EVERGREEN RESOURCES INC
Form PREM14A
June 14, 2004

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Evergreen Resources, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

Table of Contents

Evergreen Resources, Inc.

1401 17th Street, Suite 1200
Denver, Colorado 80202
(303) 298-8100

Notice of Special Meeting of Stockholders
To Be Held [ ], 2004

To the Stockholders of Evergreen Resources, Inc.:

We will hold a special meeting of stockholders of Evergreen Resources, Inc., a Colorado corporation, at The Pinnacle Club, 555 17th Street, 38th floor, Denver, Colorado 80202, on **[**], 2004, at **[**] a.m., local time, for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Merger dated May 3, 2004, among Pioneer Natural Resources Company, a Delaware corporation, BC Merger Sub, Inc., a Colorado corporation, and Evergreen, pursuant to which Evergreen will become a wholly-owned subsidiary of Pioneer.

2. Approve an adjournment of the meeting, if necessary, to solicit additional proxies in favor of proposal number 1 above.

A copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice.

Evergreen has fixed the close of business on **[**], 2004, as the record date for the determination of stockholders entitled to receive notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. A list of the stockholders entitled to vote will be open for examination by stockholders at Evergreen Resources, Inc., 1401 17th Street, Suite 1200, Denver, Colorado 80202, during ordinary business hours beginning two business days from the date of this notice and continuing through the special meeting. The list will also be available at the special meeting.

The board of directors of Evergreen unanimously, except for Scott D. Sheffield, who recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken:

has determined that the merger agreement, the merger in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Evergreen and its stockholders;

has approved and adopted the merger agreement, the merger and the other transactions contemplated thereby; and

recommends that the stockholders of Evergreen vote FOR approval of the merger agreement.

Mr. Sheffield recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken because he is Chairman of the Board, President and Chief Executive Officer of Pioneer in addition to serving as a member of Evergreen s board of directors.

We cordially invite you to attend the special meeting in person. However, to ensure your representation at the special meeting, we encourage you to mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed, self-addressed green envelope. You may also vote by telephone or the Internet using the instructions on the proxy card. Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card. If your shares are held in street name by your broker or other nominee, only

that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you attend the special meeting you may vote in person even if you have returned a proxy card, or voted by telephone or the Internet using the instructions on the proxy card.

The merger agreement permits each holder of Evergreen common stock to elect the form of merger consideration it wishes to receive in exchange for its Evergreen shares, subject to certain aggregate limits, as explained in detail in the joint proxy statement/prospectus accompanying this notice. An election form, pursuant to which a holder of Evergreen common stock can make its election, is enclosed with the joint proxy statement/prospectus. If you wish to make an election regarding the form of merger consideration you wish to receive, you should complete and sign the election form and return it, together with all certificates representing your shares of Evergreen common stock, to Continental Stock Transfer & Trust Company, the exchange agent, in the enclosed, self-addressed white envelope.

By Order of the Board of Directors,

KEVIN R. COLLINS,
Secretary

Denver, Colorado
[   ], 2004

IMPORTANT:

Whether or not you plan to attend the special meeting, we ask you to complete and promptly return the enclosed proxy card in the self-addressed green envelope provided or to vote by telephone or the Internet using the instructions on the proxy card.

Completed proxy cards should be sent to Computershare Trust Company, Inc. in the enclosed, self-addressed green envelope. Completed election forms and common stock certificates should be sent to Continental Stock Transfer & Trust Company in the separate enclosed, self-addressed white envelope. Please do not send your election form or common stock certificates together with your proxy card in one envelope. It is important that the materials be returned in separate envelopes as instructed.

Table of Contents

The information in this joint proxy statement/ prospectus is not complete and may be changed. Pioneer may not distribute or issue the shares of Pioneer common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/ prospectus is not an offer to distribute these securities and Pioneer is not soliciting offers to receive these securities in any state where such offer or distribution is not permitted.

PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS

SUBJECT TO COMPLETION, DATED JUNE 14, 2004

To the stockholders of Pioneer Natural Resources Company and Evergreen Resources, Inc.:

The boards of directors of Pioneer Natural Resources Company and Evergreen Resources, Inc. have each approved an agreement and plan of merger to combine the two companies. Our combined enterprise will create a premier oil and gas asset portfolio in North America that will anchor the enterprise s significant exploration and international opportunities.

In exchange for Evergreen common stock issued and outstanding as of the effective time of the merger, Pioneer will issue in the merger a number of shares of Pioneer common stock equal to approximately 21% of the shares of Pioneer common stock outstanding immediately prior to the merger and pay in the merger approximately $865 million in cash, excluding any net cash proceeds from Evergreen s sale of its Kansas properties in excess of $15 million, if that sale occurs. After the merger, Evergreen will become a wholly-owned subsidiary of Pioneer. The combined company will continue to operate under the name Pioneer Natural Resources Company, and its common stock will continue to be listed on the New York Stock Exchange under the symbol PXD.

Pioneer and Evergreen will each hold a special meeting of its stockholders in connection with the proposed merger. Pioneer stockholders will vote to approve the issuance of shares of Pioneer common stock in the merger, and Evergreen stockholders will vote to approve the merger agreement.

Your vote is important. Whether or not you plan to attend your company s special meeting, please submit a proxy by following the instructions on your proxy card.

The approval of the issuance of shares of Pioneer common stock requires the affirmative vote of a majority of the votes cast by holders of Pioneer common stock by proxy or in person and entitled to vote as of the record date for the Pioneer special meeting. The total vote cast by Pioneer stockholders at the special meeting must represent more than 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote as of the record date for the special meeting. The approval of the merger agreement by Evergreen stockholders requires the affirmative vote of the holders of a majority of the shares of Evergreen common stock issued and outstanding and entitled to vote as of the record date for the special meeting.

This joint proxy statement/ prospectus provides you with important information about the proposed merger. We encourage you to read this document carefully.

