

PIONEER NATURAL RESOURCES CO

Form 424B3

November 12, 2013

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**Filed pursuant to Rule 424(b)(3)  
Registration No. 333-191196**

## **MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

Pioneer Natural Resources Company ( Pioneer ), Pioneer Natural Resources USA, Inc. ( Pioneer USA ), a wholly-owned subsidiary of Pioneer, PNR Acquisition Company, LLC ( MergerCo ), a wholly-owned subsidiary of Pioneer, Pioneer Southwest Energy Partners L.P. ( Pioneer Southwest ) and Pioneer Natural Resources GP LLC ( Pioneer Southwest GP ), a wholly-owned subsidiary of Pioneer USA and the general partner of Pioneer Southwest, entered into a merger agreement on August 9, 2013, and an amendment to the merger agreement on October 25, 2013 (the merger agreement ). Pursuant to the merger agreement, MergerCo will merge with and into Pioneer Southwest (the merger ), with Pioneer Southwest surviving the merger as a wholly-owned subsidiary of Pioneer USA, and all common units representing limited partner interests in Pioneer Southwest ( Pioneer Southwest common units ) outstanding at the effective time of the merger and not owned by Pioneer USA will be cancelled and, other than dissenting units, converted into the right to receive 0.2325 of a share of common stock, par value \$0.01, of Pioneer ( Pioneer common stock ). No fractional shares of Pioneer common stock will be issued in the merger. In lieu of receiving any fractional share of Pioneer common stock to which any Pioneer Southwest unitholder would otherwise have been entitled, after aggregating all fractions of shares to which such unitholder would be entitled, any fractional share will be rounded up to a whole share of Pioneer common stock. Pioneer stockholders will continue to own their existing shares of Pioneer common stock.

Based on the estimated number of shares of Pioneer common stock and the estimated number of Pioneer Southwest common units that will be outstanding immediately before the closing of the merger (other than Pioneer Southwest common units owned by Pioneer USA), we estimate that, upon the closing, the number of shares of Pioneer common stock issued in exchange for Pioneer Southwest common units will represent approximately 3% of shares of Pioneer common stock outstanding.

Pioneer Southwest will hold a special meeting of its unitholders in connection with the proposed merger. At the special meeting of Pioneer Southwest unitholders, Pioneer Southwest unitholders will be asked to vote on the proposal to approve the merger agreement and the transactions contemplated thereby (the merger transactions ), including the merger (the merger proposal ). The merger proposal will be approved if the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units vote in favor of the merger proposal at the Pioneer Southwest special meeting. Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP have entered into a voting agreement (the voting agreement ) pursuant to which Pioneer, Pioneer USA and MergerCo have agreed to vote the Pioneer Southwest common units owned by them in favor of the merger proposal, including the 18,721,200 Pioneer Southwest common units currently held by Pioneer USA, which units represent 52.4% of the outstanding Pioneer Southwest common units and therefore constitute a sufficient number of Pioneer Southwest common units to approve the merger proposal at the Pioneer Southwest special meeting.

**The conflicts committee (the Pioneer Southwest Conflicts Committee ) of the Pioneer Southwest GP board of directors (the Pioneer Southwest GP Board ) unanimously approved the merger agreement and the merger transactions and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the holders of Pioneer Southwest common units who are unaffiliated with Pioneer (the Pioneer Southwest unaffiliated unitholders ) and Pioneer Southwest. This action of the Pioneer Southwest**

**Conflicts Committee constitutes Special Approval of the merger agreement and the merger transactions under Pioneer Southwest's partnership agreement. The Pioneer Southwest Conflicts Committee recommended that the Pioneer Southwest GP Board make the same approval and determination as the Pioneer Southwest Conflicts Committee. Based in part on this approval and determination, Special Approval and recommendation, the Pioneer Southwest GP Board approved the merger agreement and the merger transactions (such approval being unanimous among the independent directors, with the non-independent directors of Pioneer Southwest GP recusing themselves from the consideration and vote on such approval) and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer Southwest unaffiliated unitholders and Pioneer Southwest. The Pioneer Southwest GP Board caused Pioneer Southwest GP to approve the merger agreement and the merger transactions and directed that the merger agreement and the merger transactions be submitted to the Pioneer Southwest unitholders at the Pioneer Southwest special meeting for approval. The Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board recommend that the Pioneer Southwest unitholders vote in favor of the merger proposal.**

This proxy statement/prospectus provides you with detailed information about the merger agreement, the proposed merger and related matters. We encourage you to read the entire document carefully. **In particular, please read Risk Factors beginning on page 38 of this proxy statement/prospectus for a discussion of risks relevant to the merger, Pioneer's business following the merger, Pioneer's common stock, Pioneer Southwest's business and common units if the merger does not occur and United States federal income tax consequences of the merger.**

Pioneer's common stock is listed on the New York Stock Exchange ( NYSE ) under the symbol PXD, and Pioneer Southwest's common units are listed on the NYSE under the symbol PSE. The last reported sale price of shares of Pioneer's common stock on the NYSE on November 6, 2013, was \$198.55. The last reported sale price of Pioneer Southwest's common units on the NYSE on November 6, 2013, was \$46.05.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or has determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

All information in this proxy statement/prospectus concerning Pioneer has been furnished by Pioneer. All information in this proxy statement/prospectus concerning Pioneer Southwest has been furnished by Pioneer Southwest.

This proxy statement/prospectus is dated November 12, 2013, and is being first mailed to Pioneer Southwest unitholders on or about November 14, 2013.

On behalf of the Pioneer Southwest Conflicts Committee,

*Arthur L. Smith*

*Chairman of the Conflicts Committee of the Board of*

*Directors of Pioneer Natural Resources GP LLC*

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Irving, Texas

November 12, 2013

**Notice of Special Meeting of Unitholders**

To the Unitholders of Pioneer Southwest Energy Partners L.P.:

A special meeting of unitholders of Pioneer Southwest Energy Partners L.P. ( Pioneer Southwest ) will be held on December 17, 2013, at 9:00 a.m., local time, at the offices of Pioneer Southwest, 5205 N. O Connor Blvd., Suite 200, Irving, Texas 75039, for the following purposes:

To consider and vote on a proposal to approve the Agreement and Plan of Merger dated as of August 9, 2013, by and among Pioneer Natural Resources Company ( Pioneer ), Pioneer Natural Resources USA, Inc. ( Pioneer USA ), a wholly-owned subsidiary of Pioneer, PNR Acquisition Company, LLC ( MergerCo ), a wholly-owned subsidiary of Pioneer, Pioneer Southwest and Pioneer Natural Resources GP LLC ( Pioneer Southwest GP ), a wholly-owned subsidiary of Pioneer USA and the general partner of Pioneer Southwest, as it was amended as of October 25, 2013, and as it may be further amended or amended and restated from time to time (the merger agreement ), and the transactions contemplated thereby (the merger transactions ), including the merger (the merger proposal ); and

To consider and vote on a proposal by Pioneer Southwest GP to adjourn the Pioneer Southwest special meeting for any reason (the adjournment proposal ).

Pioneer Southwest will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournments thereof. At this time, Pioneer Southwest knows of no other matters that will be presented for the consideration of its unitholders at the special meeting.

The merger proposal will be approved if the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units vote in favor of the merger proposal at the Pioneer Southwest special meeting. Failures to vote and abstentions will have the same effect as a vote against the merger proposal. Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP have entered into a voting agreement (the voting agreement ) pursuant to which Pioneer, Pioneer USA and MergerCo have agreed to vote the Pioneer Southwest common units owned by them in favor of the merger proposal, including the 18,721,200 Pioneer Southwest common units currently held by Pioneer USA, which units represent 52.4% of the outstanding Pioneer Southwest common units and therefore constitute a sufficient number of Pioneer Southwest common units to approve the merger proposal at the Pioneer Southwest special meeting.

**The conflicts committee (the Pioneer Southwest Conflicts Committee ) of the Pioneer Southwest GP board of directors (the Pioneer Southwest GP Board ) unanimously approved the merger agreement and the merger transactions and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the holders of Pioneer Southwest common units who are unaffiliated with Pioneer (the Pioneer Southwest unaffiliated unitholders ) and Pioneer Southwest. This action of the Pioneer Southwest**

**Conflicts Committee constitutes Special Approval of the merger agreement and the merger transactions under Pioneer Southwest's partnership agreement. The Pioneer Southwest Conflicts Committee recommended that the Pioneer Southwest GP Board make the same approval and determination as the Pioneer Southwest Conflicts Committee. Based in part on this approval and determination, Special Approval and recommendation, the Pioneer Southwest GP Board approved the merger agreement and the merger transactions (such approval being unanimous among the independent directors, with the non-independent directors of Pioneer Southwest GP recusing themselves from the consideration and vote on such approval) and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer Southwest unaffiliated**

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**unitholders and Pioneer Southwest. The Pioneer Southwest GP Board caused Pioneer Southwest GP to approve the merger agreement and the merger transactions and directed that the merger agreement and the merger transactions be submitted to the Pioneer Southwest unitholders at the Pioneer Southwest special meeting for approval. The Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board recommend that the Pioneer Southwest unitholders vote in favor of the merger proposal.**

Only Pioneer Southwest unitholders of record as of the close of business on October 30, 2013, are entitled to notice of and to vote at the special meeting and any adjournments of the special meeting. A list of Pioneer Southwest unitholders entitled to vote at the special meeting will be available for inspection at Pioneer Southwest's offices in Irving, Texas, for any purpose relevant to the special meeting during normal business hours for a period of ten days before the special meeting and at the special meeting.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE VOTE IN ONE OF THE FOLLOWING WAYS:**

If you hold your units in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your Pioneer Southwest common units.

If you hold your units in your own name, you may vote by:

using the toll-free telephone number shown on the proxy card;

using the internet website shown on the proxy card; or

marking, signing, dating and promptly returning the enclosed proxy card in the postage-paid envelope, which requires no postage if mailed in the United States.

