-wide focus on HSE performance, with all Pioneer business units seeing improvements in overall employee safety and environmental compliance. Pioneer continued to emphasize a drive toward an incident and

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injury-free workplace during 2015, realizing substantial reductions in OSHA lost time accident and preventable vehicle accident rates for 2015. In addition, the Company saw reportable spills decrease by 37 percent compared to 2014 levels.

The Company continued to maintain its strong culture, ranking second among large employers in the Dallas/Fort Worth area in an annual survey for the best places to work. It is the sixth consecutive year that Pioneer has been ranked in the top three, and the Company is one of the few companies in the area to place in the Top 100 every year since the program s inception in 2009.

During 2015, despite a bearish year in the stock market, and especially for energy companies that experienced a substantial drop in commodity prices during the year, the Company s stock price was the second best performing stock in its 12-company peer group and the second best performing E&P energy stock in the S&P 500.

The Compensation Committee also took into consideration Company s performance against the limited number of critical operational, financial and strategic performance goals established for the NEOs under the annual cash bonus incentive program. Taking into account all of these factors, as well as the significantly reduced commodity prices during the year, the Committee, using its subjective judgment, approved a separate discretionary cash bonus pool for the NEOs of 105 percent of target, which the Committee believed appropriately reflected the Company s performance for 2015.

In addition, the Compensation Committee reviewed with Mr. Sheffield the individual performance of the other NEOs, taking into consideration their individual goals that the Committee approved at the beginning of the year as part of its management development and succession planning function. Based on this review, the Committee determined that each of Messrs. Dealy and Berg merited additional payouts, primarily in recognition of their efforts in connection with the successful sale of the Company s 50.1 percent equity interest in EFS Midstream LLC and the related negotiation of the Company s downstream processing and transportation contracts with the purchaser. Accordingly, each of Messrs. Dealy and Berg received an additional fifteen percent of his target bonus level.

The Compensation Committee also met with the full Board to review Mr. Sheffield s performance and concluded that he merited an additional payout, primarily in recognition of his efforts in connection with the Company s work to have legislation approved that resulted in the lifting of the 40-year old ban on U.S. oil exports, as well as his continued excellent leadership and strategic direction for the Company in 2015. Accordingly, Mr. Sheffield received an additional five percent of his target bonus level.

Annual Long-Term Incentive Awards

In late 2014, the Compensation Committee began the process of determining the total dollar amount of the 2015 annual long-term incentive awards to be granted to each NEO by meeting with Meridian to review benchmarking data related to long-term incentive awards, including median award levels at companies within the Company s peer group, in accordance with the Company s compensation philosophy. The Committee also reviewed each NEO s total compensation level and each NEO s performance to determine if unique performance issues, positive or negative, existed that should affect the value of the 2015 annual long-term incentive award. At the Committee s regularly scheduled March 2015 meeting, in light of the significantly reduced commodity prices in late 2014 and early 2015, the Committee decided not to increase the dollar amount of the annual long-term incentive awards for any of the NEOs, even in the cases where it was determined to be below the median of the peer group, with the only exception being in the case of Mr. Berg. Mr. Berg s long-term incentive award level was increased to reflect his assumption of a number of additional responsibilities at the Company, including taking responsibility over the Company s vertical integration service companies and the legal, land, regulatory, government relations and communications departments; however, the increased target value of his

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annual long-term incentive award was still determined to be below the median of the peer group for his position. Although the Committee reviews the size and current value of prior long-term incentive awards, it did not consider these values in determining the 2015 long-term incentive award for the NEOs. The Committee believes that prior years awards were a component of those specific years total compensation and were not excessive, and future awards should be competitive with the NEO s current peer group position in order to retain and motivate the NEO.

The Compensation Committee next reviewed the Company s approach for delivering long-term incentives to NEOs. As a part of its review, the Committee considered the balance of risk in the long-term incentive program, peer company practices, and input from senior management and Meridian. In accordance with the pay-for-performance philosophy of the Company s compensation program, the Committee approved continuing the mix of long-term incentives for NEOs for 2015 at 50 percent performance units and 50 percent restricted shares. The Committee believes this mix of long-term incentive awards provides a good balance of risk, where restricted stock awards are time-based, full value awards, which avoid an all or nothing mentality, and performance units provide benefits based on the performance of the Company s stock price over a three-year period in relation to the Company s peer group total stockholder return.

For 2015, the approved dollar amounts of the aggregate long-term incentive awards granted to each NEO, and the allocation between the two award types, are shown in the table below. To arrive at the resulting number of restricted shares and target performance units awarded, the dollar value of the award was divided by the 30 trading day average closing price of the Company s common stock prior to February 1, 2015.

		Allocation Among Awards (1)	
NEO	Total Value	Restricted Stock/RSU Awards	Performance Units
Scott D. Sheffield	$8,250,000	$4,125,000	$4,125,000
Richard P. Dealy	$2,310,000	$1,155,000	$1,155,000
Mark S. Berg	$1,600,000	$800,000	$800,000
Chris J. Cheatwood	$1,735,000	$867,500	$867,500
Timothy L. Dove	$3,395,000	$1,697,500	$1,697,500

(1) These dollar amounts may vary from the values disclosed in the Summary Compensation Table and the 2015 Grants of Plan-Based Awards table below because those amounts are calculated based on the grant date fair value of the awards for accounting purposes in accordance with SEC rules. See the footnotes to those tables for further information regarding the methodology for determining the values of the awards for purposes of those tables.

Restricted Stock and RSU Awards

For the 2015 restricted stock and RSU award program, the awards cliff vest three years after the date of grant, subject to the NEO remaining employed with the Company continuously through the vesting date. For tax reasons, NEOs who have attained or who will attain the stated retirement age under the awards (which is age 60 for the 2015 awards) during the vesting period of the awards are awarded RSUs instead of restricted stock. Additional information regarding the terms of these awards is described below under Executive Compensation Tables Narrative Disclosure for the 2015 Grants of Plan-Based Awards Table.