The date, place and time of each special meeting will be as follows:

Special Meeting for Pioneer stockholders:
[ ], 2004 at [ ] a.m., local time
Dallas Marriott Las Colinas Hotel
223 West Las Colinas Blvd.
Irving, Texas 75039

Special Meeting for Evergreen stockholders:
[ ], 2004 at [ ] a.m., local time
The Pinnacle Club
555 17th Street, 38th floor
Denver, Colorado 80202

Our boards of directors recommend that Pioneer stockholders vote **FOR** the issuance of shares of Pioneer common stock in the merger and that Evergreen stockholders vote **FOR** the approval of the merger agreement.

Scott D. Sheffield Chairman of the Board, President and Chief Executive Officer Pioneer Natural Resources Company	Mark S. Sexton Chairman of the Board, President and Chief Executive Officer Evergreen Resources, Inc.

For a discussion of risk factors that you should consider in evaluating the merger, see Risk Factors beginning on page 24.

Certain directors and officers of Pioneer and Evergreen have interests in the merger that are different from or in addition to the interests of other Pioneer and Evergreen stockholders. For a discussion of these interests, see The Merger Interests of Pioneer s Directors and Management in the Merger beginning on page 72 and The Merger Interests of Evergreen s Directors and Management in the Merger beginning on page 73.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this joint proxy statement/prospectus or the issuance of Pioneer common stock in the merger, or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/ prospectus is dated [ ], 2004, and is first being mailed to stockholders on or about [ ], 2004.

Table of Contents

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about Pioneer and Evergreen that is not included in or delivered with this document. This information is included in documents filed with the SEC by Pioneer and Evergreen that are available without charge from the SEC s website at *http://www.sec.gov.* See Where You Can Find More Information beginning on page 135.

Copies of the documents relating to Pioneer may also be obtained without charge from Pioneer on the Internet at *www.pioneernrc.com,* under the Investor tab, under the SEC Filings section; or by contacting Pioneer Natural Resources Company, 5205 N. O Connor Blvd., Suite 900, Irving, Texas 75039, Attention: Investor Relations; or by calling Pioneer s Investor Relations office at telephone number: (972) 969-3583.

Copies of the documents relating to Evergreen may be obtained without charge on the Internet at *www.evergreengas.com,* under the Investor Relations section; or by contacting Evergreen Resources, Inc., 1401 17th Street, Suite 1200, Denver, Colorado 80202, Attention: Investor Relations; or by calling Evergreen s Investor Relations office at telephone number: (303) 298-8100.

If you wish to obtain any of these documents from Pioneer or Evergreen, you should, to ensure timely delivery, make your request no later than [ ], 2004.

Pioneer s common stock trades on the New York Stock Exchange under the symbol PXD. Evergreen s common stock trades on the New York Stock Exchange under the symbol EVG.

All information in this document concerning Pioneer has been furnished by Pioneer. All information in this document concerning Evergreen has been furnished by Evergreen. Pioneer has represented to Evergreen, and Evergreen has represented to Pioneer, that the information furnished by and concerning it is true and complete in all material respects.

Table of Contents

TABLE OF CONTENTS

	Page
TERMS USED IN THIS DOCUMENT	1
QUESTIONS AND ANSWERS ABOUT THE MERGER	3
General	3
For Pioneer Stockholders	5
For Evergreen Stockholders	7
SUMMARY	12
The Companies	12
The Combined Company	12
The Merger	13
Comparative Market Price Information	19
Selected Historical Financial Information of Pioneer	20
Selected Historical Financial Information of Evergreen	21
Selected Unaudited Pro Forma Financial Information	22
Comparative Per Share Data	23
RISK FACTORS	24
Risks Relating to the Merger	24
Risks Relating to the Combined Company s Business After the Completion of the Merger	27
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS	38
THE COMPANIES	39
Pioneer	39
Evergreen	39
THE PIONEER SPECIAL MEETING	40
Date, Time and Place	40
Purpose of the Special Meeting	40
Recommendation of the Pioneer Board of Directors	40
Record Date; Stock Entitled to Vote; Quorum	40
Vote Required	41
Voting by Pioneer Directors, Executive Officers and Significant Stockholders	41
Voting of Proxies	41
Revocation of Proxy	42
Expenses of Solicitation	42
Miscellaneous	42
THE EVERGREEN SPECIAL MEETING	43
Date, Time and Place	43
Purpose of the Special Meeting	43
Recommendation of the Evergreen Board of Directors	43
Record Date; Stock Entitled to Vote; Quorum	43
Vote Required	43
Voting by Evergreen Directors, Executive Officers and Significant Stockholders	44
Voting of Proxies	44
Revocation of Proxy	44

Table of Contents

	Page
Expenses of Solicitation	45
Miscellaneous	45
THE MERGER	46
General Description of the Merger	46
Background of the Merger	47
Recommendation of Pioneer s Board of Directors and Reasons for the Merger	52
Recommendation of Evergreen s Board of Directors and Reasons for the Merger	54
Opinion of Pioneer s Financial Advisor	56
Opinion of Evergreen s Financial Advisor	63
Funding Related to the Merger	72
Interests of Pioneer s Directors and Management in the Merger	72
Interests of Evergreen s Directors and Management in the Merger	73
Material United States Federal Income Tax Consequences of the Merger	75
Accounting Treatment	80
Dissenters Rights of Appraisal of Evergreen Stockholders	80
Regulatory Filings and Approvals Required to Complete the Merger	82
Stockholder Litigation	82
Effective Time of the Merger	83
New York Stock Exchange Listing of Pioneer Common Stock to be Issued in the Merger	83
Delisting and Deregistration of Evergreen Common Stock	83
Resale of Pioneer Common Stock	83
THE MERGER AGREEMENT	84
The Merger; Post-Closing Merger	84
Closing	84
Merger Consideration	84
Exchange of Shares; Fractional Shares	89
Representations and Warranties	90
Conduct of Business Pending the Merger	92
Acquisition Proposals	93
Employee Benefit Matters	95
Other Covenants and Agreements	96
Conditions to the Completion of the Merger	96
Termination	98
Termination Fee	100
Expenses	101
Amendment; Waiver	101
OTHER AGREEMENTS	102
Non-Competition Agreement	102
Consulting and Non-Competition Agreements	102
Evergreen Rights Agreement Amendment	102
DIRECTORS AND MANAGEMENT FOLLOWING THE MERGER	102
Directors of Pioneer	102
Committees of the Board of Directors of Pioneer	103
Compensation of Directors of Pioneer	103