The enclosed proxy statement/prospectus provides a detailed description of the merger and the merger agreement as well as a description of the issuance of shares of Pioneer common stock to Pioneer Southwest unitholders pursuant to the merger agreement. We urge you to read this proxy statement/prospectus, including any documents incorporated by reference and the Annexes, carefully and in its entirety. If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies, or need help voting your Pioneer Southwest common units, please contact Pioneer Southwest's proxy solicitor or Pioneer Southwest's Investor Relations Department at:

**D. F. King & Co., Inc.**

48 Wall Street, 22<sup>nd</sup> Floor

New York, New York 10005

Banks and Brokers call: (212) 269-5550

All others call toll-free: (800) 758-5880

Email: pse@dfking.com

or

**Pioneer Southwest Energy Partners L.P.**

5205 N. O Connor Blvd., Suite 200

Irving, Texas 75039

Attention: Investor Relations

Telephone: (972) 969-4019

By order of the Board of Directors of Pioneer Natural Resources GP LLC, as the general partner of Pioneer Southwest Energy Partners L.P.,

Scott D. Sheffield

Chief Executive Officer

Pioneer Natural Resources GP LLC

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**IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (the "SEC"), constitutes a proxy statement of Pioneer Southwest under the Securities Exchange Act of 1934 (the "Exchange Act") with respect to the solicitation of proxies for the special meeting of Pioneer Southwest unitholders to, among other things, approve the merger proposal. This proxy statement/prospectus is also a prospectus of Pioneer under the Securities Act of 1933 (the "Securities Act") for shares of Pioneer common stock that will be issued to Pioneer Southwest unitholders in the merger pursuant to the merger agreement.

As permitted under the rules of the SEC, this proxy statement/prospectus incorporates by reference important business and financial information about Pioneer and Pioneer Southwest from other documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. Please read "Where You Can Find More Information" beginning on page 150. You can obtain any of the documents incorporated by reference into this proxy statement/prospectus from the SEC's website at <http://www.sec.gov>. This information is also available to you without charge upon your request in writing or by telephone from Pioneer and Pioneer Southwest at the following address and telephone number:

Pioneer Natural Resources Company

Pioneer Southwest Energy Partners L.P.

5205 N. O'Connor Blvd., Suite 200

Irving, Texas 75039

Attention: Investor Relations

Telephone: (972) 969-4019

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into those documents or this proxy statement/prospectus.

You may obtain certain of these documents at Pioneer's website, [www.pxd.com](http://www.pxd.com), by selecting "Investors" and then selecting "SEC Filings," and at Pioneer Southwest's website, [www.pioneersouthwest.com](http://www.pioneersouthwest.com), by selecting "Investors" and then selecting "SEC Filings." Information contained on Pioneer's or Pioneer Southwest's website is expressly not incorporated by reference into this proxy statement/prospectus.

**In order to receive timely delivery of requested documents in advance of the Pioneer Southwest special meeting, your request should be received no later than December 10, 2013. If you request any documents, Pioneer or Pioneer Southwest will mail them to you by first class mail or another equally prompt means within one business day after receipt of your request.**

Pioneer and Pioneer Southwest have not authorized anyone to give any information or make any representation about the merger, Pioneer or Pioneer Southwest that is different from, or in addition to, the information contained in this proxy statement/prospectus or in any of the materials that have been incorporated by reference into this proxy statement/prospectus. Therefore, if anyone distributes any such information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell or solicitations of offers to exchange or purchase the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful

to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. All information in this proxy statement/prospectus concerning Pioneer has been furnished by Pioneer. All information in this proxy statement/prospectus concerning Pioneer Southwest has been furnished by Pioneer Southwest.



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**DEFINITIONS**

The following terms have the meanings set forth below for purposes of this proxy statement/prospectus, unless the context otherwise indicates:

**adjournment proposal** means the proposal by Pioneer Southwest GP to adjourn the Pioneer Southwest special meeting for any reason.

**amendment** means that certain Amendment No. 1 to Agreement and Plan of Merger dated as of October 25, 2013, by and among Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP, providing for contractual appraisal rights in favor of the Pioneer Southwest unitholders.

**Andrews Kurth** means the law firm of Andrews Kurth LLP, counsel to the Pioneer Southwest Conflicts Committee.

**appraisal rights** means rights of Pioneer Southwest unitholders, other than Pioneer or its subsidiaries or Pioneer Southwest or its subsidiaries, to seek appraisal of their Pioneer Southwest common units in accordance with the merger agreement. The appraisal rights are subject to termination under certain conditions. Please see **Risk Factors** **Risks Related to the Merger** and **The Merger Agreement** **Appraisal Rights** **Termination of the Memorandum of Understanding** for more information about the possible termination of appraisal rights.

**Bbl** means a standard barrel containing 42 United States gallons.

**Beverly Lawsuit** has the meaning set forth in **The Merger** **Pending Litigation**.

**BOE** means a barrel of oil equivalent and is a standard convention used to express oil and gas volumes on a comparable oil equivalent basis. Gas equivalents are determined under the relative energy content method by using the ratio of 6.0 Mcf of gas to 1.0 Bbl of oil or NGL.

**BOEPD** means BOE per day.

**COPAS** means the Council of Petroleum Accountants Societies.

**dissenting unitholder** has the meaning set forth in **The Merger Agreement** **Appraisal Rights** **Description of Appraisal Rights**.

dissenting units has the meaning set forth in The Merger Agreement Appraisal Rights Description of Appraisal Rights.

effective time or effective time of the merger means the time at which the merger becomes effective.

Evercore means Evercore Group L.L.C., financial advisor to the Pioneer Southwest Conflicts Committee.

Exchange Act means the Securities Exchange Act of 1934.

exchange ratio means 0.2325 of a share of Pioneer common stock per Pioneer Southwest common unit, the consideration for the merger.

Federal Lawsuits has the meaning set forth in The Merger Pending Litigation.

final approval of the settlement has the meaning set forth in The Merger Agreement Appraisal Rights Description of Appraisal Rights.

Flecker Lawsuit has the meaning set forth in The Merger Pending Litigation.

GAAP means accounting principles that are generally accepted in the United States of America.

Mcf means one thousand cubic feet and is a measure of gas volume.

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memorandum of understanding means that certain memorandum of understanding dated September 26, 2013, entered into by representatives of the plaintiffs in the Texas State Court Lawsuit, representatives of the plaintiffs in the Federal Lawsuits and representatives of the defendants in such lawsuits, providing for settlement of such lawsuits on the terms and conditions set forth therein. The memorandum of understanding is further described under The Merger Pending Litigation and The Merger Agreement Appraisal Rights.

merger means, as contemplated by the merger agreement, the proposed merger of MergerCo with and into Pioneer Southwest with Pioneer Southwest surviving the merger as an indirect wholly-owned subsidiary of Pioneer, and all Pioneer Southwest common units outstanding at the effective time of the merger and not owned by Pioneer USA being cancelled and, other than dissenting units, converted into the right to receive 0.2325 of a share of Pioneer common stock per Pioneer Southwest common unit.

merger agreement means that certain Agreement and Plan of Merger dated as of August 9, 2013, by and among Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP, as amended by the amendment, and as it may be further amended or amended and restated from time to time, according to which the parties thereto have agreed to consummate the merger transactions.

merger proposal means the proposal to approve the merger agreement and the merger transactions, to be considered for a vote of the Pioneer Southwest unitholders at the Pioneer Southwest special meeting.

merger transactions means the transactions contemplated by the merger agreement, including the merger.

MergerCo means PNR Acquisition Company, LLC, a wholly-owned subsidiary of Pioneer.

Morris Nichols means the law firm of Morris, Nichols, Arsht & Tunnell LLP, Delaware counsel to Pioneer.

MTM means mark-to-market and is a method of accounting.

NGL means natural gas liquid.

NYSE means the New York Stock Exchange.

Patel Lawsuit has the meaning set forth in The Merger Pending Litigation.

PDNP, or proved developed non-producing reserves, is a classification of proved reserves set out by the Society of Petroleum Engineers and World Petroleum Council and refers to proved reserves that include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals



which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are also those expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production. In all cases, production can be initiated or restored with a relatively low expenditure compared to the cost of drilling a new well.

PDP means proved developed producing reserves.

Pioneer means Pioneer Natural Resources Company.

Pioneer Board means the board of directors of Pioneer.

Pioneer common stock or Pioneer's common stock means the common stock of Pioneer, par value \$0.01.

Pioneer Southwest means Pioneer Southwest Energy Partners L.P.

Pioneer Southwest common units or Pioneer Southwest's common units or common units means the common units of Pioneer Southwest representing limited partner interests in Pioneer Southwest.

Pioneer Southwest Conflicts Committee means the conflicts committee of the Pioneer Southwest GP Board.

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Pioneer Southwest GP means Pioneer Natural Resources GP LLC, the general partner of Pioneer Southwest and a wholly-owned subsidiary of Pioneer USA.

Pioneer Southwest GP Board means the board of directors of Pioneer Southwest GP.

Pioneer Southwest's partnership agreement or the Pioneer Southwest partnership agreement means the First Amended and Restated Agreement of Limited Partnership of Pioneer Southwest dated as of May 6, 2008, as amended from time to time.

Pioneer Southwest special meeting or special meeting means the special meeting of Pioneer Southwest unitholders described in this proxy statement/prospectus at which the Pioneer Southwest unitholders will vote on the merger proposal.

Pioneer Southwest unaffiliated unitholders means the Pioneer Southwest unitholders other than Pioneer and its affiliates, including Pioneer USA.

Pioneer Southwest unitholders means the holders of Pioneer Southwest common units.

Pioneer Southwest unitholder approval means approval of the merger proposal at the Pioneer Southwest special meeting by the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units.

Pioneer USA means Pioneer Natural Resources USA, Inc., a wholly-owned subsidiary of Pioneer.

proved reserves means the quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes: (A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

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

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

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

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

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PUD, or proved undeveloped oil and gas reserves, as defined in Regulation S-X of the United States Securities and Exchange Commission, are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Proved reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time. Under no circumstances shall estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

Richards Layton means Richards, Layton & Finger, P.A., Delaware counsel to the Pioneer Southwest Conflicts Committee.

Russell K. Hall means Russell K. Hall & Associates, Inc., reserve engineer for the Pioneer Southwest Conflicts Committee.

SEC means the United States Securities and Exchange Commission.

Securities Act means the Securities Act of 1933.

settlement termination means the termination of the memorandum of understanding and the settlement contemplated thereby according to the terms of the memorandum of understanding. Please read The Merger Agreement Appraisal Rights Termination of the Memorandum of Understanding for details about the conditions under which the memorandum of understanding and the settlement contemplated thereby could terminate.

Shelton Lawsuit has the meaning set forth in The Merger Pending Litigation.

Texas State Court Lawsuit has the meaning set forth in The Merger Pending Litigation.

U.S. means United States.

Vinson & Elkins means the law firm of Vinson & Elkins L.L.P., counsel to Pioneer.

voting agreement means that certain voting agreement dated as of August 9, 2013, by and among Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP, as it may be amended from time to time, according to which Pioneer, Pioneer USA and MergerCo have agreed to vote the Pioneer Southwest common units owned by them in favor of the merger proposal, including the 18,721,200 Pioneer Southwest common units currently held by Pioneer USA, which units represent 52.4% of the outstanding Pioneer Southwest common units.