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Performance Unit Awards

For the 2015 performance unit award program, the Compensation Committee determined, as it has since it began awarding performance units in 2007, that performance should be measured objectively rather than subjectively and should be based on relative total stockholder return, or TSR (as defined in the award agreements), over a three-year performance period. The Committee believes relative TSR is an appropriate long-term performance metric because it generally reflects all elements of a company s performance and provides the best alignment of the interests of management and the Company s stockholders. The Committee does from time to time consider incorporating other performance metrics, such as return on assets or levels of income, but believes that that such other metrics could lead to unintended results caused by the cyclicality of the oil and gas business, and that TSR is the best metric by which to measure performance of the Company and management compared to the Company s peers. The Committee also believes that the performance unit program provides a good balance to the restricted stock program.

The companies in the peer group used in measuring relative TSR with respect to the performance unit grants in 2015 were the same eleven companies listed above as Tier 1 peers for 2015 compensation benchmarking purposes. As depicted in the following table, the payout will range from zero percent to 250 percent of a target number of performance units awarded based on the Company s relative TSR ranking in the peer group at the end of the three-year performance period that ends December 31, 2017:

TSR Rank Against Peers	Percentage of Performance Units Earned (1)
1	250%
2	200%
3	175%
4	150%
5	125%
6	110%
7	75%
8	50%
9	25%
10	0%
11	0%
12	0%

(1) See the 2015 Grants of Plan-Based Awards table below, and the description of the performance units following that table, for additional information regarding the terms of the performance units.

The performance unit awards granted each year provide an additional balance of risk to the long-term incentive award program because a new three-year performance period starts at the beginning of each year. As depicted in the table below, with respect to the performance units granted in 2013, for the period January 1, 2013 to December 31, 2015, the Company s TSR resulted in a ranking of fourth place, providing a payout of 150 percent of target.

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Ranking	Company	TSR (%)
1	Cimarex Energy Co.	85.1
2	Newfield Exploration Company	44.3
3	EOG Resources, Inc.	39.9
4	**Pioneer**	**32.3**
5	Concho Resources Inc.	28.4
6	Devon Energy Corporation	(22.0)
7	Noble Energy, Inc.	(26.0)
8	Apache Corporation	(37.0)
9	QEP Resources, Inc.	(50.5)
10	Range Resources Corporation	(57.0)
11	Chesapeake Energy Corporation	(66.3)
12	Southwestern Energy Corporation	(75.3)

Accordingly, the performance shares earned by the NEOs for the 2013 to 2015 performance period were as follows:

NEO	Target Payout of Shares	Payout % of Target	Actual Payout of Shares
Sheffield	30,540	150%	45,810
Dealy	9,881	150%	14,822
Berg	5,839	150%	8,759
Cheatwood	7,186	150%	10,779
Dove	13,923	150%	20,885

The following table shows, as of December 31, 2015, the relative TSR rankings of the Company and each of the named peer companies for the currently outstanding performance unit awards, which have periods that began January 1, 2014, or two years into the three year performance period, and January 1, 2015, or one year into the three year performance period.

Rank	Period Beginning January 1, 2014		Period Beginning January 1, 2015	
	Company	TSR (%)	Company	TSR (%)
1	Concho Resources Inc.	(0.9)	Concho Resources Inc.	1.8
2	EOG Resources, Inc.	(3.3)	**Pioneer**	**(11.0)**
3	**Pioneer**	**(25.2)**	EOG Resources, Inc.	(14.1)
4	Hess Corporation	(29.4)	Hess Corporation	(26.3)
5	Devon Energy Corporation	(32.7)	Apache Corporation	(28.2)
6	Continental Resources, Inc.	(43.9)	Continental Resources, Inc.	(30.3)
7	Apache Corporation	(45.6)	Noble Energy, Inc.	(30.8)
8	Noble Energy, Inc.	(49.4)	Devon Energy Corporation	(33.2)
9	Marathon Oil Corporation	(53.3)	Marathon Oil Corporation	(45.2)
10	Range Resources Corporation	(64.3)	Range Resources Corporation	(56.1)
11	Southwestern Energy Company	(77.6)	Southwestern Energy Company	(72.9)
12	Chesapeake Energy Corporation	(78.5)	Chesapeake Energy Corporation	(74.2)

To demonstrate the pay-for-performance nature of the performance unit program, the following table shows the resulting realized value of the performance unit program for performance unit awards granted to the CEO since the program began in 2007:

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Performance Period	Min Payout of Shares	Target Payout of Shares	Max Payout of Shares	Actual Earned Date	TSR Rank	Payout % of Target	Actual Payout of Shares
1/1/2007-12/31/2009	0	34,998	87,495	12/31/2009	7	75	26,249
1/1/2008-12/31/2010	0	38,478	96,195	12/31/2010	2	200	76,956
1/1/2009-12/31/2011	0	60,459	151,148	12/31/2011	1	250	151,148
1/1/2010-12/31/2012	0	28,222	70,555	12/31/2012	1	250	70,555
1/1/2011-12/31/2013	0	16,065	40,163	12/31/2013	1	250	40,163
1/1/2012-12/31/2014	0	17,553	43,883	12/31/2014	2	200	35,106
1/1/2013-12/31/2015	0	16,065	40,163	12/31/2015	4	150	45,810
1/1/2014-12/31/2016	0	23,273	58,183	12/31/2016	*Not yet determined*		
1/1/2015-12/31/2017	0	30,540	76,350	12/31/2017	*Not yet determined*		

In administering the annual long-term incentive award program, awards are currently made to NEOs under the following guidelines:

- All long-term incentive awards are approved during the regularly scheduled first quarter Compensation Committee meeting.

- The Company does not time the release of material non-public information to affect the value of the executive equity compensation awards.

- All annual awards cliff vest after three years, subject generally to the continued employment of the executive officer.

Total Direct Compensation

In determining the extent to which the Company s executive compensation program meets the Compensation Committee s compensation philosophy and objectives, the Committee reviews the competitiveness of total compensation (the aggregate of base salary, annual cash bonus incentive payment, and the grant value of long-term incentive plan awards), in addition to each of the individual compensation components.

Stockholder Advisory Vote and Compensation Program Adjustments to Reflect Pay for Performance

In each of the last five years, the Company received a favorable advisory vote on its executive compensation program, with over 98 percent of the votes cast being voted to approve the executive compensation program pursuant to the most recent advisory vote that occurred in 2015. The Compensation Committee believes this affirms the stockholders support of the Company s executive compensation program, and the Committee did not change its approach to executive compensation matters in 2015 based on the results of the advisory vote on the Company s 2014 executive compensation program.

