PIONEER
NATURAL RESOURCES

June 10, 2022

Austin Flack
Majority Staff
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Re: Responses to Additional Questions for the Record from April 6, 2022 Hearing

Dear Mr. Flack,

On behalf of Mr. Scott D. Sheffield, Chief Executive Officer of Pioneer Natural Resources Company ("Pioneer"), please find attached responses to the Additional Questions for the Record from Chairs Pallone and DeGette following the House Energy & Commerce, Subcommittee on Oversight and Investigations' April 6, 2022 Hearing.

Kind regards,

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Tadd Owens
Vice President, Communications and Government Relations
Pioneer Natural Resources Company

cc: Minority Staff, Committee on Energy & Commerce, U.S. House of Representatives

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The Honorable Frank Pallone, Jr. (D-NJ)

1. **You testified that ongoing labor shortages and supply chain challenges facing your industry make it difficult to boost production. According to recent reports, less than one-third of oilfield workers received a raise in 2021, while 21% saw their wages decrease.[1] This data is surprising given the extraordinary profits the sector achieved last year.**

    a. **Did Pioneer raise the wages for its workers in 2021 or 2022? If so, how much in each year? If not, why not?**

Yes. All Pioneer employees were eligible for annual raises in both 2021 and 2022. In 2021, the average increase in Pioneer employees' compensation packages was 4.12%. In 2022, the average increase was 6.86%.

    b. **Has Pioneer begun any other initiatives to train or attract workers to help alleviate labor challenges? If so, please describe what Pioneer has done to attract or train workers.**

Yes. Pioneer has begun initiatives to both train and attract employees to help alleviate labor challenges.

For example, beginning in late 2020, Pioneer initiated a program to train over 200 of its field production workers to perform tasks historically provided by third-party servicers who were facing labor shortages.

Pioneer has also taken a number of steps to attract employees in the current challenging labor market. These include altering shift schedules of all field production workers to provide greater work-life balance and creating an employee referral program that provides monetary bonuses to employees who refer candidates hired by the company.

    c. **Has Pioneer explored any investments that would make its supply chain more resilient? If so, please describe these investments.**

Pioneer has implemented various measures to make its supply chain more resilient. These include bringing third-party services in-house, operating internal warehouses that provide essential parts for Pioneer's operating and maintenance crews, and contracting directly with manufacturers to reduce supply disruptions.

Pioneer has also invested heavily in its Enterprise Software Systems, which has enabled more real-time ordering and inventory management, and better forecasting of well activities, all of which reduce supply disruptions.

[1] *Oil Workers Aren't Seeing Bigger Paychecks as Prices Surge*, Bloomberg (Mar. 21, 2022).

<u>The Honorable Diana DeGette (D-CO)</u>

1. **During the hearing, you testified that your company is undertaking efforts to ensure cleaner operations. I would like to understand more about these efforts. For each of the following technology areas, how much has your company invested annually for the past ten years, and how much does it plan to invest annually for the next ten years? Please respond with both the dollar amounts and the percentage of your company's gross sales.**

Pioneer is committed to producing low-carbon-intensive, low-cost oil and natural gas resources, and minimizing emissions from its operations. Pioneer has invested considerable time and resources to reduce GHG and methane emissions from its operations and to develop renewable resources that will generate electricity for its operations. Pioneer has also committed to invest $65 million, with an option to invest additional capital, in investment funds focused on energy transition technology ventures. Except as noted below, Pioneer does not separately track aggregate historical or planned capital expenditures on a technology-by-technology basis as described in the question, and, therefore, offers a summary of investments and plans below. Further details about Pioneer's Environmental, Social, and Governance initiatives are available in Pioneer's 2021 Sustainability Report and 2021 Climate Risk Report, available at https://www.pxd.com/sustainability.

a. Innovative methane waste prevention technologies

Pioneer's methane reduction initiatives are an integral part of its facility design and day-to-day operating procedures. Such initiatives include measures to reduce venting and flaring, as well as implementing a Leak Detection and Repair ("LDAR") program.

Pioneer does not separately track aggregate historical or planned capital expenditures for technologies related to its methane reduction initiatives.

b. Carbon capture, utilization, and storage (CCUS) with enhanced oil recovery (EOR)

To date, Pioneer has invested $60 million in a pilot EOR field test. The technology and processes utilized for this pilot may be applied to CCUS in the future.

c. CCUS without EOR

None. Pioneer is currently evaluating participation in a CCUS project involving the permanent sequestration of CO2 in the Permian Basin. If Pioneer participates, it would be responsible for funding an as yet undetermined portion of the project's anticipated $100 million cost.

d. Direct air capture (DAC) and sequestration of carbon dioxide

None.

e. Gray hydrogen

None.

f. Blue hydrogen

None. Pioneer is in the early-stages of discussions to join a public-private partnership to advance blue hydrogen production in Texas.

g. Green hydrogen

None.

h. Wind

Pioneer is a participant in a utility-scale wind project that will be located on Pioneer-owned surface property that will generate renewable electricity for use in its operations in the Permian Basin. Although Pioneer's investment to date in this project has been limited, Pioneer's agreement to purchase the electricity generated by the project facilitates the investment by the project developer. Pioneer is evaluating the potential for additional wind farms on its properties.