Wilson Lawsuit has the meaning set forth in The Merger Pending Litigation.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE PIONEER SOUTHWEST SPECIAL MEETING**

***Important Information and Risks.*** *The following are brief answers to some questions that you may have regarding the merger proposal being considered at the Pioneer Southwest special meeting. You should read and consider carefully the remainder of this proxy statement/prospectus, including the Risk Factors beginning on page 38 and the attached Annexes, because the information in this section does not provide all of the information that might be important to you. Additional important information and risk factors are also contained in the documents incorporated by reference into this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 150.*

**Q: What is the proposed transaction?**

A: Pioneer and Pioneer Southwest have agreed that Pioneer will acquire Pioneer Southwest by merging MergerCo, a wholly-owned subsidiary of Pioneer, with and into Pioneer Southwest with Pioneer Southwest surviving the merger, under the terms of the merger agreement and the amendment that are described in this proxy statement/prospectus and attached as Annex A and Annex B, respectively, to this proxy statement/prospectus. As a result of the merger, each outstanding Pioneer Southwest common unit, other than those owned by Pioneer USA and other than dissenting units, will be converted into the right to receive 0.2325 of a share of Pioneer common stock. The 18,721,200 Pioneer Southwest common units owned by Pioneer USA will not be converted in the merger and will remain outstanding as the only limited partner interests in Pioneer Southwest following the merger.

The merger will become effective on the date and at the time that the certificate of merger is filed with the Secretary of State of the State of Delaware, or a later date and time if set forth in the certificate of merger. Throughout this proxy statement/prospectus, this is referred to as the effective time of the merger.

**Q: Why am I receiving these materials?**

A: The proposed merger cannot be completed without the approval of Pioneer Southwest unitholders at the Pioneer Southwest special meeting holding, as of the record date of the Pioneer Southwest special meeting, a majority of the outstanding Pioneer Southwest common units. This proxy statement/prospectus contains important information about the proposed merger and the merger agreement, and you should carefully read this proxy statement/prospectus, including any documents incorporated by reference and the Annexes, in its entirety before voting on the merger proposal.

**Q: Why are Pioneer and Pioneer Southwest proposing the merger?**

A: Pioneer and Pioneer Southwest believe that the merger will benefit both Pioneer and Pioneer Southwest because Pioneer is believed to be better suited to take advantage of the development of Pioneer Southwest's leasehold acreage, especially through horizontal drilling, due to certain limitations to horizontal development that Pioneer

Southwest faces. The potential for Pioneer Southwest to develop all of its acreage through horizontal drilling is limited by the non-contiguous nature of some of Pioneer Southwest's acreage and by Pioneer Southwest's limited rights across some of its acreage. Furthermore, the potential for horizontal drilling locations can be adversely affected by the location of existing or future vertical wells, which may limit or eliminate Pioneer Southwest's ability to drill a horizontal well. The majority of Pioneer Southwest's non-contiguous leasehold acreage is contiguous with Pioneer leasehold acreage and could potentially be developed by Pioneer if all the property was owned by Pioneer. Please read "The Merger" Recommendation of the Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board and Reasons for the Merger.

**Q: What will happen to Pioneer Southwest as a result of the merger?**

A: As a result of the merger, MergerCo will merge with and into Pioneer Southwest, and Pioneer Southwest will survive as an indirect wholly-owned subsidiary of Pioneer.

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**Q: What will Pioneer Southwest common unitholders receive in the merger?**

A: If the merger is completed, Pioneer Southwest unitholders other than Pioneer USA and other than dissenting unitholders will be entitled to receive 0.2325 of a share of Pioneer common stock in exchange for each Pioneer Southwest common unit owned. The exchange ratio is fixed and will not be adjusted on account of any change in price of either shares of Pioneer common stock or Pioneer Southwest common units prior to completion of the merger. If the exchange ratio would result in a Pioneer Southwest unitholder being entitled to receive a fraction of a share of Pioneer common stock, that Pioneer Southwest unitholder will not receive any fractional share of Pioneer common stock. In lieu of receiving any fractional share of Pioneer common stock to which any Pioneer Southwest unitholder would otherwise have been entitled, after aggregating all fractions of shares to which such unitholder would be entitled, any fractional share will be rounded up to a whole share of Pioneer common stock. For additional information regarding exchange procedures, please read *The Merger Agreement Exchange of Certificates; No Fractional Shares*.

**Q: Where will shares of Pioneer common stock and Pioneer Southwest common units trade after the merger?**

A: Shares of Pioneer common stock will continue to trade on the NYSE under the symbol PXD. Pioneer Southwest common units will no longer be publicly traded.

**Q: What will Pioneer stockholders receive in the merger?**

A: Pioneer stockholders will simply retain the shares of Pioneer common stock they currently own. They will not receive any additional shares of Pioneer common stock or any other consideration in the merger.

**Q: What will happen to future distributions on my Pioneer Southwest common units?**

A: Prior to the termination of the merger agreement or the effective time of the merger, it is expected that Pioneer Southwest unitholders will continue to receive regular quarterly distributions on their Pioneer Southwest common units consistent with past practice and not in excess of \$0.52 per Pioneer Southwest common unit per quarter (which \$0.52 per common unit is equivalent to the most recent distribution declared for the quarter ended September 30, 2013), provided that the record date for such quarterly distribution occurs prior to the effective time of the merger. If the merger agreement terminates, it is expected that distributions would continue, consistent with past practice and in accordance with the terms of Pioneer Southwest's partnership agreement. Once the merger is completed, former Pioneer Southwest unitholders who surrender their Pioneer Southwest common units in accordance with the merger agreement will be eligible, in their capacity as Pioneer stockholders, to receive dividends declared by the Pioneer Board on Pioneer common stock, if any, after the effective time of the merger. There is no guarantee that the Pioneer Board will declare dividends on Pioneer common stock in the future.

**Q: When and where will the Pioneer Southwest special meeting be held?**



A: The special meeting of Pioneer Southwest unitholders will be held at the offices of Pioneer Southwest, 5205 N. O Connor Blvd., Suite 200, Irving, Texas 75039, on December 17, 2013, at 9:00 a.m., local time.

**Q: Who is entitled to vote at the Pioneer Southwest special meeting?**

A: The record date for the Pioneer Southwest special meeting is October 30, 2013. Only Pioneer Southwest unitholders of record as of the close of business on the record date are entitled to notice of, and to vote at, the Pioneer Southwest special meeting or any adjournment of the Pioneer Southwest special meeting.

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**Q: What is the vote required to approve the merger proposal and the adjournment proposal?**

A: The merger proposal will be approved if the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units vote in favor of the merger proposal at the Pioneer Southwest special meeting. Failures to vote, abstentions and broker non-votes (if any) will have the same effect as a vote against the merger proposal. Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP have entered into the voting agreement pursuant to which Pioneer, Pioneer USA and MergerCo have agreed to vote the Pioneer Southwest common units owned by them in favor of the merger proposal, including the 18,721,200 Pioneer Southwest common units currently held by Pioneer USA, which units represent 52.4% of the outstanding Pioneer Southwest common units and therefore constitute a sufficient number of Pioneer Southwest common units to approve the merger proposal at the Pioneer Southwest special meeting. The adjournment proposal will be approved if the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units vote in favor of the adjournment proposal at the Pioneer Southwest special meeting. Failures to vote, abstentions and broker non-votes (if any) will have the same effect as a vote against this proposal.

**Q. What constitutes a quorum at the Pioneer Southwest special meeting?**

A: The presence in person or by proxy at the Pioneer Southwest special meeting of the holders of a majority of Pioneer Southwest's outstanding common units on the record date will constitute a quorum and will permit Pioneer Southwest to conduct the proposed business at the special meeting. As a result of Pioneer's ownership in Pioneer Southwest, and Pioneer's obligation to vote its Pioneer Southwest common units at the meeting under the voting agreement, a quorum is guaranteed to exist at the meeting. Units held in your name will be counted as present at the special meeting if you:

are present in person at the meeting; or

have submitted a properly executed proxy card or properly submitted your proxy by telephone or internet. Proxies received but marked as abstentions will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum. Because the only proposals for consideration at the Pioneer Southwest special meeting are non-discretionary proposals, it is not expected that there will be any broker non-votes at the Pioneer Southwest special meeting. However, if there are any broker non-votes, they will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum.

**Q: How do I vote my Pioneer Southwest common units if I hold my units in my own name?**

A: After you have read this proxy statement/prospectus carefully, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope, or by submitting your proxy by telephone or the internet as soon as possible in accordance with the instructions provided under The Pioneer Southwest

Special Meeting Voting Procedures beginning on page 48.

**Q: If my Pioneer Southwest common units are held in street name by my broker or other nominee, will my broker or other nominee vote my units for me?**

A: Not unless you tell them how to vote. Absent specific instructions from you, your broker is not allowed to vote your Pioneer Southwest common units on any proposal on which your broker, bank or other nominee does not have discretionary authority. The only proposals for consideration at the Pioneer Southwest special meeting are the merger proposal and the adjournment proposal, which are matters for which brokers, banks

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and other nominees do not have discretionary authority to vote. To instruct your broker or other nominee how to vote, you should follow the directions that your broker or other nominee provides to you.

Please note that you may not vote your Pioneer Southwest common units held in street name by returning a proxy card directly to Pioneer Southwest or by voting in person at the Pioneer Southwest special meeting unless you provide a legal proxy, which you must obtain from your broker or other nominee. If you do not instruct your broker or other nominee on how to vote your Pioneer Southwest common units, your broker or other nominee may not vote your Pioneer Southwest common units, which will have the same effect as a vote against the approval of the merger proposal and the adjournment proposal. You should therefore provide your broker or other nominee with instructions as to how to vote your Pioneer Southwest common units.

**Q: When do you expect the merger to be completed?**

A: A number of conditions must be satisfied before Pioneer and Pioneer Southwest can complete the merger, including the approval of the merger proposal by the Pioneer Southwest unitholders. For more information about these conditions, please read The Merger Agreement Conditions to the Merger. Although Pioneer and Pioneer Southwest cannot be sure when all of the conditions to the merger will be satisfied, Pioneer and Pioneer Southwest expect to complete the merger as soon as practicable following the Pioneer Southwest special meeting.

**Q: How do the Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board recommend that the Pioneer Southwest unitholders vote?**

A: The Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board recommend that Pioneer Southwest unitholders vote FOR the merger proposal.