Other Compensation

Overview

The Compensation Committee believes that providing some perquisites, as well as health, welfare and retirement benefits, as components of total compensation is important in attracting and retaining qualified personnel; however, because the Company has chosen to emphasize variable, performance-based pay,

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the Company takes a conservative approach to these fixed benefits. The Company s perquisite, retirement and other benefit programs are established based upon an assessment of competitive market factors and a determination of what is needed to attract, retain and motivate high caliber executives.

Limited Perquisites

The perquisites provided to the NEOs are the payment of the costs of financial counseling services, annual medical physical exams and personal use of the Company s cell phones and computers. The Company also pays for the costs for the NEOs spouses to participate in certain business dinners or events, which the Company expects to be minimal; however, the Company does not reimburse Mr. Sheffield for any transportation expenses for his spouse.

Each year, the Company purchases a certain number of hours of flight time through a fractional aircraft ownership arrangement. These hours are made available for business use to the executive officers and other employees of the Company. The Company s policy is to not permit employees, including executive officers, to use these hours for personal use. The Company expects there will be occasions when a personal guest (including a family member such as a spouse) will accompany an employee on a business-related flight. In such instances, the Company will follow the Internal Revenue Service rules and, where required, impute income to the employee based on the Standard Industry Fare Level rates provided by the Internal Revenue Service.

Health and Welfare Benefits

The Company s NEOs participate in the Company s health and welfare benefit plans, including medical, dental, disability and life insurance arrangements, on the same basis as the Company s other employees.

Retirement Plans

All eligible employees of the Company, including the NEOs, may participate in the Company s 401(k) Plan. The Company contributes two dollars for every one dollar of base compensation (up to five percent of base compensation and subject to the Internal Revenue Service imposed maximum contribution limits) contributed by the participant. The participant s contributions are fully vested at all times, and the Company s matching contributions vest over the first four years of service, after which time the matching contributions vest immediately. Participants may make additional pre-tax and after-tax contributions to the plan. All contributions are subject to plan and Internal Revenue Service limits.

The Company provides a non-qualified deferred compensation plan with a fixed Company matching contribution rate to certain of its more highly compensated employees, which includes the NEOs. The plan allows each participant to contribute up to 25 percent of base salary and 100 percent of the participant s annual cash bonus. Each year, the Company provides a matching contribution equal to the NEO s contribution, but limited to a maximum of ten percent of annual base salary. The Company s matching contribution vests immediately. The non-qualified deferred compensation plan permits each participant to make investment allocation choices for both their contribution and the Company match to designated mutual funds offered as investment options under the non-qualified deferred compensation plan. The Company retains the right to maintain these investment choices as hypothetical investments or to actually invest in the participant s investment choices. To date, the Company has chosen to actually invest the funds in the investment options selected so that the investment returns are funded and do not create unfunded liabilities to the Company. The Company believes the plan is administered in operational compliance with all applicable rules and law. For more information on the non-qualified deferred compensation plan provisions, see Executive Compensation Tables 2015 Non-Qualified Deferred Compensation.

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Severance and Change in Control Arrangements

The Compensation Committee believes compensation issues related to severance and change in control events for the NEOs should be addressed through contractual arrangements. As a result, while the Company has not entered into employment agreements with its executive officers, the Company enters into severance and change in control agreements with each of its executive officers, including each NEO, to recruit and retain executives, provide continuity of management in the event of an actual or threatened change in control and provide the executive with the security to make decisions that are in the best long-term interest of the stockholders. The change in control agreements with the Company s executive officers were amended in 2013 to remove excise tax gross ups from the agreements, and it is the Company s policy that it will not provide such gross up benefits in future change in control or severance agreements. The terms of these agreements are described later in Executive Compensation Tables - Potential Payments upon Termination or Change in Control.

Stock Ownership Guidelines

To support the commitment to significant stock ownership by NEOs, the Company s common stock ownership guidelines are as follows:

Officer	Required Stock Ownership - Multiple of Annual Base Salary
Chairman and CEO	6x
President and Chief Operating Officer	5x
Other Executive Vice Presidents	3x

An NEO generally has three years after becoming an executive officer to meet the applicable stock ownership guideline. In evaluating compliance by executive officers and directors with the stock ownership guidelines, the Compensation Committee has established procedures to minimize the effect of stock price fluctuations on the deemed value of the individual s holdings. The NEOs are required to retain all shares of common stock acquired in connection with the exercise of stock options or the vesting of other stock awards, other than sales to satisfy the exercise price of a stock option or tax obligations, until the applicable ownership guideline is reached. All NEOs, including Mr. Sheffield, have exceeded their minimum ownership guidelines. Given these robust requirements for stock ownership and the executives historical levels of actual stock ownership, the Committee does not believe that it is necessary to adopt a separate policy requiring executives to retain stock following the vesting or exercise of their long-term incentive plan awards.

Prohibited Equity Transactions

The Company has a policy that prohibits directors, officers or employees from engaging in short sales or in transactions involving derivatives based on the Company s common stock, such as option contracts, straddles, collars, hedges and writing puts or calls. In addition, the Company has a policy that prohibits directors and executive officers from pledging Company securities as collateral for a loan or holding Company securities in a margin account without advance approval from the Board. In addition, the Company s policy requires that directors and executive officers must obtain authorization from the Board before entering into a trading plan that, under the SEC s Rule 10b5-1, would permit the sale of the Company s stock including at times when the director or executive officer is in the possession of material nonpublic information.

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Policy on Recovery of Compensation and Clawbacks

The Board has adopted a clawback policy under which the Board, or a committee of the Board, has the right to cause the reimbursement by an executive officer of the Company of certain incentive compensation if the compensation was predicated upon the achievement of certain financial results that were subsequently the subject of a required restatement of the Company s financial statements and the executive officer engaged in fraudulent or intentional illegal conduct that caused the need for the restatement.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its directors and executive officers. Each agreement requires the Company to indemnify the director or executive officer to the fullest extent permitted by the Delaware General Corporation Law. This means, among other things, that the Company must indemnify the indemnitee against expenses (including attorneys fees), judgments, fines and amounts paid in settlement that are incurred in a legal proceeding by reason of the fact that the person is or was a director, officer, employee or agent of the Company if the indemnitee meets the standard of conduct provided under Delaware law. Also as permitted under Delaware law, the indemnification agreements require the Company to advance expenses in defending such an action provided that the director or executive officer undertakes to repay the amounts if the person ultimately is determined not to be entitled to indemnification from the Company.

