

PIONEER NATURAL RESOURCES CO  
Form 11-K  
June 19, 2009

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 11-K**

**/ x / ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

**/ / TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **333-39249**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Pioneer Natural Resources Company**

**5205 North O'Connor Blvd., Suite 200**

**Irving, Texas 75039**

---

**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

*Financial Statements and Supplemental Schedule*

*As of December 31, 2008 and 2007 and for the year ended December 31, 2008*

*With Report of Independent Registered Public Accounting Firm*

---

**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

**Table of Contents**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	4
Statements of Net Assets Available for Benefits as of December 31, 2008 and 2007	5
Statement of Changes in Net Assets Available for Benefits for the Year Ended	
December 31, 2008	6
Notes to Financial Statements	7
Schedule H; Line 4i – Schedule of Assets (Held At End of Year) as of December 31, 2008	15
Signatures	16
Index to Exhibits	17

**REPORT OF INDEPENDENT REGISTERED PUBLIC**

**ACCOUNTING FIRM**

To the Participants and the Plan Administrator of

Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan:

We have audited the accompanying statements of net assets available for benefits of Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2008 and 2007, and the changes in its net assets available for benefits for the year ended December 31, 2008, in conformity with United States generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2008, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

Dallas, Texas

June 18, 2009

4

---

**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

**Statements of Net Assets Available for Benefits**

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
Investments at fair value	\$ 141,238,345	\$ 192,958,904
Participant loans	4,741,536	3,952,918
Net assets available for benefits, at fair value	145,979,881	196,911,822
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust	101,400	(52,853)
Net assets available for benefits	\$ 146,081,281	\$ 196,858,969

See accompanying notes to financial statements.

5

---



**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

**Statement of Changes in Net Assets Available for Benefits**

**For the Year Ended December 31, 2008**

Additions to net assets available for benefits:	
Interest and dividend income	\$ 6,644,491
Employer contributions	12,291,260
Participants' contributions	10,840,638
Rollovers	853,384
Total additions	30,629,773
Deductions from net assets available for benefits:	
Net depreciation in fair value of investments	64,462,343
Distributions to participants	16,882,825
Administrative expenses	26,989
Other expense	35,304
Total deductions	81,407,461
Net decrease in net assets available for benefits	(50,777,688)
Net assets available for benefits, beginning of year	196,858,969
Net assets available for benefits, end of year	\$ 146,081,281

See accompanying notes to financial statements.

6

---

PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 1.      Description of Plan

The following description of the Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan (the "Plan") provides only general information. Participants and beneficiaries should refer to the Plan's website (www.vanguard.com) for a complete description of Plan rules, which access is only available to each participant and beneficiary. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

General

The Plan is a defined contribution plan established on January 1, 1990 under Section 401 of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan was established for the benefit of the employees of Pioneer Natural Resources USA, Inc. (the "Employer"), a wholly-owned subsidiary of Pioneer Natural Resources Company (the "Company"). All regular full-time and part-time employees of the Employer are eligible to participate in the Plan on the first day of the month following their date of hire. The Plan's assets are held in a trust and certain administrative functions are performed by Vanguard Fiduciary Trust Company, the trustee of the trust (the "Trustee").

Contributions

Participants may elect to contribute to the Plan an amount up to 80 percent of their pre-tax basic compensation per pay period or the applicable legal limit. Additionally, participants may elect to make after-tax contributions to the Plan. Participants may also make Roth contributions to the plan, which allow a participant to pay federal income taxes on a portion of their contributions to the Plan and take related distributions from the Plan free of federal income tax. A participant's combined pre-tax, Roth contributions and after-tax contributions to the Plan can not exceed 80 percent of the participant's basic compensation per pay period. Certain participants may make catch-up contributions to the Plan in accordance with Section 414(v) of the Code. Pre-tax, Roth, after-tax and catch-up contributions are hereinafter referred to as "Participant Contributions." Matching contributions are made in cash by the Employer on behalf of a participant in an amount equal to 200 percent of the pre-tax contributions made by the participant that do not exceed five percent of the participant's annual basic compensation (as defined in the Plan) (the "Matching Contributions").