The Pioneer Southwest Conflicts Committee unanimously approved the merger agreement and the merger transactions and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer Southwest unaffiliated unitholders and Pioneer Southwest. This action of the Pioneer Southwest Conflicts Committee constitutes Special Approval of the merger agreement and the merger transactions under Pioneer Southwest's partnership agreement. The Pioneer Southwest Conflicts Committee recommended that the Pioneer Southwest GP Board make the same approval and determination as the Pioneer Southwest Conflicts Committee. Based in part on the Pioneer Southwest Conflicts Committee's approval and determination, Special Approval and recommendation, the Pioneer Southwest GP Board approved the merger agreement and the merger transactions (such approval being unanimous among the independent directors, with the non-independent directors of Pioneer Southwest GP recusing themselves from the consideration and vote on such approval) and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer Southwest unaffiliated unitholders and Pioneer Southwest. The Pioneer Southwest GP Board caused Pioneer Southwest GP to approve the merger agreement and the merger transactions and directed that the merger agreement and the merger transactions be submitted to the Pioneer Southwest unitholders at the Pioneer Southwest special meeting for approval. The Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board recommend that the Pioneer Southwest unitholders vote in favor of the merger proposal.

**Q:**

**What are the expected U.S. federal income tax consequences to a Pioneer Southwest unitholder as a result of the transactions contemplated by the merger agreement?**

- A: Under current law, it is anticipated for U.S. federal income tax purposes that Pioneer Southwest unitholders generally will recognize gain with respect to the exchange of Pioneer Southwest common units for shares of Pioneer common stock in the merger in an amount equal to the excess of (1) each Pioneer Southwest unitholder's amount realized for U.S. federal income tax purposes, which equals the sum of the fair market value of the shares of Pioneer common stock received, plus the unitholder's allocated share of

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Pioneer Southwest's pre-merger liabilities (it being understood that no Pioneer Southwest unitholder bears any personal responsibility or liability in respect of such allocated liabilities), over (2) such Pioneer Southwest unitholder's aggregate adjusted tax basis in Pioneer Southwest common units (including basis attributable to the unitholder's share of Pioneer Southwest's pre-merger liabilities). Pioneer Southwest unitholders generally will recognize loss to the extent that the amount of their basis described in clause (2) above exceeds the amount realized described in clause (1) above.

Please read **Risk Factors – Tax Risks Related to the Merger** and **Material U.S. Federal Income Tax Consequences of the Merger**.

**Q: What are the expected U.S. federal income tax consequences for a Pioneer Southwest unitholder of the ownership of shares of Pioneer common stock after the merger is completed?**

A: Each Pioneer Southwest unitholder who becomes a Pioneer stockholder as a result of the merger will, as is the case for existing Pioneer stockholders, be subject to, and may realize and/or recognize, U.S. federal income tax on any proceeds received in the form of dividends on such stockholder's shares of Pioneer common stock or from the sale of such stockholder's shares of Pioneer common stock.

**Q: Assuming the merger closes before December 31, 2013, how many Schedule K-1s will I receive if I am a Pioneer Southwest unitholder?**

A: You will receive one Schedule K-1 from Pioneer Southwest, which will describe your share of Pioneer Southwest's income, gain, loss and deduction for the period prior to the effective time of the merger. At the effective time of the merger, Pioneer Southwest will be treated as a terminated partnership under Section 708 of the Internal Revenue Code. Therefore, as a result of the merger, Pioneer Southwest's taxable year will end as of the date of the merger, and Pioneer Southwest will be required to file a final U.S. federal income tax return for the taxable year ending on the date the merger is effective. Pioneer Southwest expects to furnish a Schedule K-1 to each Pioneer Southwest unitholder following the end of the year in which the merger is completed, on the same timeline that Schedule K-1s have historically been furnished to Pioneer Southwest unitholders. Historically, Schedule K-1s have been sent to unitholders in March.

**Q: Are Pioneer Southwest unitholders entitled to appraisal rights?**

A: Yes. The merger agreement provides for appraisal rights if certain procedures are followed. For a description of these appraisal rights, please read **The Merger Agreement – Appraisal Rights**. The appraisal rights are subject to termination under certain conditions. Please see **Risk Factors – Risks Related to the Merger** and **The Merger Agreement – Appraisal Rights – Termination of the Memorandum of Understanding** for more information about the possible termination of appraisal rights.

**Q: What if I do not vote?**

A: If you do not vote in person or by proxy or if you abstain from voting, it will have the same effect as a vote against the merger proposal and the adjournment proposal. If you are a record holder and you sign and return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger proposal and the adjournment proposal.

**Q: If I am planning to attend the Pioneer Southwest special meeting in person, should I still vote by proxy?**

A: Yes. Whether or not you plan to attend the Pioneer Southwest special meeting, you should vote by proxy. Your Pioneer Southwest common units will not be voted if you do not vote by proxy or do not vote in person at the Pioneer Southwest special meeting.

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**Q: Can I change my vote after I have voted by proxy?**

A: Yes. If you own your units in your own name, you may revoke your proxy at any time prior to its exercise by:

giving written notice of revocation to the secretary of Pioneer Southwest GP at or before the Pioneer Southwest special meeting;

appearing and voting in person at the Pioneer Southwest special meeting;

timely submitting a later dated proxy by telephone or internet no later than 5:00 p.m. Dallas, Texas time on the day before the date of the Pioneer Southwest special meeting; or

properly completing and executing a later dated proxy and delivering it to the secretary of Pioneer Southwest GP at or before the Pioneer Southwest special meeting.

Your presence without voting at the Pioneer Southwest special meeting will not automatically revoke your proxy. Beneficial holders who hold their Pioneer Southwest common units in street name by a broker or other nominee may revoke their proxy by following the instructions provided by such broker or nominee.

**Q: What should I do if I receive more than one set of voting materials for the Pioneer Southwest special meeting?**

A: You may receive more than one set of voting materials for the Pioneer Southwest special meeting, and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold units. Additionally, if you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it.

**Q: If I am a holder of Pioneer Southwest common units represented by a unit certificate, should I send in my certificate representing Pioneer Southwest common units now?**

A: No. Please do not send in your certificates representing Pioneer Southwest common units with your proxy card. After the merger is completed, Pioneer Southwest unitholders who hold their units in certificated form will receive written instructions for exchanging their certificates representing Pioneer Southwest common units. If you own Pioneer Southwest common units in street name, you will need to follow the instructions provided by your broker or other nominee before the merger consideration will be credited to your account by your broker or other nominee following the closing of the merger.



**Q: What will happen to Pioneer Southwest if the merger does not occur?**

A: If the merger does not occur, Pioneer Southwest expects that it will continue to operate its business as it has in the past, including the continuation of its three-rig drilling program through the remainder of 2013. Pioneer Southwest expects that quarterly distributions of available cash will continue if the merger agreement is terminated and the merger does not occur, consistent with past practice and in accordance with the terms of Pioneer Southwest's partnership agreement. In the future, because Pioneer Southwest's proved reserves and production decline continually over time, Pioneer Southwest's ability to maintain current levels of quarterly cash distributions will depend on its ability to mitigate these declines through drilling initiatives, production enhancement, and/or acquisitions of income producing assets that provide adequate cash margins, as well as on the prices of oil, NGLs and gas and on the availability of capital, such as Pioneer Southwest's credit facility or future private and public equity and debt offerings. At current quoted forward NYMEX prices for oil, NGLs and gas and current acquisition and drilling costs, there is significant uncertainty regarding Pioneer Southwest's ability to maintain or increase its levels of quarterly distributions in the long term. Furthermore, Pioneer Southwest may be unable to maintain current levels of distributions

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without incurring significant additional debt. See Risk Factors Risks Related to Pioneer Southwest s Business and Common Units if the Merger Does Not Occur.

**Q: Who do I call if I have further questions about voting, the Pioneer Southwest special meeting or the merger?**

A: Pioneer Southwest unitholders who have questions about the merger, including the procedures for voting their Pioneer Southwest common units, or who desire additional copies of this proxy statement/prospectus or additional proxy cards, should contact:

**D. F. King & Co., Inc.**

48 Wall Street, 22<sup>nd</sup> Floor

New York, New York 10005

Banks and Brokers call: (212) 269-5550

All others call toll-free: (800) 758-5880

Email: [pse@dfking.com](mailto:pse@dfking.com)

or

**Pioneer Southwest Energy Partners L.P.**

5205 N. O Connor Blvd., Suite 200

Irving, Texas 75039

Attention: Investor Relations

Telephone: (972) 969-4019

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**SUMMARY**

*This summary highlights some of the information in this proxy statement/prospectus. It may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger agreement, you should read carefully this proxy statement/prospectus, the documents incorporated by reference and the Annexes to this proxy statement/prospectus, including the full text of the merger agreement included as Annex A and the amendment included as Annex B. Please also read *Where You Can Find More Information* on page 150.*

**The Merger Parties Businesses**

***Pioneer Natural Resources Company***

Pioneer, a Delaware corporation formed in 1997, is a large independent oil and gas exploration and production company with operations in the United States. Pioneer is a holding company whose assets consist of direct and indirect ownership interests in, and whose business is conducted substantially through, its subsidiaries. Pioneer's common stock is listed and traded on the NYSE under the symbol PXD.

Pioneer's mission is to enhance stockholder investment returns through strategies that maximize its long-term profitability and net asset value. The strategies employed to achieve this mission are predicated on maintaining financial flexibility, capital allocation discipline and enhancing net asset value through accretive drilling programs, joint ventures and acquisitions. These strategies are anchored primarily by drilling in the Spraberry oil field located in West Texas (the Spraberry field), the liquid-rich Eagle Ford Shale field located in South Texas and the liquid-rich Barnett Shale Combo field in North Texas. Complementing these growth areas, Pioneer has oil and gas production activities and development opportunities in the Raton gas field located in southern Colorado, the Hugoton gas and liquid field located in southwest Kansas, the West Panhandle gas and liquid field located in the Texas Panhandle, and the Edwards gas field located in South Texas.

As of December 31, 2012, Pioneer had proved oil, NGL and gas reserves of 1.1 billion BOE. For the year ended December 31, 2012, Pioneer had net income attributable to Pioneer common stockholders of \$192.3 million, or \$1.50 per diluted share, and revenues and other income of \$3.2 billion. For the nine months ended September 30, 2013, Pioneer had net income attributable to common stockholders of \$529.1 million, or \$3.82 per diluted share, and revenues and other income of \$2.8 billion.

Pioneer's executive offices are located at 5205 N. O Connor Blvd., Suite 200, Irving, Texas 75039. Pioneer's telephone number is (972) 444-9001.

***Pioneer Southwest Energy Partners L.P.***

Pioneer Southwest is a Delaware limited partnership that was formed in June 2007 by Pioneer to own, acquire, explore and develop oil and gas assets in Pioneer Southwest's area of operations.