Deductibility of Executive Compensation

Section 162(m) of the Code places restrictions on the deductibility of executive compensation paid by public companies. Under the restrictions, the Company is not able to deduct compensation paid to any of the NEOs (other than the Chief Financial Officer) in excess of $1,000,000 unless the compensation meets the definition of performance-based compensation as required in Section 162(m) of the Code. Non-deductibility results in additional tax costs to the Company.

The performance unit awards granted by the Company are intended to qualify for deductibility under Section 162(m). Although the restricted stock and RSU awards do not qualify as performance-based compensation under Section 162(m), the Compensation Committee believes that it is in the best interests of stockholders to use restricted stock and RSUs as a part of the NEOs long-term incentive awards as described above under Elements of the Company s Compensation Program Annual Long-Term Incentive Awards. In addition, the annual cash bonuses paid to the NEOs for 2015 do not qualify as performance-based compensation under Section 162(m), although the Company s 2006 Long Term Incentive Plan is structured so that the Company may make annual cash bonus incentive awards that qualify as performance-based compensation under Section 162(m) if it so chooses and if the requirements of Section 162(m) are satisfied. Because of the uncertainties associated with the application and interpretation of Section 162(m) and the regulations issued thereunder, there can be no assurance that compensation intended to satisfy the requirements for deductibility under Section 162(m) will in fact be deductible. Further, the Company believes that, under certain circumstances, such as to attract and retain key executives or to recognize outstanding performance, it is in the Company s and its stockholders best interests to provide compensation to selected executives even if it is not deductible.

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EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

For 2015, the compensation paid to the Company s NEOs consisted of a base salary, annual cash bonus payments, awards of restricted stock or RSUs and performance units, contributions to the Company s 401(k) and non-qualified deferred compensation plans, and certain perquisites, which elements of compensation are described in greater detail above in the Compensation Discussion and Analysis and in the tables that follow. The following table summarizes the total compensation for 2015, 2014 and 2013 awarded to, earned by or paid to the NEOs.

Name and Principal Position (a)	Year (b)	Salary (1)($) (c)	Bonus (2)($) (d)	Stock Awards (3)($) (e)	Option Awards (3)($) (f)	Non-Equity Incentive Plan Compensation (2)($) (g)	All Other Compen-sation (4)($) (i)	Total ($) (j)
Scott D. Sheffield Chairman of the Board and Chief Executive Officer	2015	$990,000	$1,415,700	$10,565,565	-	-	$151,184	$13,122,449
	2014	$984,769	-	$9,716,478	-	$1,801,800	$147,988	$12,651,035
	2013	$956,001	-	$9,763,092	-	$2,390,000	$141,517	$13,250,610
Richard P. Dealy Executive Vice President and Chief Financial	2015	$488,000	$585,600	$2,958,349	-	-	$78,646	$4,110,595
	2014	$481,385	-	$2,720,848	-	$683,200	$79,583	$3,965,016

Officer								
	2013	$439,000	-	$3,158,811	-	$1,112,500	$77,971	$4,788,282
Mark S. Berg Executive Vice	2015	$410,000	$393,600	$2,049,209	-	-	$86,280	$2,939,089
President, Corporate	2014	$407,692	-	$1,707,993	-	$459,200	$67,130	$2,642,015
	2013	$392,077	-	$1,878,266	-	$790,000	$75,488	$3,135,831
Chris J. Cheatwood Executive Vice	2015	$425,000	$357,000	$2,222,134	-	-	$84,265	$3,088,399
President, Business Development	2014	$420,385	-	$2,043,663	-	$476,000	$84,211	$3,024,259
and Geoscience	2013	$392,077	-	$2,311,563	-	$790,000	$78,772	$3,572,412
Timothy L. Dove President and	2015	$635,000	$666,750	$4,347,889	-	-	$98,685	$5,748,324
Chief Operating Officer	2014	$626,539	-	$3,998,398	-	$889,000	$96,424	$5,610,361
	2013	$572,462	-	$4,478,694	-	$1,450,000	$91,829	$6,592,985

(1) In 2014, the adjusted base salaries did not take effect until February 20, 2014.

(2) Bonus amounts in column (d) represent discretionary bonuses earned during 2015 that were paid during March 2016. Although, in determining these discretionary bonuses, the Compensation Committee considered certain Company goals and accomplishments, the amounts actually paid were determined pursuant to the Committee s subjective evaluation of the performance of the Company and the NEOs. Amounts in column (g) for 2014 and 2013 represent the actual payouts under the Company s annual cash bonus incentive program. As described above in the section entitled Compensation Discussion and Analysis, under the Company s annual cash bonus incentive program, to take advantage of certain tax regulations, the Compensation Committee establishes a baseline performance hurdle the achievement of which is a condition to the payout

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of awards, and would permit payment of the maximum incentive award opportunity of 250 percent times the NEO s target bonus. For 2015, due to the steep and prolonged period of low commodity prices during 2015, the Company did not achieve the baseline performance hurdle and did not pay out awards under the Company s annual cash bonus incentive program. The Compensation Committee approved a separate discretionary annual cash bonus pool to recognize contributions to the Company s performance for 2015 and the payments thereunder are what are reflected in column (d).