Table of Contents

	Page
Management of Pioneer	103
Directors of Evergreen and BC Merger Sub	103
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	103
Pioneer	103
Evergreen	105
COMPARATIVE STOCK PRICES AND DIVIDENDS	107
Pioneer	107
Evergreen	107
UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS	109
DESCRIPTION OF PIONEER CAPITAL STOCK	123
Common Stock	123
Preferred Stock	123
Rights Agreement	124
Stock Exchange Listing	126
COMPARISON OF STOCKHOLDER RIGHTS	126
Authorized Capital	126
Classified Board of Directors	126
Removal of Directors	127
Indemnification and Limitation of Liability of Directors, Officers and Other Agents	127
Inspection of Stockholder List	128
Consideration for Issuance of Shares	129
Dividends and Repurchases of Shares	129
Stockholder Voting on Mergers and Certain Other Transactions	130
Stockholder Approval of Certain Business Combinations Under Delaware Law	130
Interested Director Transactions	131
Loans to Directors and Officers	132
Stockholder Derivative Suits	132
Appraisal/Dissenters Rights	132
Dissolution	133
LEGAL MATTERS	133
EXPERTS	133
Pioneer	133
Evergreen	134
STOCKHOLDER PROPOSALS	134
Pioneer	134
Evergreen	134
WHERE YOU CAN FIND MORE INFORMATION	135
LIST OF ANNEXES	137

TERMS USED IN THIS DOCUMENT

Throughout this document, unless the context otherwise requires, the following terms have the following meanings:

The term Bbl means a standard barrel of 42 U.S. gallons and represents the basic unit for measuring the production of crude oil, NGLs and condensate.

The term Bcf means one billion cubic feet under prescribed conditions of pressure and temperature and is a measure of gas volumes.

The term Bcfe is a measure of gas and oil volumes which includes gas measured in Bcf and oil converted to gas at six Mcf of gas per Bbl of oil.

The term BC Merger Sub refers to BC Merger Sub, Inc., a Colorado corporation that is a wholly-owned subsidiary of Pioneer.

The term BOE means a barrel of oil equivalent and is a standard convention used in the United States to express oil and gas volumes on a comparable basis. It is determined on the basis of the estimated relative energy content of gas to oil, being approximately six Mcf of gas per Bbl of oil.

The term combined company refers to Pioneer as combined with Evergreen following the merger and the post-closing merger.

The term effective time refers to the time that the merger becomes effective pursuant to Colorado law.

The term Evergreen refers to Evergreen Resources, Inc., a Colorado corporation. Discussions of Evergreen s activities include Evergreen s subsidiaries.

The term Exchange Act refers to the Securities Exchange Act of 1934.

The term GAAP means accounting principles generally accepted in the United States of America.

The term HSR Act means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

The term Internal Revenue Code means the Internal Revenue Code of 1986, as amended.

The term IRS refers to the United States Internal Revenue Service.

The term MBbl means one thousand Bbls.

The term MBOE means one thousand BOE.

The term MMBOE means one million BOE.

The term Mcf means one thousand cubic feet under prescribed conditions of pressure and temperature and is a measure of gas volumes.

The term Mcfe is a measure of gas and oil volumes which includes gas measured in Mcf and oil converted to gas at six Mcf of gas per Bbl of oil.

The term MMcf means one million cubic feet under prescribed conditions of pressure and temperature and is a measure of gas volumes.

The term merger refers to the merger of BC Merger Sub with and into Evergreen, with Evergreen surviving the merger and becoming a wholly-owned subsidiary of Pioneer.

The term merger agreement refers to the Agreement and Plan of Merger, dated May 3, 2004, among Pioneer, Evergreen and BC Merger Sub.

The term NGLs means natural gas liquids.

Table of Contents

The term NYMEX means the New York Mercantile Exchange.

The term Pioneer refers to Pioneer Natural Resources Company, a Delaware corporation. Discussions of Pioneer s activities include Pioneer s subsidiaries.

The term post-closing merger refers to the merger of Evergreen, immediately following the merger, with and into a wholly-owned limited liability company subsidiary of Pioneer, with the limited liability company subsidiary as the surviving entity that is wholly-owned by Pioneer.

The term proved reserves means the estimated quantities of crude oil, natural gas, and NGLs which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions (i.e., prices and costs as of the date the estimate is made). Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Reservoirs are considered proved if economic produceability is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes (A) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any; and (B) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.

Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the proved classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.

Estimates of proved reserves do not include the following: (A) oil that may become available from known reservoirs but is classified separately as indicated additional reserves ; (B) crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; (C) crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and (D) crude oil, natural gas, and natural gas liquids, that may be recovered from oil shales, coal, gilsonite and other such sources.

The term SEC refers to the United States Securities and Exchange Commission.

The term Securities Act refers to the Securities Act of 1933.

The term standardized measure means the after-tax present value of estimated future net revenues of proved reserves, determined in accordance with the rules and regulations of the SEC, using prices and costs in effect at the specified date and a ten percent discount rate.

The terms we, our and us refer to Pioneer and Evergreen, collectively.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

General

Q: Why is the merger being proposed?

A: Our companies are proposing the merger because we believe it will create substantial strategic benefits for Pioneer and Evergreen. The proposed merger will combine the businesses of Pioneer and Evergreen to create a premier oil and gas asset portfolio in North America that will anchor the combined company s significant exploration and international opportunities and allow the combined company to balance the risk profiles of its growth opportunities between lower-risk extension drilling in the onshore United States and Argentina and higher-risk exploration opportunities in Alaska, the deepwater Gulf of Mexico, North Africa and West Africa. We believe that the merger will, among other things:

- strengthen our asset position in North America;
- create a new core area with some of the best long-lived gas assets in North America;
- provide a better balance of low and high-risk drilling opportunities;
- lengthen our proved reserves to production ratio;
- add approximately 2,000 drilling locations in the Raton Basin targeting gas reserves;
- leverage unconventional gas expertise;
- leverage our expertise in lower-pressure gas gathering systems and telemetry;
- add a substantial Rocky Mountain acreage position in key growth basins;
- enhance our Canadian asset portfolio; and
- increase the value and development potential of Evergreen s properties in the Rocky Mountains.