All of Pioneer Southwest's properties are located in the Spraberry field. Pioneer Southwest's only operating segment is oil and gas producing activities. As of December 31, 2012, Pioneer Southwest had proved oil, NGL and gas reserves of 49.4 million BOE. For the year ended December 31, 2012, Pioneer Southwest had net income of \$107.6 million, or \$3.00 per common unit, and total revenues and other income of \$208.3 million. For the nine months ended September 30, 2013, Pioneer Southwest had net income of \$62.8 million, or \$1.75 per common unit, and total revenues and other income of \$156.6 million.



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Pioneer Southwest's executive offices are located at 5205 N. O Connor Blvd., Suite 200, Irving, Texas 75039. Pioneer Southwest's telephone number is (972) 969-3586.

## **Relationship of Pioneer and Pioneer Southwest**

Pioneer and Pioneer Southwest are closely related. Pioneer formed Pioneer Southwest in 2007, and Pioneer Southwest completed its initial public offering in 2008. The operations and activities of Pioneer Southwest are managed by its general partner, Pioneer Southwest GP, an indirect wholly-owned subsidiary of Pioneer. Pioneer indirectly owns a 52.5% interest in Pioneer Southwest, including the 0.1% general partner interest. Pioneer Southwest, its operating subsidiary and Pioneer Southwest GP have no employees. Pioneer Southwest, Pioneer Southwest GP and Pioneer have entered into an administrative services agreement pursuant to which Pioneer manages all of Pioneer Southwest's assets and performs administrative services for Pioneer Southwest. Please see Summary Organizational Chart Before the Merger.

Each of the executive officers of Pioneer Southwest GP is also an executive officer of Pioneer. For information about the common executive officers of Pioneer and Pioneer Southwest GP and the resulting interests of Pioneer and Pioneer Southwest GP directors and executive officers in the merger, please read Certain Relationships; Interests of Certain Persons in the Merger.

## **Structure of the Merger**

Pursuant to the merger agreement, at the effective time of the merger, MergerCo, a direct wholly-owned subsidiary of Pioneer, will merge with and into Pioneer Southwest with Pioneer Southwest surviving the merger as an indirect wholly-owned subsidiary of Pioneer, and each outstanding Pioneer Southwest common unit other than those Pioneer Southwest common units owned by Pioneer USA, will be cancelled and, other than dissenting units, converted into the right to receive 0.2325 of a share of Pioneer common stock. This merger consideration represents a 19% premium to the closing price of the Pioneer Southwest common units based on the closing prices of the Pioneer Southwest common units and shares of Pioneer common stock on May 6, 2013, the last trading day before Pioneer announced its proposal to acquire all of the Pioneer Southwest common units owned by the public.

If the exchange ratio results in a Pioneer Southwest unitholder being entitled to receive a fraction of a share of Pioneer common stock, that Pioneer Southwest unitholder will not receive any fractional share of Pioneer common stock. In lieu of receiving any fractional share of Pioneer common stock to which any Pioneer Southwest unitholder would otherwise have been entitled, after aggregating all fractions of shares to which such unitholder would be entitled, any fractional share will be rounded up to a whole share of Pioneer common stock.

Once the merger is completed, former Pioneer Southwest unitholders who surrender their Pioneer Southwest common units in accordance with the merger agreement will be eligible, in their capacity as Pioneer stockholders, to receive dividends declared by the Pioneer Board on Pioneer common stock, if any, after the effective time of the merger. For a description of Pioneer's dividend policy, please read Summary Market Prices and Dividend and Distribution Information Pioneer's Dividend Policy.

Based on the 16,992,500 Pioneer Southwest common units outstanding on November 5, 2013, and eligible to be converted into shares of Pioneer common stock pursuant to the merger agreement (which number does not include the Pioneer Southwest common units owned by Pioneer USA), and without giving effect to rounding of fractional shares and assuming no unitholder exercises appraisal rights, Pioneer expects to issue approximately 3.95 million shares of Pioneer common stock in connection with the merger. This number will represent approximately 3% of Pioneer's outstanding shares of common stock after the merger, based on 138,667,689 shares of Pioneer common stock

outstanding as of November 5, 2013.

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Pioneer plans to pay off the Pioneer Southwest credit facility shortly following the closing of the merger, and, through a separate, independent transaction, expects to merge Pioneer Southwest GP, Pioneer Southwest and their subsidiaries into Pioneer USA after the closing of the merger.

## **Voting Agreement**

In connection with the merger agreement, Pioneer, Pioneer USA, MergerCo, Pioneer Southwest and Pioneer Southwest GP entered into the voting agreement on August 9, 2013. Pursuant to the voting agreement, Pioneer, Pioneer USA and MergerCo have agreed to vote the Pioneer Southwest common units owned by them in favor of the merger proposal, including the 18,721,200 Pioneer Southwest common units currently held by Pioneer USA, which units represent 52.4% of the outstanding Pioneer Southwest common units and therefore constitute a sufficient number of Pioneer Southwest common units to approve the merger proposal at the Pioneer Southwest special meeting. The voting agreement will terminate upon the earliest of (i) the completion of the merger, (ii) the termination of the merger agreement, and (iii) the mutual written agreement of the parties.

## **Directors and Executive Officers of Pioneer Following the Merger**

The directors and executive officers of each of Pioneer and Pioneer Southwest GP prior to the merger are expected to continue as the directors and executive officers of Pioneer and Pioneer Southwest GP, respectively, following the merger, with the exception of the four independent directors of Pioneer Southwest GP who are expected to resign following the merger.

## **Market Prices of Shares of Pioneer Common Stock and Pioneer Southwest Common Units Before Announcement of the Proposed Merger**

Pioneer's common stock is traded on the NYSE under the ticker symbol PXD. Pioneer Southwest's common units are traded on the NYSE under the ticker symbol PSE. The closing price of shares of Pioneer common stock on May 6, 2013 (the last full trading day before Pioneer announced its proposal to acquire all of the Pioneer Southwest common units owned by the public) was \$133.54, and the closing price of Pioneer Southwest common units on May 6, 2013 was \$26.00.

## **Pioneer Southwest Special Meeting**

### ***Where and When***

The Pioneer Southwest special meeting will take place at the offices of Pioneer Southwest, 5205 N. O Connor Blvd., Suite 200, Irving, Texas 75039, on December 17, 2013, at 9:00 a.m., local time.

### ***What You Are Being Asked to Vote On***

At the Pioneer Southwest special meeting, Pioneer Southwest unitholders will vote on the merger proposal and may vote on the adjournment proposal.

### ***Who May Vote***

You may vote at the Pioneer Southwest special meeting if you owned Pioneer Southwest common units at the close of business on the record date, October 30, 2013. On that date, there were 35,713,700 Pioneer Southwest common units outstanding. You may cast one vote for each outstanding Pioneer Southwest common unit that you owned on the

record date.



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### ***What Vote is Needed***

The merger proposal will be approved if the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units vote in favor of the merger proposal at the Pioneer Southwest special meeting. Failures to vote, abstentions and broker non-votes (if any) will have the same effect as a vote against the merger proposal. Pursuant to the voting agreement, Pioneer, Pioneer USA and MergerCo have agreed to vote the Pioneer Southwest common units owned by them in favor of the merger proposal, including the 18,721,200 Pioneer Southwest common units currently held by Pioneer USA, which units represent 52.4% of the outstanding Pioneer Southwest common units and therefore constitute a sufficient number of Pioneer Southwest common units to approve the merger proposal at the Pioneer Southwest special meeting.

The adjournment proposal will be approved if the holders, as of the record date of the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units vote in favor of the adjournment proposal at the Pioneer Southwest special meeting. Failures to vote, abstentions and broker non-votes (if any) will have the same effect as a vote against this proposal.

Of the Pioneer Southwest common units entitled to vote on the proposals at the Pioneer Southwest special meeting, 0.5% of such Pioneer Southwest common units are held, and eligible to be voted, by certain executive officers and directors, and their affiliates, of Pioneer or Pioneer Southwest (not including the parties to the voting agreement).

### **Recommendation to Pioneer Southwest Unitholders**

The members of the Pioneer Southwest Conflicts Committee considered the benefits of the merger agreement and the merger transactions as well as the associated risks and unanimously approved the merger agreement and the merger transactions and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer Southwest unaffiliated unitholders and Pioneer Southwest. This action of the Pioneer Southwest Conflicts Committee constitutes Special Approval of the merger agreement and the merger transactions under Pioneer Southwest's partnership agreement. The Pioneer Southwest Conflicts Committee recommended that the Pioneer Southwest GP Board make the same approval and determination as the Pioneer Southwest Conflicts Committee. Based in part on the Pioneer Southwest Conflicts Committee's approval and determination, Special Approval and recommendation, the Pioneer Southwest GP Board approved the merger agreement and the merger transactions (such approval being unanimous among the independent directors, with the non-independent directors of Pioneer Southwest GP recusing themselves from the consideration and vote on such approval) and determined that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer Southwest unaffiliated unitholders and Pioneer Southwest. The Pioneer Southwest GP Board caused Pioneer Southwest GP to approve the merger agreement and the merger transactions and directed that the merger agreement and the merger transactions be submitted to the Pioneer Southwest unitholders at the Pioneer Southwest special meeting for approval. The Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board recommend that the Pioneer Southwest unitholders vote in favor of the merger proposal.

Pioneer Southwest unitholders are urged to review carefully the background and reasons for the merger described under *The Merger* and the risks associated with the merger described under *Risk Factors*.

### **Pioneer Southwest's Reasons for the Merger**

The Pioneer Southwest Conflicts Committee considered many factors in determining that the merger agreement and the merger transactions are fair and reasonable to and in the best interests of the Pioneer



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Southwest unaffiliated unitholders and Pioneer Southwest. For a discussion of those factors, please read The Merger Recommendation of the Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board and Reasons for the Merger.

### **Opinion of the Pioneer Southwest Conflicts Committee's Financial Advisor**

The Pioneer Southwest Conflicts Committee retained Evercore to act as financial advisor to the Pioneer Southwest Conflicts Committee in connection with the proposal by Pioneer to acquire all of the publicly held Pioneer Southwest common units in exchange for Pioneer common stock. At the Pioneer Southwest Conflicts Committee's meeting on August 9, 2013, Evercore rendered its oral opinion (subsequently confirmed in writing) that, as of that date, and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the exchange ratio set forth in the merger agreement was fair, from a financial point of view, to the Pioneer Southwest unaffiliated unitholders.

Evercore's opinion is directed to the Pioneer Southwest Conflicts Committee and the independent directors of the Pioneer Southwest GP Board acting in their capacity as such. It does not address any aspects of the merger other than the exchange ratio and does not constitute a recommendation as to how any Pioneer Southwest unitholder should vote on the merger or any matters related thereto.