(3) Amounts reported for Stock Awards in column (e) represent the grant date fair value of restricted stock, RSUs and performance unit awards, computed in accordance with FASB ASC Topic 718. Pursuant to SEC rules, all amounts shown in this column exclude the effect of estimated forfeitures related to service-based vesting conditions. Stock Awards for Messrs. Sheffield and Dealy in 2013 include grants by the general partner of Pioneer Southwest of phantom unit awards that were to be settled in common units of Pioneer Southwest, but which were converted into equivalent RSUs of the Company upon the Company s acquisition of Pioneer Southwest in December 2013, with adjustments in the number of shares issuable upon vesting to reflect the merger exchange ratio. The grant date fair values attributable to restricted stock, RSU and phantom unit awards are based on the market-quoted closing price of the Company s common stock and Pioneer Southwest s common units, as applicable, on the last trading day prior to the grant date of the awards. The Company s performance units are valued for these purposes using the Monte Carlo simulation method assuming a target number of shares would be payable because this is deemed to be the probable payout percentage at the time of grant consistent with the estimate of aggregate compensation cost to be recognized over the service period. Actual payouts with respect to performance units can range from zero percent to 250 percent of a target number of performance units awarded based on the relative ranking of the Company s TSR in comparison to the peer group over the applicable three-year performance period. If the Company s relative TSR performance is below the threshold performance, no shares will be paid. If the Company s performance places it first among its peers, a maximum of 250 percent of the target number of shares will be paid. In that instance, the grant date fair value of the maximum number of shares for each of the NEOs pursuant to performance units granted in 2015 would be as follows: Mr. Sheffield, $15,573,786; Mr. Dealy, $4,360,562; Mr. Berg, $3,020,356; Mr. Cheatwood, $3,275,591; and Mr. Dove, $6,408,668. Additional detail regarding the Company s share-based awards is included in Note H of Notes to Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 and under the 2015 Grants of Plan-Based Awards table below. The Company has not granted stock options since 2012. For additional information regarding restricted stock, RSU and performance unit awards, as applicable, owned by the NEOs as of December 31, 2015, see below under 2015 Outstanding Equity Awards at Fiscal Year End.

(4) Amounts reported as All Other Compensation in column (i) include the Company contributions to the NEOs 401(k) Plan and non-qualified deferred compensation plan accounts, life insurance premiums and other perquisites, as shown in the following table:

	Year ended December 31, 2015				
	Scott D. Sheffield	Richard P. Dealy	Mark S. Berg	Chris J. Cheatwood	Timothy L. Dove
401(k) contributions	$26,500	$26,277	$26,500	$26,500	$26,500
Non-qualified deferred compensation plan contributions	99,000	48,800	39,500	42,500	63,500
Life insurance premiums	15,286	1,667	3,973	4,128	6,295
Financial counseling	10,000	1,325	15,298	10,615	2,390
	398	577	1,009	-	-

Spousal travel & entertainment costs (a)					
Annual physical expense	-	-	-	522	-
Totals	$151,184	$78,646	$86,280	$84,265	$98,685

(a) Spousal travel & entertainment costs are included to the extent of the incremental costs incurred by the Company for travel and entertainment of spouses when accompanying the NEOs on Company-related business trips.

Mr. Sheffield, directly or indirectly, holds working interests in wells operated by the Company or a subsidiary of the Company. These interests were initially acquired in 1990 or earlier with his personal funds pursuant to a program offered by the Company s predecessor. As such, Mr. Sheffield participates in the costs and revenues attributable to these working interests in accordance with customary industry terms. During 2015, the aggregate amount of the distributions made to Mr. Sheffield with respect to these working interests was $902 (this amount is not included in the Summary Compensation Table).

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2015 Grants of Plan-Based Awards

The following table sets forth, for each NEO, information about grants of plan-based awards during 2015.

		Estimated Future Payouts under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units	Grant Dat Fair Value of Stock and Option Awards (4)
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Name	Grant Date	($)	($)	($)	(#)	(#)	(#)	(#)	($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(l)
ott D. Sheffield	03/03/2015	-	$1,287,000	$3,217,500					
	03/03/2015				7,005	28,019	70,048	28,020(3)	$6,229,469
	03/03/2015								$4,336,095
chard P. Dealy	03/03/2015	-	$488,000	$1,220,000					
	03/03/2015				1,962	7,845	19,613	7,846(3)	$1,744,180
	03/03/2015								$1,214,168
ark S. Berg	03/03/2015	-	$328,000	$820,000					
	03/03/2015				1,359	5,434	13,585	5,435(3)	$1,208,142
	03/03/2015								$841,066
aris J. Cheatwood	03/03/2015	-	$340,000	$850,000					
	03/03/2015				1,474	5,893	14,733	5,893(3)	$1,310,191
	03/03/2015								$911,941
mothy L. Dove	03/03/2015	-	$635,000	$1,587,500					
	03/03/2015				2,883	11,530	28,825	11,531(3)	$2,563,467
	03/03/2015								$1,784,422

(1) The amounts in columns (c), (d) and (e) represent the threshold, target and maximum payment levels with respect to the Company s 2015 annual cash bonus incentive program under the Company s 2006 Long-Term Incentive Plan, as discussed above in the section entitled Compensation Discussion and Analysis and below under Narrative Disclosure for the 2015 Grants of Plan-Based Awards Table. If the Company s performance does not exceed the minimum baseline performance hurdle, then the payout under this program will be zero. The amounts shown in the Target column reflect a payout of 100 percent of the target bonus, and the amounts shown in the Maximum column reflect the highest possible payout of 250 percent of target bonus. The Committee determined that the Company s performance did not exceed the minimum baseline performance hurdle for 2015 and, consequently, actual bonus payouts under this program for 2015 were zero, as reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for 2015.

(2) The amounts in columns (f), (g) and (h) represent the number of shares deliverable upon threshold, target and maximum performance with respect to the grants of performance units in 2015 under the Company s 2006 Long-Term Incentive Plan. The number of shares shown in the Threshold column reflects the lowest possible payout (other than zero), representing 25 percent of the target number of performance units granted. If performance is below the threshold, no shares are paid. The number of shares shown in the Target column reflects a payout of 100 percent of the target number of performance units granted. The number of shares shown in the Maximum column reflects the highest possible payout of 250 percent of the target number of performance units granted.

(3) The amounts reported are the number of restricted shares of the Company s common stock or RSUs granted to each NEO in 2015 under the Company s 2006 Long-Term Incentive Plan in connection with the annual grant of awards as described above.

(4) The Company did not grant any stock options in 2015.

(5) Amounts for restricted stock, RSU and performance unit awards represent each award s grant date fair value computed in accordance with FASB ASC Topic 718. The value of performance units was determined on the grant date using the Monte Carlo simulation method assuming a target number of shares would be issued, and is consistent with the estimate of aggregate compensation costs that the Company would expense in its financial statements over the awards three-year performance period, in accordance with FASB ASC Topic 718. See footnote 3 to the Summary Compensation Table for additional information about the assumptions used in calculating these amounts.

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Narrative Disclosure for the 2015 Grants of Plan-Based Awards Table

The 2015 annual cash bonus incentive program awards and the 2015 awards of performance units, restricted stock and RSUs were granted to the NEOs under the Company s 2006 Long-Term Incentive Plan. The material terms of these awards are described below. Defined terms impacting the accelerated settlement or vesting of awards can be found below in Potential Payments upon Termination or Change in Control.