i. Solar

Pioneer is a participant in a solar project that will provide renewable electricity for use in its operations in the Permian Basin. Although Pioneer's investment to date in this project has been limited, Pioneer's agreement to purchase the electricity generated by the project facilitates the investment by the project developer. Pioneer is evaluating the potential for additional solar projects on its properties.

j. Geothermal

None.

k. Hydro

None.

l. Other renewable

None.

m. Nuclear

None.

n. Electric vehicle (EV) deployment, not including public charging

Pioneer's vehicle fleet consists primarily of pickup trucks. As EV models become readily available in the market, Pioneer plans to acquire such vehicles for its fleet.

o. Publicly-available EV charging stations

Pioneer has invested in EV charging stations at its corporate headquarters at no cost to its employees. The company plans to install EV charging stations at its other facilities in the future.

p. Other low- or zero-emitting transportation fuels, e.g., Sustainable Aviation Fuel

None.

q. Other zero-emitting technologies

None.

2. Please identify your company's annual Scope 1 greenhouse gas (GHG) emissions for the past 10 years. What do you project your company's annual Scope 1 emissions will be for the next ten years? In responding, please specify the level of precision of your responses and identify any conditions pertaining to these responses.

Pioneer began quantifying its Scope 1 GHG emissions in 2019 with reference to the U.S. EPA GHG Reporting Program requirements and the IPIECA/American Petroleum Association (API)/International Association of Oil and Gas Producers "Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions." Pioneer's Scope 1 GHG emissions inventory is based on EPA Subpart W reporting to include vented emissions not subject to Subpart W reporting requirements and emissions from company-owned vehicles.

Based on that measurement reference, Pioneer estimates its Scope 1 GHG emissions in 2019 and 2020 were as follows (2021 numbers are not yet available):

Year	**Scope 1 GHG Emissions (tonnes CO2e)**
2019	2,002,133
2020	1,481,602

Prior to 2019, Pioneer used only the EPA reporting requirements as a measurement reference and estimates the Scope 1 GHG emissions were as follows:

Year	GHG Emissions (tonnes CO2e)
2012	1,308,342
2013	1,374,479
2014	1,334,393
2015	993,845
2016	2,190,866
2017	2,273,916
2018	1,471,280

Pioneer expects to reduce its Scope 1 and 2 GHG emissions intensity by 50% by 2030 (baseline year of 2019).

3. **Please identify your company's annual Scope 2 GHG emissions for the past 10 years. What do you project your company's annual Scope 2 emissions will be for the next ten years? In responding, please specify the level of precision of your responses and identify any conditions pertaining to these responses.**

Pioneer began quantifying its Scope 2 GHG emissions in 2019 with reference to The Greenhouse Gas Protocol and the U.S. Environmental Protection Agency Emissions & Generation Resource Integrated Database emissions factors for the Electric Reliability Council of Texas subregion.

Pioneer estimates its Scope 2 GHG emissions in 2019 and 2020 were as follows (2021 numbers are not yet available):

Year	Scope 2 GHG Emissions (tonnes CO2e)
2019	272,116
2020	257,930

Pioneer expects to reduce its Scope 1 and 2 GHG emissions intensity by 50% by 2030 (baseline year of 2019).

4. **Please identify your company's annual Scope 3 GHG emissions for the past 10 years. What do you project your company's annual Scope 3 emissions will be for the next ten years? In responding, please specify the level of precision of your responses and identify any conditions pertaining to these responses.**

Pioneer is currently evaluating the Scope 3 GHG emissions related to the company's activities, which Pioneer notes for the Committee is not a quantification requirement of the EPA GHG Reporting Program.

5. **Has your company examined ways that it can reduce its scope 3 emissions? If so, please describe what methods your company has found to be effective and whether it plans to invest in reducing its scope 3 emissions.**

Yes. Pioneer has taken a number of steps to reduce its Scope 3 GHG emissions, including: (1) collaborating with industry peers to promote alignment on climate policies such as the elimination of routine flaring and increased field electrification; (2) investing in energy transition technologies that drive efficiency and support emissions reduction; and (3) incorporating ESG data into Pioneer's supplier onboarding process to identify business partners with emission reduction goals.

6. **What organizations does your company belong to with required GHG emission reduction targets? What are those targets?**

Pioneer does not currently belong to any organizations with required GHG emission reduction targets. Nevertheless, as described in the response to Question 7, Pioneer has voluntarily adopted various emission reduction targets.

7. **Please identify the emissions targets your company utilizes in strategic business planning and decision-making.**

Pioneer has adopted the following emissions targets for its operations:

- Ambition to achieve net zero carbon emissions by 2050;
- Reducing GHG emissions (Scope 1 and 2) intensity by 50% by 2030 (based on 2019 baseline);
- Reducing methane emissions intensity by 75% by 2030 (based on 2019 baseline);
- Limiting annual production flaring intensity to less than 1% of natural gas produced;
- Zero routine flaring by 2030.

8. **What is your company's plan for existing assets that do not comport with your company's net-zero plans or other emissions targets?**

Not applicable. Pioneer's net zero plans apply to all of the company's assets.