The full text of the Evercore written opinion dated as of August 9, 2013, is attached to this proxy statement/prospectus as Annex C. Pioneer Southwest encourages its unitholders to read the opinion carefully and in its entirety. The summary of Evercore's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

### **Certain Relationships; Interests of Certain Persons in the Merger**

In considering the recommendations of the Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board with respect to the merger, Pioneer Southwest unitholders should be aware that certain of the directors and executive officers of Pioneer and Pioneer Southwest GP have interests in the transaction that differ from, or are in addition to, the interests of Pioneer Southwest unitholders generally, including:

All of the directors and officers of Pioneer Southwest GP have the right to indemnification under the organizational documents of Pioneer Southwest GP, the Pioneer Southwest partnership agreement and the merger agreement, and the four independent directors of Pioneer Southwest GP have the right to indemnification under indemnification agreements with Pioneer Southwest. In addition, all of the directors of Pioneer and all of the officers of Pioneer Southwest GP have the right to indemnification under the organizational documents of Pioneer or Pioneer USA and indemnification agreements with Pioneer or Pioneer USA.

All of the officers who are officers of both Pioneer and Pioneer Southwest GP are expected to continue to serve as officers of Pioneer following the merger.

Each outstanding phantom unit of Pioneer Southwest held by officers of Pioneer Southwest GP will be converted in the merger into an equivalent restricted stock unit of Pioneer common stock, with adjustments

in the number of shares to reflect the exchange ratio, but otherwise on the same terms and conditions as were applicable prior to the merger.

Three of the seven directors of Pioneer Southwest GP are executive officers of both Pioneer and Pioneer Southwest GP, and one of these three directors, Scott D. Sheffield, is also the Chairman of the Board of Pioneer. All three of these directors own shares of Pioneer common stock and Pioneer Southwest common units as well as phantom units of Pioneer Southwest.

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Certain other Pioneer officers and Pioneer Southwest GP officers own shares of Pioneer common stock and Pioneer Southwest common units, as well as equity-based benefit plan awards related to Pioneer common stock and Pioneer Southwest common units.

### **The Merger Agreement**

The merger agreement and the amendment are attached to this proxy statement/prospectus as Annex A and Annex B, respectively, and are incorporated by reference into this proxy statement/prospectus. You are encouraged to read the merger agreement and the amendment in their entirety because the merger agreement as amended by the amendment is the legal document that governs the merger.

### ***What Needs to Be Done to Complete the Merger***

Pioneer and Pioneer Southwest will complete the merger only if the conditions set forth in the merger agreement are satisfied or, in some cases, waived. The obligations of Pioneer and Pioneer Southwest to complete the merger are subject to, among other things, the following conditions:

the merger proposal will have been approved by the affirmative vote at the Pioneer Southwest special meeting of holders, as of the record date for the Pioneer Southwest special meeting, of a majority of the outstanding Pioneer Southwest common units;

all filings required to be made prior to the effective time with, and all other consents, approvals, permits and authorizations required to be obtained prior to the effective time from, any governmental authority in connection with the execution and delivery of the merger agreement and the consummation of the merger transactions by the parties or their affiliates will have been made or obtained, except where the failure to obtain such consents, approvals, permits and authorizations could not be reasonably likely to result in a material adverse effect on Pioneer or Pioneer Southwest; provided, however, that prior to invoking this condition, the invoking party must have used its commercially reasonable efforts to make all required filings and to obtain all required consents, approvals, permits and authorizations as required under the merger agreement;

no order, decree or injunction of any court or agency of competent jurisdiction will be in effect, and no law will have been enacted or adopted, that enjoins, prohibits or makes illegal the consummation of any of the merger transactions, and no action, proceeding or investigation by any governmental authority with respect to the merger or the other merger transactions may be pending that seeks to restrain, enjoin, prohibit or delay the consummation of the merger or such other merger transaction or to impose any material restrictions or requirements thereon or on Pioneer or Pioneer Southwest with respect to the merger transactions; provided, however, that prior to invoking this condition, the invoking party must have used its commercially reasonable efforts in good faith to consummate the merger as required under the merger agreement;

the registration statement of which this proxy statement/prospectus is a part will have become effective under the Securities Act and no stop order suspending the effectiveness of the registration statement may have been issued and no proceedings for that purpose may have been initiated or threatened by the SEC; and

the shares of Pioneer common stock to be issued in the merger will have been approved for listing on the NYSE, subject to official notice of issuance.

The obligation of Pioneer to effect the merger is further subject to the satisfaction by Pioneer Southwest, on or prior to the closing date of the merger, of each of the following conditions, or the waiver thereof by Pioneer:

each of the representations and warranties contained in the merger agreement of Pioneer Southwest and Pioneer Southwest GP qualified as to materiality or material adverse effect must be true and correct in

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all respects and those not so qualified must be true and correct in all material respects, in each case, as of the date of the merger agreement and upon the closing date with the same effect as though all such representations and warranties had been made on the closing date (in either case, except for any such representations and warranties made as of a specified date, in which case as of such date); provided, however, that no representations and warranties will be deemed to be untrue or incorrect to the extent that any executive officer or director of Pioneer had knowledge of such inaccuracy as of the date of the merger agreement; provided, further, however, that the immediately preceding proviso will not apply if any member of the Pioneer Southwest Conflicts Committee had actual knowledge of any such inaccuracy as of the date of the merger agreement;

each and all of the agreements and covenants of Pioneer Southwest and Pioneer Southwest GP to be performed and complied with pursuant to the merger agreement on or prior to the effective time must have been duly performed and complied with in all material respects;

Pioneer will have received a certificate signed by the chief executive officer, chief financial officer or executive vice president and general counsel of Pioneer Southwest GP, dated as of the closing date, to the effect that the conditions described in the first two bullet points immediately above have been satisfied; and

there must not have occurred a material adverse effect with respect to Pioneer Southwest between the signing of the merger agreement and the closing date.

The obligation of Pioneer Southwest to effect the merger is further subject to the satisfaction by Pioneer, on or prior to the closing date of the merger, of each of the following conditions, or the waiver thereof by Pioneer Southwest:

each of the representations and warranties contained in the merger agreement of Pioneer, Pioneer USA and MergerCo qualified as to materiality or material adverse effect must be true and correct in all respects and those not so qualified must be true and correct in all material respects, in each case, as of the date of the merger agreement and upon the closing date with the same effect as though all such representations and warranties had been made on the closing date (in either case, except for any such representations and warranties made as of a specified date, in which case as of such date);

each and all of the agreements and covenants of Pioneer, Pioneer USA and MergerCo to be performed and complied with pursuant to the merger agreement on or prior to the closing date must have been duly performed and complied with in all material respects;

Pioneer Southwest must have received a certificate signed by the chief executive officer, chief financial officer or executive vice president and general counsel of Pioneer, dated as of the closing date, to the effect that the conditions described in the first two bullet points immediately above have been satisfied; and

there must not have occurred a material adverse effect with respect to Pioneer between the date of the merger agreement and the closing date.

The merger agreement provides that the Pioneer Southwest unitholder voting condition may not be waived. Each of Pioneer and Pioneer Southwest (with the consent of the Pioneer Southwest Conflicts Committee, in the case of Pioneer Southwest) may choose to complete the merger even though any other condition to its obligation has not been satisfied if the necessary Pioneer Southwest unitholder approval has been obtained and the law allows it to do so.



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Subject to the terms and conditions of the merger agreement, and except as described further in The Merger Agreement Covenants Unitholder Approval, Pioneer Southwest will take, in accordance with applicable law, applicable stock exchange rules and Pioneer Southwest's partnership agreement, all action necessary to call, hold and convene the Pioneer Southwest special meeting to consider and vote upon the approval of the merger proposal, as promptly as practicable after the registration statement of which this proxy statement/prospectus is a part is declared effective. The Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board will recommend approval of the merger proposal to the Pioneer Southwest unitholders, and Pioneer Southwest will take all reasonable lawful action to solicit such approval by the Pioneer Southwest unitholders. Except under certain conditions described in the following paragraph and in The Merger Agreement Covenants Unitholder Approval, neither the Pioneer Southwest Conflicts Committee nor the Pioneer Southwest GP Board will (A) withdraw, modify or qualify in any manner adverse to Pioneer the recommendation of the Pioneer Southwest Conflicts Committee and the Pioneer Southwest GP Board or (B) publicly approve, adopt or recommend, or publicly propose to approve, adopt or recommend, any acquisition proposal (defined and described more fully under The Merger Agreement Covenants Acquisition Proposals ). The actions described in the preceding sentence are referred to in this proxy statement/prospectus as a Pioneer Southwest Change in Recommendation. None of Pioneer Southwest GP, Pioneer Southwest or any of their subsidiaries will execute or enter into any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar contract providing for any acquisition proposal.

Notwithstanding the above paragraph, at any time prior to obtaining the Pioneer Southwest unitholder approval, the Pioneer Southwest Conflicts Committee or the Pioneer Southwest GP Board may make a Pioneer Southwest Change in Recommendation if it has determined in good faith, after consultation with its outside legal counsel and financial advisors, that failure to make a Pioneer Southwest Change in Recommendation would be inconsistent with its duties under Pioneer Southwest's partnership agreement or applicable law; provided, however, that neither the Pioneer Southwest Conflicts Committee nor the Pioneer Southwest GP Board will be entitled to exercise its right to make a Pioneer Southwest Change in Recommendation pursuant to this sentence unless (i) Pioneer Southwest has not engaged in a material breach of its covenant related to acquisition proposals, (ii) Pioneer Southwest has provided to Pioneer three business days prior written notice, advising Pioneer that the Pioneer Southwest Conflicts Committee or the Pioneer Southwest GP Board intends to take such action, specifying the reasons for taking such action in reasonable detail, including, if a reason for the Pioneer Southwest Change in Recommendation is an acquisition proposal, that the Pioneer Southwest Conflicts Committee has determined that the acquisition proposal is a superior proposal (defined and described more fully under The Merger Agreement Covenants Acquisition Proposals ) and specifying the terms and conditions of such acquisition proposal and the identity of the person making such acquisition proposal (it being understood that any amendment to the terms of any such acquisition proposal will require a new written notice, as described above, and an additional three business day period), (iii) if a reason for the Pioneer Southwest Change in Recommendation is an acquisition proposal, Pioneer Southwest has provided to Pioneer all materials and information delivered or made available to the person or group of persons making such acquisition proposal (to the extent not previously provided to Pioneer), (iv) each of Pioneer Southwest GP, Pioneer Southwest and the Pioneer Southwest Conflicts Committee has negotiated, and has used its commercially reasonable efforts to cause its representatives to negotiate, in good faith with Pioneer during such notice period to enable Pioneer to revise the terms of the merger agreement such that it would obviate the need for making the Pioneer Southwest Change in Recommendation, and (v) following the end of such notice period, the Pioneer Southwest Conflicts Committee will have considered in good faith any changes to the merger agreement proposed by Pioneer and will have determined that the failure to make a Pioneer Southwest Change in Recommendation would continue to be inconsistent with its duties under Pioneer Southwest's partnership agreement or applicable law even if such



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revisions proposed by Pioneer were to be given effect and, if a reason for the Pioneer Southwest Change in Recommendation is an acquisition proposal, that the acquisition proposal continues to be a superior proposal even if the revisions proposed by Pioneer were to be given effect. Any Pioneer Southwest Change in Recommendation will not invalidate the approval (or Special Approval, as defined in Pioneer Southwest's partnership agreement) of the merger agreement or any other approval of the Pioneer Southwest Conflicts Committee, including in any respect that would have the effect of causing any state (including Delaware) takeover statute or other similar statute to be applicable to the merger transactions.