Participant Accounts and Investment Options

Participants' accounts are credited with their Participant Contributions and Matching Contributions. In accordance with Section 404(c) of ERISA and the Plan's Investment Policy Statement, participants exercise individual control over their accounts and are provided a broad range of investment funds in which they may choose to invest their Participant and Matching Contributions. Earnings and losses attributable to the participants' chosen investments are allocated to the participants' accounts, along with any investment fees charged by the funds. During the Plan year ended December 31, 2008, participants were permitted to allocate their contributions among the following registered investment company

## Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K

funds, common/collective trusts and Pioneer Natural Resources Stock Fund:

### Registered Investment Company Funds:

- *Vanguard PRIMECAP Fund* - Invests in stocks considered to have above-average earnings growth potential that is not reflected in their current market prices. The Fund's portfolio consists predominantly of stocks of large- and mid-capitalization companies.
- *Vanguard Windsor II Fund* - Invests mainly in large- and mid-capitalization companies whose stocks are considered by an advisor to be undervalued.
- *Vanguard 500 Index Fund* - Invests all, or substantially all, of its assets in the stocks of companies that make up the Standard and Poor's 500 Index, holding each stock in approximately the same proportion as its weighting in the index.

7

---

PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 1.      Description of Plan (continued)

- *Vanguard Prime Money Market Fund* - Invests in high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities.
- *Vanguard International Growth Fund* - Invests predominantly in the stocks of companies located outside the United States that its advisors have deemed to have above-average growth potential.
- *Vanguard Explorer Fund* - Invests mainly in the stocks of small companies that tend to be unseasoned, but are considered by the Fund's advisors to have superior growth potential.
- *Vanguard Short-Term Investment-Grade Fund* - Invests in a variety of high-quality and, to a lesser extent, medium-quality fixed income securities, at least eighty percent of which will be short- and intermediate-term investment grade securities.
- *Vanguard Asset Allocation Fund* - Allocates its assets among common stocks, bonds, and money market instruments in proportions consistent with the advisor's evaluation of their expected returns and risks. These proportions are changed from time to time as risk-adjusted return expectations shift.
- *Vanguard Total Bond Market Index Fund* - Employs a "passive management"—or indexing—investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index.
- *Vanguard Extended Market Index Fund* - Employs a "passive management"—or indexing—investment approach designed to track the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small and medium-size U.S. companies.
- *Vanguard Inflation-Protected Securities Fund* - Invests at least eighty percent of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations.
- *Vanguard Target Retirement Income* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors currently in retirement.

## Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K

- *Vanguard Target Retirement 2005 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors who planned to retire before the year 2008.
- *Vanguard Target Retirement 2010 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2008 and 2012.
- *Vanguard Target Retirement 2015 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2013 and 2017.
- *Vanguard Target Retirement 2020 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2018 and 2022.
- *Vanguard Target Retirement 2025 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2023 and 2027.
- *Vanguard Target Retirement 2030 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2028 and 2032.
- *Vanguard Target Retirement 2035 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2033 and 2037.
- *Vanguard Target Retirement 2040 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2038 and 2042.

PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 1.      Description of Plan (continued)

- *Vanguard Target Retirement 2045 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2043 and 2047.
- *Vanguard Target Retirement 2050 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between the years 2048 and 2053.

Common/Collective Trusts:

- *Vanguard Retirement Savings Trust V ("VRSTV")* – Invests primarily in investment contracts issued by insurance companies, banks or other financial institutions, including investment contracts backed by high-quality fixed income securities.
- *Sarofim Equity Fund ("Sarofim")* - Invests in a diversified group of large, high-quality, multinational companies with favorable growth prospects and high incremental returns on investment.

*Pioneer Natural Resources Stock Fund* – Invests in Pioneer common stock, as well as a small amount of cash, which is held in the fund to help facilitate daily transactions.

See Note 3 for additional information regarding investment risks and uncertainties.

Vesting

Participants are immediately vested in their Participant Contributions and any earnings thereon. Participants vest in Matching Contributions and earnings thereon proportionately for each full year of completed service over a four-year period that begins with the participant's date of hire. Participants' account balances that were merged into the Plan from predecessor plans are fully vested.