Please review the more detailed description of our reasons for the merger in The Merger Recommendation of Pioneer s Board of Directors and Reasons for the Merger beginning on page 52 and The Merger Recommendation of Evergreen s Board of Directors and Reasons for the Merger beginning on page 54.

Q. How will the merger occur?

A: The combination of Pioneer and Evergreen will consist of two separate mergers. First, BC Merger Sub will merge with and into Evergreen, with Evergreen surviving the merger and becoming a wholly-owned subsidiary of Pioneer. When this merger occurs, Evergreen stockholders will be entitled to receive the merger consideration. See The Merger Agreement Merger Consideration beginning on page 84. Second, immediately after the first merger, Evergreen will merge with and into a wholly-owned limited liability company subsidiary of Pioneer, with the limited liability company subsidiary surviving the second merger as a wholly-owned subsidiary of Pioneer.

Q: When will the merger be completed?

A: The merger will be completed when the conditions described in The Merger Agreement Conditions to the Completion of the Merger are satisfied or, where permitted, waived. Pioneer and Evergreen believe that the merger can be completed during the third quarter of 2004. Nevertheless, we cannot assure you when all conditions to the merger will be satisfied or, where permitted, waived, and when the completion of the merger will occur, if at all. See Risk Factors Risks Relating to the Merger beginning on page 24.

3

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this document, please fill out and sign your proxy card or vote by telephone or the Internet according to the instructions provided on the proxy card. Please mail your signed proxy card in the enclosed self-addressed green return envelope, or vote by telephone or the Internet, as soon as possible so that your shares may be represented at your company s special meeting. Your proxy will instruct the persons named on the proxy card to vote your shares at the applicable special meeting as you direct.

In addition, if you are an Evergreen stockholder and you wish to make an election regarding the form of merger consideration you wish to receive, you should complete and sign the election form enclosed with this joint proxy statement/ prospectus and return it, together with all certificates representing your shares of Evergreen common stock, duly endorsed in blank or otherwise in a form acceptable for transfer, to Continental Stock Transfer & Trust Company, the exchange agent, by no later than 5:00 p.m., Eastern time, on [ ], 2004. A white self-addressed envelope is enclosed for submitting the election form and certificates to the exchange agent. Further information regarding the forms of merger consideration available to Evergreen stockholders and the election procedure is contained in The Merger Agreement Merger Consideration Election Procedures for Base Merger Consideration on page 87.

Q: Can I change my vote after I have mailed my signed proxy?

A: Yes. You may change your vote at any time before your proxy is voted at your company s special meeting. You can do this in several ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card. Third, if you vote by telephone or the Internet, you may change your vote by telephone or the Internet by following the instructions given to you when you call or visit the Internet site. Fourth, you can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must vote at the meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote. Further information about these procedures is contained in The Pioneer Special Meeting on page 40 and The Evergreen Special Meeting on page 43.

Q: If my shares are held in a street name by my broker, will my broker vote my shares for me?

A: No. Your broker will not vote your shares for or against approval of the merger, the merger agreement or the issuance of Pioneer common stock pursuant to the merger unless you tell your broker how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted.

Q: Do I have dissenters rights of appraisal?

A: If you are an Evergreen stockholder you will have dissenters rights of appraisal as a result of the merger. See The Merger Dissenters Rights of Appraisal of Evergreen Stockholders beginning on page 80. Pioneer stockholders do not have dissenters rights of appraisal.

Q: Where can I find more information about the companies?

A: Both Pioneer and Evergreen file periodic reports with the SEC. You may read and copy this information at the SEC s public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available through the Internet at the EDGAR database maintained by the SEC at *http://www.sec.gov* and at the offices of the New York Stock Exchange.

Copies of the documents relating to Pioneer may also be obtained without charge from Pioneer on the Internet at *www.pioneernrc.com,* under the Investor tab, under the SEC Filings section; or by contacting Pioneer Natural Resources Company, 5205 N. O Connor Blvd., Suite 900, Irving, Texas

75039, Attention: Investor Relations; or by calling Pioneer s Investor Relations office at telephone number: (972) 969-3583.

Copies of the documents relating to Evergreen may be obtained without charge on the Internet at *www.evergreengas.com,* under the Investor Relations section; or by contacting Evergreen Resources, Inc., 1401 17th Street, Suite 1200, Denver, Colorado 80202, Attention: Investor Relations; or by calling Evergreen s Investor Relations office at telephone number: (303) 298-8100.

Q: What approvals are required to complete the merger in addition to Pioneer and Evergreen stockholder approvals?

A: Under the HSR Act, Pioneer and Evergreen cannot complete the merger until they have filed certain information and materials with the Antitrust Division of the United States Department of Justice and the United States Federal Trade Commission and the applicable waiting period has expired or been terminated. The required filings with the Department of Justice and the Federal Trade Commission were completed on **[ ]**, 2004, and the waiting period expired on **[ ]**, 2004. See The Merger Regulatory Filings and Approvals Required to Complete the Merger beginning on page 82.

Q: Is Pioneer s obligation to complete the merger subject to Pioneer receiving financing?

A: No. Although a financial institution has entered into a commitment agreement with Pioneer to provide financing for the merger, Pioneer must complete the merger regardless of whether it receives financing.

For Pioneer Stockholders

Q: When and where is the special meeting of the Pioneer stockholders?

A: The Pioneer special meeting will take place on **[ ]**, 2004 at **[ ]** a.m., local time. The location of the special meeting is the Dallas Marriott Las Colinas Hotel located at 223 West Las Colinas Blvd., Irving, Texas 75039.

Q: On what matters are Pioneer stockholders voting and why?

A: Pioneer stockholders are voting on a proposal to approve the issuance of new shares of Pioneer common stock in the merger. This stockholder vote is required under the rules of the New York Stock Exchange because the aggregate number of shares of Pioneer common stock to be issued to Evergreen stockholders in the merger will exceed 20% of the total number of shares of Pioneer common stock issued and outstanding immediately prior to the completion of the merger. The approval of the issuance of Pioneer common stock in the merger is a condition to the completion of the merger.