Annual Cash Bonus Incentive Program Awards

The terms of the Company s annual cash bonus incentive program are described in Compensation Discussion and Analysis Elements of the Company s Compensation Program Annual Cash Bonus Incentive above. As described in that section, at the beginning of the year, the Compensation Committee establishes for each NEO a target bonus level as a percent of the executive s base salary, and a baseline performance hurdle that is a condition to the payout of awards that, if achieved, would permit a payout at a maximum bonus level of 250 percent of target for each NEO; provided that the Committee would then have the discretion to reduce the payout below 250 percent (but not increase the payout under the program above 250 percent) after assessing the Company s performance. This approach is designed to qualify each NEO s annual cash bonus incentive program award as tax-deductible under Section 162(m) of the Code. Due to the steep and prolonged period of low commodity prices during 2015, the Company did not achieve the baseline performance hurdle of at least $1.4 billion of cash flow and, as a result, the Company did not pay out any amounts in respect of the awards to the NEOs under the Company s annual cash bonus incentive program.

Performance Units

The performance unit awards represent the right to receive between zero percent and 250 percent of the target number of performance units awarded, contingent on the continued employment of the NEO and the Company s achievement of the specified performance objective at the end of the performance period. The 2015 awards have a three-year performance period (January 2015 to December 2017), and the number of performance units earned will be based on the Company s TSR ranking for this three-year period compared to the TSR of the following peer companies: Apache Corporation, Chesapeake Energy Corporation, Concho Resources Inc., Continental Resources, Inc., Devon Energy Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Noble Energy, Inc., Range Resources Corporation and Southwestern Energy Company, in accordance with the following table:

TSR Rank Against Peers	Percentage of Performance Units Earned
1	250%
2	200%
3	175%
4	150%
5	125%
6	110%
7	75%
8	50%
9	25%
10	0%
11	0%

12	0%

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TSR means the annualized rate of return stockholders receive through stock price changes and the assumed reinvestment of dividends paid over the performance period. 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 is based upon the average of the closing stock prices over the 60-day periods preceding the start and the end of the performance period.

Performance units earned will generally be paid in shares of the Company s common stock (unless the Compensation Committee determines to pay in cash) no later than March 15th of the year following the year in which the performance period ends. The NEOs will also earn dividend equivalents on the performance units actually earned up to a maximum of the target number awarded, which will be paid at the time the performance units are settled.

If an NEO s employment with the Company is terminated during the performance period, the following rules will determine the number of performance units, if any, the NEO will earn: (1) if the NEO s employment is terminated due to death or disability, the NEO will receive settlement of a number of performance units equal to the target number of performance units awarded multiplied by a fraction, the numerator of which is the number of months during the performance period that the NEO was employed and the denominator of which is 36 (the pro ration fraction); (2) if the NEO s employment is terminated due to the NEO s normal retirement (on or after the attainment of age 60), the NEO will receive settlement of a number of performance units equal to the number of performance units that would have been earned if the NEO had continued employment through the end of the performance period multiplied by the pro ration fraction (unless the NEO had attained the age of 65 with at least ten years of service, in which case there would be no pro ration); (3) if the NEO s employment is terminated by the Company without cause or by the NEO for good reason, then (A) Messrs. Sheffield and Dove will receive a number of performance units equal to the number of performance units that would have been earned if they had continued employment through the end of the performance period, and (B) the other NEOs will receive settlement of a number of performance units equal to the number of performance units that would have been earned if the NEOs had continued employment through the end of the performance period multiplied by the pro ration fraction; and (4) if an NEO s employment is terminated for any other reason, the NEO will not receive settlement of any of the performance units.

In the event of a change in control, the date of the change in control will be treated as the last day of the performance period and achievement of the performance objective and the number of performance units, if any, earned will be measured based on the Company s actual performance as of that date.

Additional information regarding the performance unit awards can be found above under Compensation Discussion and Analysis Elements of the Company s Compensation Program Annual Long-Term Incentive Awards.

Restricted Stock and RSUs

In general, the restricted stock awards cliff vest on February 15 of the third year following the date of grant, subject to the NEO remaining employed with the Company continuously through the vesting date. While an NEO holds restricted shares, he is entitled to vote with holders of the Company s common stock and receive dividends on the shares at the same rate and time as other stockholders. RSU awards are similar to restricted stock awards in that they cliff vest three years after the date of grant and are settled in common stock of the Company, subject to the NEO remaining employed with the Company continuously through the vesting date, and the NEO has the right to receive payments equivalent to the dividends paid on the common stock at the same rate and time as other stockholders; however, the NEO has no voting rights in respect of RSUs.

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The vesting of the restricted shares and RSUs will accelerate in full upon a change in control. In addition, if an NEO terminates employment prior to the vesting date, the following rules will apply: (1) if an NEO is terminated by the Company for cause or by the NEO without good reason, all of the restricted shares or RSUs subject to the award will be forfeited to the Company, (2) if an NEO is terminated due to death, disability, normal retirement (on or after attainment of age 60), by the Company without cause or by the NEO for good reason, a number of restricted shares or RSUs will vest equal to the total number of shares subject to the award multiplied by a fraction, the numerator of which is the number of months following the date of grant during which the NEO was employed by the Company and the denominator of which is 36 (unless, in the case of retirement, the NEO had attained the age of 65 with at least ten years of service, in which case there would be no pro ration), and (3) notwithstanding clause (2) of this paragraph, if Messrs. Sheffield and Dove are terminated by the Company without cause or they terminate their employment for good reason, all of the restricted shares or RSUs subject to their awards will vest in full.