Payments of Benefits

Vested balances > \$5,000. If the total value of the vested portion of a participant's accounts (other than rollover amounts) exceeds \$5,000, payments will begin no later than at age 70-1/2 unless the participant terminates, retires or becomes disabled prior to age 70-1/2 and consents to an earlier distribution date by making a request to the Plan Administrator. Distributions of the vested portion of the account of a terminated, retired or disabled participant can be in the form of a full or partial distribution or monthly, quarterly or annual installment distributions over a period of two or more years. Upon the termination of employment, retirement or disability of a participant, such participant's vested account balances attributable to predecessor plans shall be distributed in the form of a joint and survivor annuity unless the participant directs the Plan Administrator to distribute the benefits in the form of a full or partial distribution or installment distributions.

Vested balances < \$5,000. If the total value of the vested portion of the participant's accounts is \$5,000 or less but more than \$1,000 (not including amounts in the participant's rollover account, if any); the participant separates from service for any reason other than the participant's retirement, permanent disability, death or transfer to an affiliate of the Employer; and the distribution is an eligible rollover distribution, the Plan will automatically pay the distribution in a direct rollover to an individual retirement account designated by the Plan Administrator unless the participant elects to have it paid directly to the participant in a full or partial distribution or rolled over to another eligible retirement plan. If the total value of the vested portion of the participant's accounts is \$5,000 or less but more than \$1,000 (not including amounts in the participant's rollover account, if any) and the participant separates from service as a result of the participant's death retirement or permanent disability, the vested portion will be distributed to the participant in a single distribution (in the case of death, to the participant's beneficiary or beneficiaries). If the total value of the vested portion of the participant's accounts is \$1,000 or less, payment will be made in a full or partial distribution as soon as administratively possible.



PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 1.      Description of Plan (continued)

In either case, vested amounts that are invested in the Pioneer Natural Resources Stock Fund may, at the election of the participant, be distributed in the form of the Company's common stock with cash distributed in lieu of fractional shares of stock.

Under the Plan, a participant's beneficiary will receive the participant's account balances in the event of the participant's death.

In-Service Withdrawals

A current employee of the Employer may withdraw (i) all or a portion of the participant's account balances derived from after-tax Participant Contributions or rollover contributions; (ii) pre-tax Participant Contributions (excluding earnings and qualified nonelective contributions allocated to the participant's pre-tax Participant Contributions accounts) under certain hardship conditions specified in the Plan document; or (iii), if the participant has attained the age of 59-1/2, all or a portion of the participant's account balances (excluding certain accounts containing Employer contributions).

Participant Loans

Participants may borrow from their accounts a maximum of the lesser of (i) \$50,000 (reduced by the excess, if any, of the highest total outstanding balance of all other Plan loans to the participant during the one-year period ending on the day before the date a new loan is made, over the outstanding balance of those other loans on the date the new loan is made) or (ii) 50 percent of their accounts' vested balances. The loans are secured by the balance in the participants' accounts. Participants' loans bear interest at an annual rate equal to the prime borrowing rate at the inception of the loan plus one percent. Loan principal and interest is paid ratably through payroll deductions over a period not to exceed five years unless the loan is for the purpose of acquiring the principal residence of the participant.

Forfeitures

## Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K

Upon termination of employment, the unvested portion of a participant's account is forfeited to the Plan. Forfeitures are used to restore previously forfeited amounts to participants upon rehire as required by the Plan, pay for administrative expenses incurred by the Plan, or reduce subsequent Matching Contributions made to the Plan by the Employer.

### Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan, subject to the provisions of ERISA, to discontinue its contributions at any time or to terminate the Plan. In the event of the Plan's termination or the complete discontinuance of any contributions to the Plan, participants will immediately become fully vested in their accounts.

### Note 2. Summary of Significant Accounting Policies

#### Basis of Presentation

The accompanying financial statements have been prepared under the accrual basis of accounting in accordance with United States generally accepted accounting principles ("GAAP").

PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 2.      Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

*SFAS 157.* In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measures required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. The Plan adopted the provisions of SFAS 157 on January 1, 2008. See Note 4 for additional information regarding the adoption of SFAS 157.