Q: How many shares of Pioneer common stock will Pioneer issue in the merger?

A: In exchange for Evergreen common stock issued and outstanding as of the effective time of the merger, including shares issuable pursuant to Evergreen restricted stock awards for which the applicable restrictions lapse as of the effective time, Pioneer will issue in the merger approximately 25.3 million shares of Pioneer common stock, which represent approximately 21% of the shares of Pioneer common stock outstanding immediately prior to the merger. Another 2.5 million shares of Pioneer common stock will be issuable upon exercise of Evergreen stock options. Also, upon conversion of Evergreen s 4.75% Senior Convertible Notes due 2021, Pioneer will issue approximately 2.3 million additional shares of Pioneer common stock. Approximately 252,000 additional shares of Pioneer common stock will be issuable after the merger upon the lapse of restrictions associated with Evergreen restricted stock awards for which the applicable restrictions do not lapse as of the effective time.

Q: How will Pioneer stockholders be affected by the merger and share issuance?

A: After the merger, each Pioneer stockholder will have the same number of shares of Pioneer common stock that the stockholder held immediately prior to the merger. However, because Pioneer will be issuing new shares of Pioneer common stock to Evergreen stockholders in the merger, each outstanding share of Pioneer common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of Pioneer common stock outstanding after the merger. As a result of the merger, each Pioneer stockholder will own shares in a larger company with more assets.

Q: What are the tax consequences of the merger?

A: It is a condition to the merger that Pioneer and Evergreen each receive an opinion of counsel to the effect that none of Pioneer, BC Merger Sub or Evergreen will recognize gain as a result of the merger. Pioneer and Evergreen expect to receive opinions that satisfy these requirements. For a full description of the material federal income tax consequences of the merger, see The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 75.

Q: What vote of Pioneer stockholders is required to approve the issuance of Pioneer common stock in the merger?

A: The approval of the issuance of shares of Pioneer common stock in the merger requires the affirmative vote of a majority of the votes cast by holders of Pioneer common stock by proxy or in person and entitled to vote as of the record date for the special meeting. The total vote cast by Pioneer stockholders at the meeting must represent more than 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote as of the record date for the special meeting.

Q: What will happen if I abstain from voting?

A: An abstention will count as present for purposes of establishing a quorum at the Pioneer special meeting. However, neither an abstention nor a failure to vote will affect the outcome of the vote regarding the issuance of shares of Pioneer common stock in the merger because they will not be counted as votes cast either for or against the proposal. Nevertheless, an abstention may result in the total votes cast at the special meeting representing fewer than 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote as of the record date for the special meeting, in which case the vote would not satisfy the stockholder approval requirement for the issuance of shares of Pioneer common stock in the merger.

Q: Are there risks associated with the merger that I should consider in deciding how to vote?

A: Yes. You should carefully read the detailed description of the risks associated with the merger and the combined company s operations described in Risk Factors beginning on page 24.

Q: Whom should I contact if I have questions?

A: If you have any questions about the merger agreement, the merger or the issuance of shares of Pioneer common stock in the merger, or if you need additional copies of this joint proxy statement/ prospectus or the enclosed proxy card, you should contact:

Pioneer Natural Resources Company
5205 N. O Connor Blvd., Suite 900
Irving, Texas 75039
Attention: Investor Relations
Telephone: (972) 444-969-3583

For Evergreen Stockholders

Q: When and where is the special meeting of the Evergreen stockholders?

A: The Evergreen special meeting will take place on [ ], 2004, at [ ] a.m., local time. The location of the special meeting is The Pinnacle Club, 555 17th Street, 38th floor, Denver, Colorado 80202.

Q: On what matters are the Evergreen stockholders voting and why?

A: Evergreen stockholders are voting on a proposal to approve the merger agreement. The approval of the merger agreement by the Evergreen stockholders is a condition to the completion of the merger.

Q: What will Evergreen stockholders receive in the merger?

A: Evergreen stockholders have the option to elect to receive one of three forms of merger consideration for each share of Evergreen common stock held: (i) 1.1635 shares of Pioneer common stock, subject to allocation and proration; (ii) $39.00 in cash, subject to allocation and proration; or (iii) 0.58175 shares of Pioneer common stock and $19.50 in cash. Evergreen stockholders who do not make an election will receive 0.58175 shares of Pioneer common stock and $19.50 in cash for each share of Evergreen common stock held. Each holder must make the same election with respect to all of its shares of Evergreen common stock. In addition, Evergreen stockholders are entitled to receive an additional cash payment equal to the sum of (i) $0.35 per share of Evergreen common stock as consideration from Pioneer for Evergreen s properties located in Kansas; plus (ii) an amount per share of Evergreen common stock equal to a pro rata share of the net proceeds in excess of $15 million from Evergreen s sale, if any, of its Kansas properties to a third party if a sale occurs prior to the closing of the merger for a sale price generating more than $15 million of net proceeds. No fractional shares of Pioneer common stock will be issued in the merger. Instead, each Evergreen stockholder that would otherwise be entitled to receive a fractional share will receive an amount in cash in accordance with the terms of the merger agreement. For further discussion of the consideration each Evergreen stockholder is entitled to receive, see The Merger Agreement Merger Consideration beginning on page 84.

Q: How do I elect the form of merger consideration that I prefer?

A: You will be entitled to make an election regarding the form of merger consideration you prefer, subject to allocation and proration, by completing and signing the election form that is enclosed with this joint proxy statement/prospectus. For an election form to be effective, the election form, together with certificates representing all of the holder s shares of Evergreen common stock, duly endorsed in blank or otherwise in a form acceptable for transfer, must be received by Continental Stock Transfer & Trust Company, the exchange agent, at 17 Battery Place, 8th Floor, New York, New York 10004, and not withdrawn, by 5:00 p.m., Eastern time, on [ ], 2004. The exchange agent will not accept guarantee of delivery of certificates in lieu of physical delivery of certificates. A white self-addressed envelope is enclosed for submitting the election form and certificates to the exchange agent. If your shares are held in a brokerage or other custodial account, you should receive instructions from the entity where your shares are held advising you of the procedures for making your election and delivering your shares. If you do not receive these instructions, you should contact the entity where your shares are held. In the event the merger agreement is terminated, any Evergreen stock certificates that you previously sent to the exchange agent will be promptly returned to you without charge. See The Merger Agreement Merger Consideration Election Procedures for Base Merger Consideration on page 87.