2015 Outstanding Equity Awards at Fiscal Year End

The following table sets forth, for each NEO, information regarding stock options, restricted stock, RSUs and performance units that were held as of December 31, 2015, including awards that were granted prior to 2015:

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (1)(#)	Market Value of Shares or Units of Stock that have not Vested (1)($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (1)(#)	Equity Incentive F Awards Market o Payout Value of Unearn Shares, Un or Othe Rights Th have no Vested (1)($)
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
cott D. Sheffield	36,232 (2)	-	$113.76	02/22/2022	25,959 (3)	$3,254,739	46,546 (7)	$5,835,9
					23,273 (4)	$2,917,969	70,048 (8)	$8,782,6
					28,020 (5)	$3,513,148		
					4,948 (6)	$620,380		
Richard P. Dealy	12,078 (2)	-	$113.76	02/22/2022	8,399 (3)	$1,053,067	13,034 (7)	$1,634,2
					6,517 (4)	$817,101	19,613 (8)	$2,459,0
					7,846 (5)	$983,731		
					15,603 (9)	$1,956,304		
					1,601 (6)	$200,733		
Mark S. Berg	5,607 (10)	-	$98.69	02/15/2021	5,839 (3)	$732,094	8,182 (7)	$1,025,8
	6,863 (2)		$113.76	02/22/2022	4,091 (4)	$512,930	13,585 (8)	$1,703,2
					5,435 (5)	$681,440		

					8,866 (9)	$1,111,619		
is J. Cheatwood	6,728 (10)	-	$98.69	02/15/2021	7,186 (3)	$900,981	9,790 (7)	$1,227,4
	8,235 (2)		$113.76	02/22/2022	4,895 (4)	$613,735	14,733 (8)	$1,847,2
					5,893 (5)	$738,864		
					10,638 (9)	$1,333,792		
imothy L. Dove	20,000 (11)	-	$15.62	02/18/2019	13,923 (3)	$1,745,666	19,154 (7)	$2,401,5
	19,680 (12)		$47.10	02/16/2020	9,577 (4)	$1,200,764	28,825 (8)	$3,614,0
	15,558 (10)		$98.69	02/15/2021	11,531 (5)	$1,445,757		
	16,470 (2)		$113.76	02/22/2022	21,277 (9)	$2,667,710		

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(1) Amounts in column (g) represent shares of the Company s common stock underlying restricted stock or RSUs that, in each case, are unvested as of December 31, 2015, and amounts in column (i) represent performance units which will vest, if at all, in amounts that depend on the relative performance of the Company s common stock over a three-year performance period, all as described below. Dollar amounts in columns (h) and (j) are based on the closing price of $125.38 of the Company s common stock on December 31, 2015. In addition to the vesting schedules described below, the vesting of all awards will accelerate upon a change in control, and the termination of the NEO s employment prior to the vesting date will affect the vesting of the award, all as described above in the section entitled Narrative Disclosure for the 2015 Grants of Plan Based Awards Table or the section below entitled Potential Payments upon Termination or Change in Control.

(2) This award of stock options vested in full on February 22, 2015, which was the third anniversary of the grant date.

(3) This award of restricted stock, or RSUs in the case of Mr. Sheffield, vested in full on February 20, 2016, which was the third anniversary of the grant date, but was outstanding on December 31, 2015.

(4) This award of restricted stock, or RSUs in the case of Messrs. Sheffield and Dove, vests in full on February 18, 2017, which is the third anniversary of the grant date.

(5) This award of restricted stock, or RSUs in the case of Messrs. Sheffield and Dove, vests in full on February 15, 2018, in the third year following the grant date.

(6) This award of Pioneer Southwest phantom units, as converted into RSUs of the Company, vested in full on February 20, 2016, which was the third anniversary of the grant date, but was outstanding on December 31, 2015.

(7) This award of performance units was made in 2014 and has a three-year performance period (January 2014 to December 2016). In accordance with the rules of the SEC, the number of shares reported represents the number of performance units that would vest on December 31, 2016 if the Company s relative TSR resulted in a ranking of second out of the twelve peer companies, which would be 200 percent of the Target number of performance units awarded, in accordance with the table in the section above entitled Narrative Disclosure for the 2015 Grants of Plan-Based Awards Table. As of December 31, 2015, the Company s relative TSR for this performance period would have resulted in a ranking of third place, or a payout of 175 percent of the target.

(8) This award of performance units was made in 2015 and has a three-year performance period (January 2015 to December 2017). The conditions for vesting of this award are described above in Narrative Disclosure for the 2015 Grants of Plan Based Awards Table. In accordance with the rules of the SEC, the number of shares reported represents the number of performance units that would vest on December 31, 2017 if the Company s relative TSR resulted in a ranking of first out of the twelve peer companies, which would be 250 percent of the Target number of performance units awarded, in accordance with the table in the section above entitled Narrative Disclosure for the 2015 Grants of Plan-Based Awards Table. As of December 31, 2015, the Company s relative TSR for this performance period would have resulted in a ranking of second place, or a payout of 200 percent of target.

(9) This special retention award of restricted stock, or RSUs in the case of Mr. Dove, was granted on February 22, 2012 and vests in equal one-third installments on the third, fourth and fifth anniversaries of the date of grant, subject to the NEO remaining employed with the Company continuously through each vesting date. Accordingly, one-third of the shares granted vested on February 22, 2015.

(10) This award of stock options vested in full on February 15, 2014, which was the third anniversary of the grant date.

(11) This award of stock options vested in full on February 18, 2012, which was the third anniversary of the grant date.

(12) This award of stock options vested in full on February 16, 2013, which was the third anniversary of the grant date.

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2015 Option Exercises and Stock Vested

The following table sets forth, for each NEO, information about exercises of stock options, the lapse of restrictions on stock awards and the vesting of performance units during 2015:

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (1)(#) (b)	Value Realized on Exercise (1)($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Scott D. Sheffield	-	$ -	28,085	$ 4,458,775 (2)
			45,810 (3)	$ 5,743,658 (3)
			5,723 (4)	$ 908,583 (4)
Richard P. Dealy	-	$ -	9,362	$ 1,486,311 (2)
			14,822 (3)	$ 1,858,382 (3)
			1,907 (4)	$ 302,755 (4)
			7,801 (5)	$ 1,238,487 (5)
Mark S. Berg	-	$ -	6,649	$ 1,055,595 (2)
			8,759 (3)	$ 1,098,203 (3)
			4,432 (5)	$ 703,624 (5)
Chris J. Cheatwood	-	$ -	7,979	$ 1,266,746 (2)
			10,779 (3)	$ 1,351,471 (3)
			5,319 (5)	$ 844,444 (5)
Timothy L. Dove	-	$ -	15,958	$ 2,533,492 (2)
			20,885 (3)	$ 2,618,561 (3)
			10,638 (5)	$ 1,688,889 (5)

(1) None of the NEOs exercised stock options during 2015.