Payment of Benefits

Benefit payments made to participants are recorded when paid.

Investment Valuation

The Plan's investments are stated at fair value in the Statements of Net Assets Available for Benefits as of December 31, 2008 and 2007, as reported by the Trustee. Investment fair values are determined as follows:

1. Investments in registered investment company funds are valued using published market prices which represent the net asset value of shares or units held by the Plan as of December 31.
2. Investments in the common/collective trusts are valued based upon the fair values of the underlying net assets of the trusts, as determined by the issuer. The fair value of the Vanguard Retirement Savings Trust includes traditional contracts, wrapper contracts re-bid to determine the replacement cost, and underlying bond instruments valued by the Trustee.
3. Investments in the Company's common stock are valued at the last reported sales price on December 31.
4. Participant loans are valued at their unpaid principal balance, which is not materially different from their aggregate fair value on December 31.

As described in Financial Accounting Standards Board Staff Position AAG INV-1 and SOP 94-4-1, "Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans", (the "FSP"), investment contracts held by a defined contribution plan are required to be reported at fair

value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust (VRSTV). As required by the FSP, the statements of net assets available for benefits present the fair value of VRSTV and the adjustment from fair value to contract value. The fair value of the Plan's interest in VRSTV is based on information reported by the issuer of the common collective trust at year-end. The contract value of VRSTV represents contributions plus earnings, less participant withdrawals and administrative expenses.

Security Transactions and Investment Income

Security transactions are accounted for on a trade-date basis. Expenses incurred with transactions, if any, are added to the purchase price or deducted from the selling price at the time of the transactions. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires the Plan's management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 3.      Investments

The Trustee holds the Plan's investments and executes all investment transactions.

The fair values of individual investments that represent five percent or more of the Plan's net assets available for benefits at December 31, 2008 and 2007 are as follows:

	December 31, 2008	2007
Vanguard PRIMECAP Fund	\$ 26,524,252	\$ 40,148,842
Vanguard Prime Money Market Fund	\$ 17,994,987	\$ 18,006,113
Vanguard 500 Index Fund	\$ 15,753,183	\$ 25,323,499
Vanguard Windsor II Fund	\$ 15,387,554	\$ 26,996,659
Sarofim Equity Fund	\$ 9,977,216	\$ 13,867,619
Vanguard Retirement Savings Trust V	\$ 7,759,077	\$ 6,985,345
Vanguard International Growth Fund	\$ 7,167,929	\$ 14,380,956

During the year ended December 31, 2008, the fair value of the Plan's investments (including investments purchased, sold and held) depreciated as follows:

Registered investment company funds	\$ (51,782,984)
Common/collective trusts	(4,636,725)
Pioneer Natural Resources Stock Fund	(8,042,634)
Net depreciation in fair value of investments	\$ (64,462,343)

The investment funds in which participants are allowed to invest their accounts under the Plan are subject to a number of risks and uncertainties. These risks and uncertainties include, among other things, interest rate risk, credit risk, political risk, general business risks and overall market volatility risk. The investment funds have individual risk profiles that cause them to respond differently to changes in the risks and uncertainties described above. Due to the level of risk associated with the investment funds, it is reasonably possible that changes in the fair values of the investment funds may have occurred since December 31 or may occur during the near term, and that such changes could cause participants' account balances, and thus the benefits to which participants are entitled under the Plan, to differ materially from those reported as of December 31, 2008.

**Note 4.**      **Disclosures About Fair Value Measurements**

Effective January 1, 2008, the Plan adopted the provisions of SFAS 157 for financial assets and liabilities measured at fair value. SFAS 157 retains the exchange price notion in the definition of fair value but clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal or most advantageous market in which the reporting company would transact for the asset or liability.

The SFAS 157 valuation framework is based upon inputs that market participants use in pricing an asset or liability, which are classified into two categories: observable inputs and unobservable inputs. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. These two types of inputs are further prioritized into the following fair value input hierarchy:

- Level 1 – quoted prices for identical assets or liabilities in active markets.
- Level 2 – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – unobservable inputs for the asset or liability.

## PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 4. Disclosures About Fair Value Measurements (continued)

The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The following table presents the Plan's financial assets that are measured at fair value as of December 31, 2008, for each of the fair value hierarchy levels:

	Fair Value Measurements at Reporting Date Using			Fair Value at December 31, 2008
	Quoted Prices In Active Markets for Identical Assets (Level 1) (in thousands)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets:</b>				
Registered investment company funds	\$ 117,516,682	\$—	\$ —	\$ 117,516,682
Common/collective trusts	—	17,736,293	—	17,736,293
Pioneer Natural Resources Stock Fund	5,985,370	—	—	5,985,370
Participant loans	—	—	4,741,536	4,741,536
Total assets	\$ 123,502,052	\$ 17,736,293	\$ 4,741,536	\$ 145,979,881

The following table presents the changes in the fair value of the Plan's participant loans classified as Level 3 in the fair value hierarchy:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2008
Beginning balance	\$ 3,952,918
Realized gains (a)	340,635
Contributions and withdrawals, net	447,983

Ending balance \$ 4,741,536

---

- (a) Total realized gains on participant loans are included in interest and dividend income in the accompanying statement of changes in net assets available for benefits.

**Note 5.** **Administrative Expenses**

The Employer may pay certain expenses incurred in the administration of the Plan, including expenses and fees of the Trustee, but is not obligated to do so. Any Plan expenses not paid by the Employer are paid from the Plan's forfeiture account or from Plan assets. Administrative expenses incurred by the Plan were \$26,989 for activity related to the year ended December 31, 2008, of which \$17,749 was paid from the Plan's forfeiture account and \$9,240, representing participant loan transaction fees, were paid from Plan assets of the borrower. Plan administrative expenses paid by the Employer were \$23,152 for activity related to the year ended December 31, 2008.

Plan assets in the Plan's forfeiture account qualifying to be used to defray Plan administrative expenses or to reduce the amount of Matching Contributions totaled \$1,096,964 and \$1,221,132 as of December 31, 2008 and 2007, respectively.



## PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

Note 6.      Tax Status of the Plan

The Plan received a determination letter from the Internal Revenue Service ("IRS") dated March 19, 2003, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. Subsequent to this determination by the IRS, the Plan was amended and restated. The Plan Administrator has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

Note 7.      Related Party Transactions

Plan investments are in shares or units of registered investment company funds, common stock of the Company and common /collective trusts that are managed by the Trustee or for which the Trustee provides services. Transactions in these funds and the Pioneer Natural Resources Stock Fund qualify as party-in-interest transactions. These transactions are exempt from the prohibited transaction rules.

Note 8.      Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits per the accompanying financial statements to Form 5500:

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
Net assets available for benefits per the accompanying financial statements	\$ 146,081,281	\$ 196,858,969
Adjustment from fair value to contract value for certain fully benefit-responsive investment contracts	(101,400)	52,853
Net assets available for benefits per Form 5500	\$ 145,979,881	\$ 196,911,822

The following is a reconciliation of net decrease in net assets available for benefits per the accompanying financial statements to Form 5500:

\$ (50,777,688)

## Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K

Net decrease in net assets available for benefits per the accompanying financial statements	
Less: Adjustment from fair value to contract value for certain fully benefit-responsive investment contracts	(154,253)
Net decrease per Form 5500	\$ (50,931,941)

The accompanying financial statements present fully benefit-responsive contracts at contract value. Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value. Therefore, the adjustment from fair value to contract value for fully benefit-responsive investment contracts represents a reconciling item.

Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K  
PIONEER NATURAL RESOURCES USA, INC. (401(K) AND MATCHING PLAN

Schedule H; Line 4i – Schedule of Assets (Held At End Of Year)