Q: Can I make one election for some of my shares and another election for the rest?

A: No. The election you make will apply to all of the shares of Evergreen common stock that you hold.

Q: What will I receive if I do not make an election?

A: If you fail to make an election, you will be treated as if you elected to receive, for each share of Evergreen common stock that you hold, an amount in cash equal to the sum of $19.50 plus the amount pertaining to Evergreen s Kansas properties and 0.58175 of a share of Pioneer common stock.

Q: Will I receive the form of payment that I choose?

A: The merger agreement provides that the aggregate number of shares of Pioneer common stock to be issued in the merger and the aggregate amount of cash to be paid in the merger, excluding cash paid with respect to Evergreen s Kansas properties, are each subject to a limit that depends on the number of shares of Evergreen common stock outstanding immediately prior to the merger.

You will receive the form of payment that you choose if you elect to receive, for each share of Evergreen common stock that you hold, 0.58175 of a share of Pioneer common stock and $19.50 in cash, plus the additional cash payment with respect to Evergreen s Kansas properties.

You may not receive the form of payment that you choose if you elect to receive, for each share of Evergreen common stock that you hold, 1.1635 shares of Pioneer common stock, plus the additional cash payment with respect to Evergreen s Kansas properties. In the event that, taking into account the elections made and deemed made by the holders of Evergreen common stock, the number of shares of Pioneer common stock to be issued as merger consideration would exceed the maximum number of Pioneer shares issuable in the merger pursuant to the merger agreement, then the holders of Evergreen common stock who made elections to receive all cash will receive all cash, and the number of shares of Pioneer common stock issued to holders who made elections to receive all Pioneer common stock will be reduced (and the amount of cash they receive will be increased) so that the aggregate stock consideration does not exceed the maximum limit.

You may not receive the form of payment that you choose if you elect to receive, for each share of Evergreen common stock that you hold, $39.00 in cash, plus the additional cash payment with respect to Evergreen s Kansas properties. In the event that, taking into account the elections made and deemed made by the holders of Evergreen common stock, the amount of cash to be paid as merger consideration, other than cash paid with respect to Evergreen s Kansas properties, would exceed the maximum amount of cash payable in the merger pursuant to the merger agreement, then the holders of Evergreen common stock who make elections to receive all stock will receive all stock, and the amount of cash paid to holders who made elections to receive all cash will be reduced (and the amount of Pioneer common stock they receive will be increased) so that the aggregate cash consideration does not exceed the maximum limit.

See The Merger Agreement Merger Consideration Election Procedures for Base Merger Consideration beginning on page 87, The Merger Agreement Merger Consideration Maximum Aggregate Consideration beginning on page 87, and The Merger Agreement Merger Consideration Allocation Procedures beginning on page 88.

Q: What will happen to outstanding options to purchase shares of Evergreen common stock?

A: At the effective time, each outstanding option to purchase shares of Evergreen common stock will become fully exercisable and will be assumed by Pioneer and converted into an option to purchase (i) the number of shares of Pioneer common stock determined by multiplying the number of shares of Evergreen common stock subject to the option by 1.1635, plus (ii) an amount of cash at exercise equal to the number of shares of Evergreen common stock subject to the option multiplied by the consideration per share to be paid to Evergreen stockholders for the Kansas properties, without interest, as described in *Q: What will Evergreen stockholders receive in the merger?* The exercise price per share of Pioneer common stock for each option assumed by Pioneer will be equal to the exercise price per share of the existing option for Evergreen common stock divided by 1.1635. As soon as reasonably practicable following the effective time, Pioneer will cause the shares of Pioneer common stock issuable upon exercise of the options assumed above to be registered on Form S-8

promulgated by the SEC, and will use its commercially reasonable efforts to maintain the effectiveness of the registration statement for as long as the options remain outstanding. See The Merger Agreement Merger Consideration Effect on Evergreen Stock Options and Restricted Stock Awards beginning on page 85.

Q: What will happen to Evergreen restricted stock?

A: At the effective time, each Evergreen restricted stock award for which the applicable restrictions have not lapsed as of the effective time will be assumed by Pioneer. Holders of Evergreen restricted stock awards for which the applicable restrictions have not lapsed as of the effective time will be deemed to have made a stock election and will receive, for each share of Evergreen restricted stock subject to the award, and payable only upon or after lapse of the restrictions, (i) the right to be issued 1.1635 shares of Pioneer common stock and (ii) the consideration per share to be paid to holders of Evergreen common stock for the Kansas properties in cash, without interest. Each Evergreen restricted stock award for which the restrictions have lapsed as of the effective time will be treated as outstanding Evergreen common stock that will have the option to receive one of the three forms of merger consideration described in *Q: What will Evergreen stockholders receive in the merger?* For each Evergreen restricted stock award granted effective as of April 30, 2004, (i) the restrictions applicable to one-third of the shares subject to the restricted stock award will lapse at the effective time, and (ii) for employees with at least two years of service with Evergreen as of April 30, 2004, the restrictions applicable to an additional one-third of the shares subject to the award will lapse in the event of the employee s termination within one year after the effective time by the employee for good reason or by Pioneer without cause. For each Evergreen restricted stock award granted prior to April 30, 2004, (i) the lapsing of restrictions applicable to each restricted stock award will accelerate by one year at the effective time, and (ii) the restrictions applicable to each restricted stock award will lapse completely in the event of the employee s termination within one year after the effective time by the employee for good reason or by Pioneer without cause. The schedule for lapsing of restrictions applicable to each restricted stock award granted after April 30, 2004, will not change. For each Evergreen restricted stock award to Mark Sexton, President and Chief Executive Officer of Evergreen, Dennis Carlton, Executive Vice President Exploration and Chief Operating Officer of Evergreen, Kevin Collins, Executive Vice President Finance, Chief Financial Officer, Treasurer and Secretary of Evergreen, and the non-employee directors of Evergreen, the restrictions applicable to the restricted stock awards will lapse completely as of the effective time. Pioneer will cause the shares of Pioneer common stock to be issued upon lapse of restrictions in Evergreen restricted stock awards that are not fully vested at the effective time to be registered on Form S-8 promulgated by the SEC, and will use its commercially reasonable efforts to maintain the effectiveness of the registration statement for as long the restricted stock awards remain outstanding and unvested. See The Merger Agreement Merger Consideration Effect on Evergreen Stock Options and Restricted Stock Awards beginning on page 85.