Pioneer Southwest GP and Pioneer Southwest will, and they will cause their subsidiaries and representatives to, (i) immediately cease and terminate any solicitation, encouragement, discussions or negotiations with any person that may be ongoing with respect to or that may reasonably be expected to lead to an acquisition proposal, and (ii) request such person to promptly return or destroy all confidential information concerning Pioneer Southwest and its subsidiaries.

Neither Pioneer Southwest GP nor Pioneer Southwest will, and they will cause their subsidiaries and use their commercially reasonable efforts to cause their representatives not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate (including by way of furnishing information) any inquiries regarding, or the making or submission of any proposal or offer that constitutes, or may reasonably be expected to lead to, an acquisition proposal, (ii) conduct or participate in any discussions or negotiations regarding any acquisition proposal, or (iii) furnish to any person any non-public information or data relating to Pioneer Southwest or any of its subsidiaries or afford access to the business, properties, assets, or, except as required by law or Pioneer Southwest's partnership agreement, books or records of Pioneer Southwest or any of its subsidiaries. Notwithstanding the foregoing, at any time prior to obtaining the Pioneer Southwest unitholder approval, the Pioneer Southwest Conflicts Committee may take the actions described in clauses (ii) and (iii) above with respect to a third person that makes a bona fide unsolicited acquisition proposal that did not result from a material breach of the provisions of the merger agreement described in this paragraph, if (A) the Pioneer Southwest Conflicts Committee, after consultation with its outside legal counsel and financial advisors, determines in good faith that such acquisition proposal constitutes or could reasonably be expected to result in a superior proposal and that the failure to take such action would be inconsistent with its duties under Pioneer Southwest's partnership agreement or applicable law, and (B) prior to furnishing any such non-public information to such third person, Pioneer Southwest receives from such third person an executed confidentiality agreement as further described under The Merger Agreement Covenants Acquisition Proposals.

### ***Termination of the Merger Agreement***

Pioneer and Pioneer Southwest can agree to terminate the merger agreement by mutual written consent at any time without completing the merger, even after the Pioneer Southwest unitholders have approved the merger proposal. In addition, either party may terminate the merger agreement on its own upon written notice to the other without completing the merger if:

the merger is not completed on or before March 17, 2014; provided, however, that the right to terminate the merger agreement due to the failure to complete the merger on or before March 17, 2014 will not be available to a party whose failure to fulfill any material obligation under the merger agreement or other material breach of the merger agreement has been the primary cause of, or resulted in, the failure of the merger to have been consummated on or before March 17, 2014;

any governmental authority has issued a final and non-appealable statute, rule, order, decree or regulation or taken any other action that permanently restrains, enjoins or prohibits the consummation of the merger, or makes the merger illegal, so long as the terminating party is not then in material breach of the merger agreement;

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there has been a material breach of or any material inaccuracy in any of the representations or warranties set forth in the merger agreement on the part of any of the other parties, which breach is not cured within 30 days following receipt by the breaching party of written notice of its breach from the terminating party, or which breach, by its nature, cannot be cured prior to March 17, 2014, provided in any such case that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement. No party will have the right, however, to terminate the merger agreement pursuant to the provision summarized in this bullet point unless the breach of a representation or warranty, together with all other such breaches, would entitle the party receiving such representation not to consummate the transactions contemplated by the merger agreement because the closing conditions described in the first bullet point under The Merger Agreement Conditions to the Merger Additional Conditions to the Obligations of Pioneer or The Merger Agreement Conditions to the Merger Additional Conditions to the Obligations of Pioneer Southwest, as applicable, have not been met;

there has been a material breach of any of the covenants or agreements set forth in the merger agreement on the part of any of the other parties to the merger agreement, and the breach has not been cured within 30 days following receipt by the breaching party of written notice of such breach from the terminating party, or which breach, by its nature, cannot be cured prior to March 17, 2014, so long as the terminating party itself is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement. In no event, however, will any party have the right to terminate the merger agreement pursuant to the provision summarized in this bullet point unless the breach of covenants or agreements, together with all other such breaches, would entitle the party receiving the benefit of such covenants or agreements not to consummate the transactions contemplated by the merger agreement because the closing conditions described in the first bullet point under The Merger Agreement Conditions to the Merger Additional Conditions to the Obligations of Pioneer or The Merger Agreement Conditions to the Merger Additional Conditions to the Obligations of Pioneer Southwest, as applicable, have not been met;

Pioneer Southwest does not obtain the Pioneer Southwest unitholder approval at the Pioneer Southwest special meeting; provided, however, that the right to terminate the merger agreement under the provision described in this bullet point will not be available to the terminating party where the failure to obtain the Pioneer Southwest unitholder approval has been caused by the action or failure to act of the terminating party and such action or failure to act constitutes a material breach by the terminating party of the merger agreement or the voting agreement; or

a Pioneer Southwest Change in Recommendation has occurred.

**Federal Income Tax Consequences of the Merger**

Tax matters associated with the merger are complicated. Under current law, it is anticipated for U.S. federal income tax purposes that Pioneer Southwest unitholders generally will recognize gain with respect to the exchange of Pioneer Southwest common units for shares of Pioneer common stock in the merger in an amount equal to the excess of (1) each Pioneer Southwest unitholder's amount realized for U.S. federal income tax purposes, which equals the sum of the fair market value of the shares of Pioneer common stock received, plus the unitholder's allocated share of Pioneer Southwest's pre-merger liabilities (it being understood that no Pioneer Southwest unitholder bears any personal responsibility or liability in respect of such allocated liabilities), over (2) the unitholder's aggregate adjusted tax basis in Pioneer Southwest common units (including basis attributable to the unitholder's share of Pioneer Southwest's pre-merger liabilities). Pioneer Southwest unitholders generally will recognize loss to the extent that the

amount of their basis described in clause (2) above exceeds the amount realized described in clause (1) above. A portion of any amount realized by a unitholder will be treated as income subject to U.S. federal income tax at ordinary rates (up to 39.6% under current law) rather than capital gains rates

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due to the operation of the recapture rules applicable to depreciation, depletion and intangible drilling cost deductions allocable to the Pioneer Southwest unitholders, even if the Pioneer Southwest unitholder's aggregate adjusted basis in Pioneer Southwest common units exceeds the amount realized in the exchange. In addition, certain Pioneer Southwest unitholders may be subjected to the 3.8% Medicare tax on unearned income in respect of any net gain from the exchange. Pioneer Southwest unitholders are urged to consult their tax advisors for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger that will be applicable to them. Please read *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 146 for a more complete discussion of the U.S. federal income tax consequences of the merger.

## **Other Information Related to the Merger**

### ***Appraisal Rights***

The merger agreement provides for appraisal rights if certain procedures are followed. For a description of these appraisal rights, please read *The Merger Agreement Appraisal Rights*. The appraisal rights are subject to termination under certain conditions. Please see *Risk Factors Risks Related to the Merger* and *The Merger Agreement Appraisal Rights Termination of the Memorandum of Understanding* for more information about the possible termination of appraisal rights.

### ***Antitrust and Regulatory Matters***

No antitrust or other regulatory clearances are required as a condition to the consummation of the merger.

### ***Listing of Pioneer Common Stock to be Issued in the Merger; Delisting and Deregistration of Pioneer Southwest Common Units***

Pioneer expects to obtain approval to list on the NYSE the shares of Pioneer common stock to be issued pursuant to the merger agreement, which approval (subject to official notice of issuance) is a condition to the merger. Upon completion of the merger, Pioneer Southwest common units currently listed on the NYSE will cease to be listed on the NYSE and will be subsequently deregistered under the Exchange Act.

### ***Accounting Treatment***

The merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidations Overall Changes in Parent's Ownership Interest in a Subsidiary*, which is referred to as ASC 810. As Pioneer will control Pioneer Southwest before and after the merger, the changes in Pioneer's ownership interest in Pioneer Southwest will be accounted for as an equity transaction and no gain or loss on the merger will be recognized in Pioneer's consolidated statements of operations.

### ***Comparison of the Rights of Pioneer Stockholders and Pioneer Southwest Unitholders***

Pioneer Southwest unitholders, other than dissenting unitholders, will own shares of Pioneer common stock following the completion of the merger, and their rights associated with Pioneer common stock will be different from their rights as Pioneer Southwest unitholders due to the differences between the entity forms and governing documents of Pioneer and Pioneer Southwest. See *Comparison of the Rights of Pioneer Stockholders and Pioneer Southwest Unitholders* beginning on page 128 of this proxy statement/prospectus.





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***Pending Litigation***

On May 15, 2013, David Flecker, a purported unitholder of Pioneer Southwest, filed a class action petition on behalf of the Pioneer Southwest unitholders and a derivative suit on behalf of Pioneer Southwest against Pioneer, Pioneer USA, Pioneer Southwest GP and the directors of Pioneer Southwest GP, in the 134th Judicial District of Dallas County, Texas (the Flecker Lawsuit ). A similar class action petition and derivative suit was filed against the same defendants on May 20, 2013, in the 160th Judicial District of Dallas County, Texas, by purported unitholder Vipul Patel (the Patel Lawsuit ). On August 27, 2013, the plaintiff in the Flecker Lawsuit filed an amended petition. On September 3, 2013, the court consolidated the Patel Lawsuit into the Flecker Lawsuit (as consolidated, the Texas State Court Lawsuit ), and the plaintiffs filed a consolidated derivative and class action petition on September 5, 2013.

