

PIONEER NATURAL RESOURCES CO
Form 11-K
June 27, 2008

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, 2007

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, 2007 and 2006 and for the year ended December 31, 2007

With Report of Independent Registered Public Accounting Firm

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

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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, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. 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, 2007 and 2006, and the changes in its net assets available for benefits for the year ended December 31, 2007, 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, 2007, 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 27, 2008

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

Statements of Net Assets Available for Benefits

	December 31,	
	2007	2006
Investments at fair value	\$ 192,958,904	\$ 168,242,423
Participant loans receivable	3,952,918	3,281,137
	196,911,822	171,523,560
Unallocated accrued administrative expenses	—	(6,886)
Net assets available for benefits, at fair value	196,911,822	171,516,674
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust	(52,853)	77,582
Net assets available for benefits	\$ 196,858,969	\$ 171,594,256

See accompanying notes to financial statements.

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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, 2007

Additions to net assets available for benefits:	
Interest and dividend income	\$ 10,911,543
Employer contributions	11,586,346
Participants' contributions	9,483,177
Net appreciation in fair value of investments	3,289,024
Rollovers	956,150
Other income	7,775
Total additions	36,234,015
Deductions from net assets available for benefits:	
Distributions to participants	10,946,069
Administrative expenses	23,233
Total deductions	10,969,302
Net increase in net assets available for benefits	25,264,713
Net assets available for benefits, beginning of year	171,594,256
Net assets available for benefits, end of year	\$ 196,858,969

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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 Summary Plan Description for a complete description of the Plan, a copy of which is available to each participant and beneficiary from the Pioneer Natural Resources USA, Inc. 401(k) and Matching Plan Committee (the "Plan Administrator"). 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 of not less than two percent nor more than 30 percent of their pre-tax basic compensation per pay period. Additionally, participants may elect to make after-tax contributions to the Plan. As of December 31, 2007, a participant's combined pre-tax and after-tax contributions to the Plan could not exceed 50 percent of the participant's basic compensation per pay period. See Note 7 for a description of Plan amendments made during January 2008 that increased certain allowable participant contribution limitations. Certain participants may make catch-up contributions to the Plan in accordance with Section 414(v) of the Code. Pre-tax, 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, 2007, participants were permitted to allocate their contributions among the following registered investment company funds, common/collective trusts and Pioneer Stock Investment 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.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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 Lehman Brothers 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.

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- *Vanguard Target Retirement 2005 Fund* - Invests in Vanguard mutual funds using an asset allocation strategy designed for investors planning 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, 2007 and 2006

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* – 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* - Invests in a diversified group of large, high-quality, multinational companies with favorable growth prospects and high incremental returns on investment.

Pioneer Stock Investment 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 single 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 single 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 single 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 single distribution as soon as administratively possible.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 1. Description of Plan(continued)

In either case, vested amounts that are invested in the Pioneer Stock Investment 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