(2) The value realized with respect to vesting of restricted stock is based on the closing price per share of $158.76 of the Company s common stock on February 20, 2015, the most recent closing price of the Company s common stock prior to the date of vesting of the awards on February 22, 2015.

(3) These shares vested as of December 31, 2015, in respect of the performance unit awards granted in 2013, with the number of shares of common stock earned with respect to such awards determined on the basis of the Company s achievement of performance objectives for the performance period beginning January 1, 2013 and ending on December 31, 2015. For this performance period, the Company s TSR resulted in a ranking of fourth place, providing a payout of 150 percent of the Target number of performance units awarded, in accordance with the table in the section above entitled Narrative Disclosure for the 2015 Grants of Plan-Based Awards Table. The value realized with respect to these earned performance units is based on the closing price of $125.38 of the Company s common stock on December 31, 2015.

(4) These stock awards were granted by the general partner of Pioneer Southwest on February 22, 2012, and were to be settled in common units of Pioneer Southwest. As a result of the Company s acquisition of Pioneer Southwest in 2013, these Pioneer Southwest awards were converted into equivalent RSUs of the Company, with adjustments in the number of shares issuable upon vesting to reflect the merger exchange ratio. The number reported in column (d) is the number of shares of the Company s common stock that were issued (before tax) upon vesting of these awards as so adjusted, and the value realized as reported in column (e) is based on the closing price of $158.76 of the Company s common stock on February 20, 2015, the most recent closing price of the Company s common stock prior to the date of vesting of the awards on February 22, 2015.

(5) These shares vested as of February 22, 2015, in respect of the special retention awards granted in 2012. These awards have a longer vesting period than the Company s annual awards, with no vesting having occurred until February 2015, the third anniversary of the date of grant. One-third of the shares awarded vested in 2015, and the remaining shares will vest in equal increments over the next two years, subject to the NEO remaining employed with the Company continuously through each vesting date. The value realized as reported in column (e) is based on the closing price of $158.76 of the Company s common stock on February 20, 2015, the most recent closing price of the Company s common stock prior to the date of vesting of the awards on February 22, 2015.

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Pension Benefits

The Company does not sponsor or maintain any plans that provide for specified retirement payments or benefits, such as tax-qualified defined benefit plans or supplemental executive retirement plans, for its NEOs.

2015 Non-Qualified Deferred Compensation

The Company s NEOs participate in the 401(k) Plan, a Company-sponsored, tax-qualified defined contribution retirement plan, and a non-qualified deferred compensation plan. The following table provides information about participation of each NEO in the Company s non-qualified deferred compensation plan:

Name (a)	Executive Contributions in Last FY (1) ($)(b)	Registrant Contributions in Last FY (2) ($)(c)	Aggregate Earnings in Last FY (3) ($)(d)	Aggregate Balance at Last FYE (4) ($)(f)
Scott D. Sheffield	$99,000	$99,000	($883,846)	$6,905,013
Richard P. Dealy	$73,200	$48,800	$24,781	$2,443,332
Mark S. Berg	$39,500	$39,500	$707	$843,832
Chris J. Cheatwood	$106,250	$42,500	($59,988)	$1,950,588
Timothy L. Dove	$63,500	$63,500	$28,033	$2,689,285

(1) The amounts reported in this column were deferred at the election of the NEO and are also included in the amounts reported in the Salary or Bonus column of the Summary Compensation Table for 2015.

(2) The amounts in this column are also included in the All Other Compensation column of the Summary Compensation Table for 2015.

(3) The amounts in this column represent aggregate earnings on the investments made in the non-qualified deferred compensation plan that accrued during 2015 on amounts of salary and/or bonus deferred at the election of the NEO and the contributions made by the Company for each NEO pursuant to the Company s non-qualified deferred compensation plan. No earnings are above-market or preferential.

(4) The aggregate balance for each NEO reflects the cumulative value, as of December 31, 2015, of the contributions to the Company s non-qualified deferred compensation plan made by that NEO and the Company for the NEO s account, and any earnings on these amounts, since the NEO began participating in the plan. The Company has previously reported the Company contributions, executive contributions and above-market returns (to the extent the NEO s compensation was required to be reported for the NEO pursuant to SEC rules) in its Summary Compensation Table since the 2006 fiscal year. The total amount previously reported in the Summary Compensation Table for each of the NEOs was as follows: Mr. Sheffield, $3,012,609; Mr. Dealy, $1,101,500; Mr. Berg, $571,966; Mr. Cheatwood, $1,157,819; and Mr. Dove, $1,229,305.

The non-qualified deferred compensation plan allows each participant to contribute up to 25 percent of base salary and 100 percent of annual cash bonus incentive payments. In addition, the Company may provide a matching contribution of 100 percent of the participant s contribution up to the first ten percent of an executive officer s base salary. The Company s matching contribution vests immediately.

The non-qualified deferred compensation plan permits each executive officer to make investment allocation choices for both the executive officer s contributions and the Company matching contributions made on the executive s behalf among the designated mutual funds offered as investment options under the non-qualified deferred compensation plan. The Company retains the right to maintain these investment choices as hypothetical investments or to actually invest the plan account pursuant to the executive officer s investment choices. To date, the Company has chosen to actually invest the funds in the investment options selected by the executive officers so that the investment returns are funded, but

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such funds remain assets subject to the claims of the Company s general creditors. If a participant fails to make an investment election, then amounts allocated to his or her account shall be deemed to be invested in the investments designated by the plan administrator from time to time; the default investment for the 2015 year was the Vanguard Target Retirement Fund that most closely matches the year in which the participant would retire. An executive is permitted to change his or her investment choices at any time. No earnings on amounts deferred under the non-qualified deferred compensation plan are above-market or preferential. The following table lists the mutual fund investment options for the non-qualified deferred compensation plan in 2015, all of which were also investments options available to participants in the 401(k) Plan for 2015, with the annual rate of return for each fund:

Investment Funds	Rate of Return	Investment Funds	Rate of Return
500 Index Fund Inv	1.25%	T Rowe Price New Era	-18.76%
AmerFundsEuroPacificGr R6	-0.48%	Target Retirement 2010	-0.20%
Eagle Small Cap Growth I	-0.50%	Target Retirement 2015	-0.46%