The Texas State Court Lawsuit alleges, among other things, that the consideration offered by Pioneer is unfair and inadequate and that, by pursuing a transaction that is the result of an allegedly conflicted and unfair process, the defendants have breached their duties under Pioneer Southwest's partnership agreement as well as the implied covenant of good faith and fair dealing, and are engaging in self-dealing. Specifically, the lawsuit alleges that the director defendants: (i) engaged in self-dealing, failed to act in good faith toward Pioneer Southwest, and breached their duties owed to Pioneer Southwest; (ii) failed to properly value Pioneer Southwest and its various assets and operations and ignored or failed to protect against the numerous conflicts of interest arising out of the proposed transaction; and (iii) breached the implied covenant of good faith and fair dealing by engaging in a flawed merger process. The Texas State Court Lawsuit also alleges that Pioneer, Pioneer USA and Pioneer Southwest GP aided and abetted the director defendants in their purported breach of fiduciary duties.

Based on these allegations, the plaintiffs in the Texas State Court Lawsuit seek to enjoin the defendants from proceeding with or consummating the proposed transaction. To the extent that the merger is implemented before relief is granted, the plaintiffs seek to have the merger rescinded. The plaintiffs also seek money damages and attorneys fees. The defendants have filed a motion to dismiss the Texas State Court Lawsuit based on improper forum.

On August 21, 2013, Allan H. Beverly, a purported Pioneer Southwest unitholder, filed a class action complaint against Pioneer Southwest, Pioneer, Pioneer USA, MergerCo and the directors of Pioneer Southwest GP in the United States District Court for the Northern District of Texas (the Beverly Lawsuit ). The Beverly Lawsuit alleges that the defendants breached their fiduciary duties by agreeing to the merger by means of an unfair process and for an unfair price. Specifically, the lawsuit alleges that the director defendants: (i) failed to maximize the value of Pioneer Southwest to its public unitholders and took steps to avoid competitive bidding; (ii) failed to properly value Pioneer Southwest; and (iii) ignored or failed to protect against the numerous conflicts of interest arising out of the proposed transaction. The Beverly Lawsuit also alleges that Pioneer, Pioneer USA and MergerCo aided and abetted the director defendants in their purported breach of fiduciary duties. On October 15, 2013, the plaintiffs in the Beverly Lawsuit voluntarily dismissed all claims in the lawsuit in accordance with the memorandum of understanding described below.

On September 13, 2013, Douglas Shelton, another purported Pioneer Southwest unitholder, filed a class action complaint against the same defendants in the Beverly Lawsuit (as well as Pioneer Southwest GP) in the same court as the Beverly Lawsuit (the Shelton Lawsuit ). The Shelton Lawsuit makes similar allegations to the Beverly Lawsuit, and also alleges that Section 7.9 of the Pioneer Southwest partnership agreement fails to alter or eliminate the defendants' common law fiduciary duties owed to Pioneer Southwest unitholders in the context of the merger. Specifically, the lawsuit alleges: (1) that Pioneer, as controlling unitholder, failed to fulfill its fiduciary duties in connection with the merger because it purportedly cannot establish that the proposed merger is the result of a fair process that will return a fair price to the Pioneer Southwest unaffiliated unitholders; (2) that the director defendants breached their fiduciary duties by failing to exercise due care and diligence in connection with the proposed merger because the proposed merger is purportedly not the result of a fair process that will



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return a fair price to the Pioneer Southwest unaffiliated unitholders; and (3) that the non-director defendants aided and abetted the director defendants in their purported breach of fiduciary duties. The plaintiffs in the Beverly Lawsuit and the Shelton Lawsuit (together, the Federal Lawsuits ) seek the same remedies as the plaintiffs in the Texas State Court Lawsuit. On October 16, 2013, the plaintiffs in the Shelton Lawsuit voluntarily dismissed all claims in the lawsuit in accordance with the memorandum of understanding described below.

On September 23, 2013, Patrick Wilson, another purported Pioneer Southwest unitholder, filed a class action petition on behalf of the Pioneer Southwest unitholders against Pioneer USA, MergerCo, Pioneer Southwest, Pioneer Southwest GP and the directors of Pioneer Southwest GP in the Court of Chancery of the State of Delaware (the Wilson Lawsuit ). The Wilson Lawsuit alleges that the director defendants breached their purported fiduciary obligations to the Pioneer Southwest unitholders by engaging in a process that undervalued Pioneer Southwest and which allegedly constitutes gross negligence, recklessness, willful misconduct, bad faith or knowing violations of law. Additionally, the Wilson Lawsuit alleges that the non-director defendants aided and abetted the purported breaches of fiduciary duties of the director defendants. The Wilson Lawsuit seeks the same remedies as the plaintiffs in the Texas State Court Lawsuit and the Federal Lawsuits.

Pioneer and Pioneer Southwest cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can Pioneer and Pioneer Southwest predict the amount of time and expense that will be required to resolve these lawsuits.

On September 26, 2013, representatives of the plaintiffs in the Texas State Court Lawsuit and the Federal Lawsuits and representatives of the defendants in such lawsuits entered into the memorandum of understanding to settle the claims and allegations made in such lawsuits. The memorandum of understanding provides the plaintiffs with a period of confirmatory discovery during which the plaintiffs can confirm the fairness and reasonableness of the settlement contemplated by the memorandum of understanding. The parties agreed to use their reasonable best efforts to agree upon, execute and present to the Dallas County, Texas District Court a stipulation of settlement, which will provide for, among other things, a certification, for settlement purposes only, of the applicable class of Pioneer Southwest unitholders to which the settlement will apply; as of the date of this proxy statement/prospectus, execution of the stipulation of settlement is pending. Furthermore, the stipulation of settlement will provide for a full and complete discharge, dismissal with prejudice, settlement and release of all claims, suits and causes of action by the plaintiffs (other than appraisal rights) against the defendants and their representatives arising out of or relating to the allegations made in the Texas State Court Lawsuit and the Federal Lawsuits, the merger transactions or any deliberations, negotiations, disclosures, omissions, press releases, statements or misstatements in connection therewith (including in this proxy statement/prospectus and the registration statement of which this proxy statement/prospectus forms a part, as well as in other filings), any fiduciary or other obligations in respect of the merger or any alternative transaction or under Pioneer Southwest's partnership agreement, or any costs and expenses associated with settlement other than as provided in the stipulation. All proceedings relating to the allegations made in the Texas State Court Lawsuit other than with respect to the settlement have been stayed. As part of the consideration for the settlement, the merger agreement has been amended by way of the amendment to provide for contractual appraisal rights for the Pioneer Southwest unitholders. For information about these appraisal rights, please read The Merger Agreement Appraisal Rights. The parties to the memorandum of understanding have agreed to use their reasonable best efforts to obtain the agreement of any plaintiffs filing similar lawsuits to the Texas State Court Lawsuit or the Federal Lawsuits (whether filed in any state or federal court) to become party to the memorandum of understanding and the related settlement. As of the date of this proxy statement/prospectus, the plaintiffs in the Wilson Lawsuit have not joined the memorandum of understanding. Furthermore, the plaintiffs in the Federal Lawsuits have voluntarily dismissed all claims in the lawsuits in accordance with the memorandum of understanding. There can be no assurance that a final settlement will be consummated. See Risk Factors Risks Related to the



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Merger. Furthermore, the memorandum of understanding and the settlement contemplated thereby will terminate under certain conditions, described in more detail in The Merger Agreement Appraisal Rights Termination of the Memorandum of Understanding.

**Summary of Risk Factors**

You should consider carefully all the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. The risks related to the merger transactions, Pioneer's business following the merger, Pioneer's common stock and Pioneer Southwest's business and common units if the merger does not occur, and tax related risks are described under the caption Risk Factors beginning on page 38 of this proxy statement/prospectus.

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**Organizational Chart**

***Before the Merger***

The following diagram depicts the organizational structure of Pioneer and Pioneer Southwest as of November 5, 2013, before the consummation of the merger and the other merger transactions.

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***After the Merger***

The following diagram depicts the organizational structure of Pioneer and Pioneer Southwest immediately after giving effect to the merger and the other merger transactions (without giving effect to rounding of fractional shares and assuming no unitholder exercises appraisal rights).

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**Selected Historical and Pro Forma Financial and Operating Information of Pioneer and Pioneer Southwest**

The following tables set forth, for the periods and at the dates indicated, summary historical financial and operating information for Pioneer and Pioneer Southwest and summary unaudited pro forma financial information for Pioneer after giving effect to the proposed merger. The summary historical financial data as of and for each of the years ended December 31, 2008, 2009, 2010, 2011 and 2012, are derived from and should be read in conjunction with the audited financial statements and accompanying footnotes of Pioneer and Pioneer Southwest, respectively. The summary historical financial data as of and for the nine-month periods ended September 30, 2012 and 2013, are derived from and should be read in conjunction with the unaudited financial statements and accompanying footnotes of Pioneer and Pioneer Southwest, respectively. Pioneer's and Pioneer Southwest's consolidated balance sheets as of December 31, 2011 and 2012, and as of September 30, 2013, and the related consolidated statements of operations, comprehensive income, cash flows and equity/partners' capital for each of the three years in the period ended December 31, 2012, and the nine months ended September 30, 2013, are incorporated by reference into this proxy statement/prospectus from Pioneer's and Pioneer Southwest's respective Annual Reports on Form 10-K for the year ended December 31, 2012, and their respective Quarterly Reports on Form 10-Q for the quarter ended September 30, 2013.

The summary unaudited pro forma condensed consolidated financial information for Pioneer shows the pro forma effect of the proposed merger. For a complete discussion of the pro forma adjustments underlying the amounts in the table on the following page, please read "Unaudited Pro Forma Condensed Consolidated Financial Statements" beginning on page F-2 of this proxy statement/prospectus.

The proposed merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidations - Overall - Changes in Parent's Ownership Interest in a Subsidiary*, which is referred to as ASC 810. As Pioneer will control Pioneer Southwest before and after the merger, the changes in Pioneer's ownership interest in Pioneer Southwest will be accounted for as an equity transaction and no gain or loss on the merger will be recognized in Pioneer's consolidated statements of operations.

The unaudited pro forma condensed consolidated financial statements have been prepared to assist in the analysis of the financial effects of the proposed merger. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2012, and the nine months ended September 30, 2013, have been prepared to give effect to the proposed merger as if it had occurred on January 1, 2012. The unaudited pro forma condensed consolidated balance sheet has been prepared to give effect to the proposed merger as if it had occurred on September 30, 2013. The unaudited pro forma condensed consolidated financial statements are based on assumptions that Pioneer and Pioneer Southwest believe are reasonable under the circumstances and are intended for informational purposes only. They are not necessarily indicative of the financial results that would have occurred if the merger transactions had taken place on the dates indicated, nor are they indicative of the future consolidated results of Pioneer. They also do not reflect non-recurring items arising directly from the merger or any cost savings that the combined entity may achieve.



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*Summary Historical and Pro Forma Financial Information of Pioneer*