Q: What are the U.S. federal income tax consequences of the merger to Evergreen s stockholders?

A: The U.S. federal income tax consequences of the merger to you will depend on whether the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws and, if so, whether you receive solely cash or a combination of Pioneer common stock and cash in the merger.

If the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws, you generally will recognize gain only to the extent of any cash you receive in the merger. You generally will not recognize loss in the merger unless you receive solely cash in exchange for your shares of Evergreen common stock.

If the transactions contemplated by the merger agreement do not qualify as a reorganization under U.S. federal income tax laws, you will recognize gain or loss in an amount equal to the fair market value of any shares of Pioneer common stock and the amount of any cash you receive minus your basis in the Evergreen common stock surrendered.

Table of Contents

Whether the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws will depend on the aggregate value of the Pioneer common stock delivered in the merger to holders of shares of Evergreen common stock (other than Pioneer common stock delivered in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter) relative to the aggregate amount of cash consideration delivered in the merger in exchange for those shares of Evergreen common stock. The aggregate values of the Pioneer common stock and cash delivered in the merger will depend, under the administrative practice of the IRS, upon the value of a share of Pioneer common stock when the merger occurs and upon other matters such as the amount of cash that is paid to dissenters and in respect of the Kansas properties, none of which can be determined or predicted at this time. See The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 75 for a discussion of what value of Pioneer common stock should be sufficient for this purpose. As an illustration of the interaction of the relevant variables, if (i) no shares dissent from the merger and (ii) the consideration paid in respect of the Kansas properties is $0.35 for each share of Evergreen common stock, then based on Evergreen s estimates of the number of shares of Evergreen common stock that will be outstanding when the merger occurs and the number of those shares of Evergreen common stock that are issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter, there should be sufficient value in the Pioneer common stock that is delivered in the merger to qualify the transactions as a reorganization if the fair market value of a share of Pioneer common stock when the merger closes is $23.19 or more. As an alternative illustration, if (i) the number of shares dissenting from the merger is the maximum number that is permitted by the merger agreement, (ii) the consideration paid in respect of the Kansas properties is $1.00, in the aggregate, for each non-dissenting share of Evergreen common stock and (iii) each dissenting share of Evergreen common stock is paid an amount of cash that is equal to the fair market value when the merger occurs of 0.58175 shares of Pioneer common stock and $20.50 in cash, then based on Evergreen s estimates described in the previous sentence, there should be sufficient value in the Pioneer common stock that is delivered in the merger to qualify the transactions as a reorganization if the fair market value of a share of Pioneer common stock when the merger closes is $26.16 or more.

Qualification of the transactions contemplated by the merger agreement as a reorganization is not a condition to the closing of the merger, and it will not be known at the time of the stockholders meeting or at the time you elect which form of consideration you wish to receive whether the transactions contemplated by the merger agreement will qualify as a reorganization under U.S. federal income tax laws.

We intend to make a public announcement on, or soon after, the effective date of the merger indicating whether we intend to treat the transactions contemplated by the merger agreement as qualifying as a reorganization.

For a more detailed description of the tax consequences of the exchange of Evergreen shares in the merger, please see The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 75.

Q: What vote of Evergreen stockholders will be required to approve the merger agreement?

A: The approval of the merger agreement requires the affirmative vote by proxy or in person of the holders of a majority of Evergreen s common stock issued and outstanding and entitled to vote as of the record date for the Evergreen special meeting.

Q: What will happen if I abstain from voting to approve the merger agreement and the merger?

A: An abstention or failure to vote shares of Evergreen common stock will have the same effect as a vote against the approval of the merger agreement.

Q: When should I send in my stock certificates?

A: To make a valid election regarding the form of merger consideration you wish to receive, you must properly complete, sign and submit the election form that is enclosed with this joint proxy statement/prospectus, together with certificates representing all of your shares of Evergreen common stock, duly endorsed in blank or otherwise in a form acceptable for transfer, to Continental Stock Transfer & Trust Company, the exchange agent, and not withdraw your election form, by 5:00 p.m., Eastern time, on **[ ]**, 2004. A self-addressed white envelope is enclosed for submitting the election form and certificates to the exchange agent. If your shares are held in a brokerage or other custodial account, you should receive instructions from the entity where your shares are held advising you of the procedures for making your election and delivering your shares. If you do not receive these instructions, you should contact the entity where your shares are held. In the event the merger agreement is terminated, any Evergreen stock certificates that you previously sent to the exchange agent will be promptly returned to you without charge. If you do not properly submit your election form with your stock certificates, then, promptly after the closing date of the merger, the exchange agent will mail to you a letter of transmittal and instructions for surrendering stock certificates for use in exchanging your stock certificates for the merger consideration. See The Merger Agreement Merger Consideration Election Procedures for Base Merger Consideration on page 87.

Q: Are there risks associated with the merger that I should consider in deciding how to vote?

A: Yes. You should carefully read the detailed description of the risks associated with the merger and the combined company s operations in Risk Factors beginning on page 24.

Q: Whom should I contact if I have questions?

A: If you have any questions about the merger agreement or the merger, or if you need additional copies of this joint proxy statement/ prospectus, the enclosed proxy card or the enclosed election form, you should contact:

Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202
Attention: Investor Relations
Telephone: (303) 298-8100

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and does not contain all of the information that may be important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should carefully read this entire joint proxy statement/prospectus and the other documents to which we refer you. See Where You Can Find More Information on page 135. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

The Companies

Pioneer (see page 39)

Pioneer Natural Resources Company
5205 N. O Connor Blvd., Suite 900
Irving, Texas 75039
(972) 444-9001

Pioneer is an independent oil and gas exploration and production company with ownership interests in oil and gas properties located in the United States, Argentina, Canada, Gabon, South Africa and Tunisia. Pioneer s proved reserves are approximately balanced between oil and gas. Approximately 65% of Pioneer s proved reserves are in three areas in the United States: the Hugoton gas field, the West Panhandle gas field and the Spraberry oil and gas field.