EIN: 75-2516853

Plan Number: 001

As of December 31, 2008

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(e) Current Value
*	Vanguard Fiduciary Trust Company	Vanguard PRIMECAP Fund – 595,515 shares	\$ 26,524,252
*	Vanguard Fiduciary Trust Company	Vanguard Prime Money Market Fund –  17,994,987 shares	17,994,987
*	Vanguard Fiduciary Trust Company	Vanguard 500 Index Fund – 189,592 shares	15,753,183
*	Vanguard Fiduciary Trust Company	Vanguard Windsor II Fund – 805,210 shares	15,387,554
*	Vanguard Fiduciary Trust Company	Vanguard Retirement Savings Trust V–  7,759,077 shares	7,759,077
*	Vanguard Fiduciary Trust Company	Vanguard International Growth Fund –  587,535 shares	7,167,929
*	Vanguard Fiduciary Trust Company	Vanguard Total Bond Market Index  Fund – 629,312 shares	6,406,395
*	Vanguard Fiduciary Trust Company	Vanguard Short-Term Investment-Grade  Fund – 633,195 shares	6,122,998
*	Vanguard Fiduciary Trust Company	Vanguard Inflation-Protected Securities  Fund – 502,315 shares	5,786,673
*	Vanguard Fiduciary Trust Company	Vanguard Explorer Fund – 98,406 shares	4,145,824
*	Vanguard Fiduciary Trust Company	Vanguard Asset Allocation Fund –  220,017 shares	4,092,322
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2010 Fund –  71,293 shares	1,255,478
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2015 Fund –  127,968 shares	1,222,094
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2025 Fund –  126,346 shares	

Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K

		1,171,223
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2020 Fund – 58,616 shares
		971,275
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2035 Fund – 90,144 shares
		833,831
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2050 Fund – 37,050 shares
		562,417
*	Vanguard Fiduciary Trust Company	Vanguard Extended Market Index Fund – 22,143 shares
		531,648
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2045 Fund – 51,675 shares
		494,534
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2005 Fund – 39,100 shares
		378,881
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2030 Fund – 21,147 shares
		328,625
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2040 Fund – 18,452 shares
		279,185
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement Income Fund – 11,069 shares
		105,374
	Fayez Sarofim & Co.	Sarofim Equity Fund – 218,511 shares
		9,977,216
*	Pioneer Natural Resources Company	Pioneer Natural Resources Stock Fund – 1,023,140 units
		5,985,370
*	Participants loans	Interest rates range from 5.0% to 9.25%
		4,741,536
		\$ 45,979,881

---

\*Party-in-interest

Note: Column (d) is not applicable since all investments are participant directed.

**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**PIONEER NATURAL RESOURCES USA, INC.  
401(k) AND MATCHING PLAN**

Date: June 15, 2009	By: /s/ Larry N. Paulsen Larry N. Paulsen Member of Pioneer Natural Resources USA, Inc.  401(k) and Matching Plan Committee
Date: June 15, 2009	By: /s/ Richard P. Dealy Richard P. Dealy Member of Pioneer Natural Resources USA, Inc.  401(k) and Matching Plan Committee
Date: June 15, 2009	By: /s/ Mark H. Kleinman Mark H. Kleinman Member of Pioneer Natural Resources USA, Inc.  401(k) and Matching Plan Committee
Date: June 15, 2009	By: /s/ Kerry D. Scott Kerry D. Scott Member of Pioneer Natural Resources USA, Inc.  401(k) and Matching Plan Committee
Date: June 15, 2009	By: /s/ Susan A. Spratlen Susan A. Spratlen Member of Pioneer Natural Resources USA, Inc.

Edgar Filing: PIONEER NATURAL RESOURCES CO - Form 11-K

401(k) and Matching Plan Committee

Date: June 15, 2009

By: /s/ Douglas R. Hull  
Douglas R. Hull  
Member of Pioneer Natural Resources USA, Inc.

401(k) and Matching Plan Committee

Date: June 15, 2009

By: /s/ Paul McDonald  
Paul McDonald  
Member of Pioneer Natural Resources USA, Inc.

401(k) and Matching Plan Committee

Date: June 15, 2009

By: Andrew Quarles  
Member of Pioneer Natural Resources USA, Inc.

401(k) and Matching Plan Committee

**PIONEER NATURAL RESOURCES USA, INC. 401(k) AND MATCHING PLAN**

**INDEX TO EXHIBITS**

<b>Exhibit</b>		
<b>Number</b>	<b>Description</b>	<b>Page</b>
23.1 (a)	Consent of Independent Registered Public Accounting Firm	18

(a) Filed herewith.