Evergreen (see page 39)

Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202
(303) 298-8100

Evergreen is an independent exploration and production company engaged primarily in the operation, development, production, exploration and acquisition of North American unconventional gas properties. Evergreen is one of the leading developers of coal bed methane reserves in the United States. Evergreen s current operations principally focus on developing and expanding its coal bed methane project located in the Raton Basin in southern Colorado.

The Combined Company

Upon completion of the merger, Evergreen will be a wholly-owned subsidiary of Pioneer. The merger will result in a strategic alliance between the two companies that will provide an attractive opportunity for the combined company to realize the value of both Pioneer s and Evergreen s long-lived assets and provide stockholders with exposure to high-impact exploration opportunities.

The combined company will continue to balance low-risk growth from its onshore foundation assets with deploying excess cash flow into high-impact, potentially high-return exploration opportunities. The addition of Evergreen s assets will expand Pioneer s existing long-lived North American asset foundation and add a new core area with a significant inventory of low-risk drilling opportunities, including over 2,000 low-risk onshore drilling locations in the United States. The new asset base is expected to provide Pioneer with additional free cash flow, which it can use to rebalance its portfolio and invest in future growth opportunities. The combined company plans to pursue high-potential exploration programs in Alaska, the deepwater Gulf of Mexico, North Africa and West Africa.

Expansion into the Rocky Mountains. The combined company will have significant reserves in the Rocky Mountain region. Evergreen s 2003 reported year-end proved reserves amounted to approximately 1,495 Bcfe of gas equivalents, or 249 MMBOE, that are concentrated primarily in the Rocky Mountains in

12

the Raton Basin and the Piceance/Uintah Basins, and additional reserves in the Western Canada Sedimentary Basin. These areas have extensive opportunities to extend the existing proved reserves.

Proved Reserves of the Combined Company. Based on the December 31, 2003 reserve estimates of both Pioneer and Evergreen, the combined company expects to have proved reserves of 1,059 MMBOE or 6.4 trillion cubic feet of gas equivalent. These proved reserves are 60% gas, with 86% of these proved reserves located in North America. Netherland, Sewell & Associates, Inc., which we refer to in this joint proxy statement/ prospectus as Netherland, Sewell, has audited 91% of the combined company s December 31, 2003 proved reserves. In order to conform the reporting of Evergreen s gas used in field compression to that of Pioneer, Evergreen s gas reserve volumes were increased, where applicable, to include the estimate of future gas to be used in field compression. Accordingly, oil and gas revenues and production costs were increased by corresponding dollar amounts to account for the gas revenues and production costs associated with gas used in field compression.

Production of the Combined Company. The combined company s current production is approximately 838 MMcf per day of gas and 71 MBbls of liquids per day. The combined company also expects to have substantial exploration potential and a proved reserves to production ratio of 16 years.

Ratings of the Combined Company. Pioneer will continue its commitment to achieve a mid-investment grade rating by the end of 2005. The combined company expects to have debt to book capitalization of approximately 45% by the end of 2004, and is targeting debt to book capitalization below 40% by the end of 2005.

Commodity Hedges of the Combined Company. In order to mitigate the impact of commodity price changes on the merger and to stabilize product prices so that Pioneer will have sufficient cash to achieve its debt reduction targets by the end of 2005, Evergreen and Pioneer have added commodity hedges for their 2004 and 2005 forecasted oil and gas production. As of June 9, 2004, Evergreen has hedged 119 MMcf per day of its July through December 2004 gas production at an average fixed price of $4.70 per Mcf and 100 MMcf per day of its 2005 gas production at an average fixed price of $5.15 per Mcf. Also as of June 9, 2004, Pioneer has hedged 310 MMcf per day of its July through December 2004 gas production at an average fixed price of $4.40 per Mcf, 175 MMcf per day of its 2005 forecasted gas production at an average fixed price of $5.15 per Mcf, 23 MBbls per day of its July through December 2004 oil production at an average fixed price of $29.45 per Bbl, and 27 MBbls per day of its forecasted 2005 oil production at an average fixed price of $27.97 per Bbl. Pioneer has also hedged portions of its 2006 and 2007 forecasted gas production and portions of its 2006, 2007 and 2008 forecasted oil production.

Increased Production of the Combined Company. If the merger is completed by the end of the third quarter of 2004, the combined company will realize an increase in production levels over those currently being produced by Pioneer. For 2004, Pioneer estimates that total production will range from 70 to 73 MMBOE, including a full quarter of production from the Evergreen assets. The combined company is expected to realize production growth during 2005 of approximately 10% to 15% over Pioneer s forecasted 2004 production, reflecting the assumed combined production during the fourth quarter of 2004.

Directors of the Combined Company. At the time of the merger, two of Evergreen s directors, Mark Sexton and Andrew Lundquist, will join Pioneer s board of directors.

Environmental Focus of the Combined Company. The combined company will continue to strive to use environmentally responsible operating techniques, a hallmark of both Pioneer and Evergreen.

The Merger

The Merger Agreement ***(see page 84)***

The merger agreement is attached as Annex A to this document. We encourage you to read the merger agreement carefully and in its entirety. It is the principal document governing the merger.

What Evergreen Stockholders Will Receive in the Merger (see page 84)

Evergreen stockholders have the option to elect to receive one of three forms of merger consideration for each share of Evergreen common stock held: (i) 1.1635 shares of Pioneer common stock, subject to allocation and proration; (ii) $39.00 in cash, subject to allocation and proration; or (iii) 0.58175 shares of Pioneer common stock and $19.50 in cash. Each holder must make the same election with respect to all of its shares of Evergreen common stock. Evergreen stockholders who do not make an election will receive 0.58175 shares of Pioneer common stock and $19.50 in cash for each share of Evergreen common stock held. In addition, Evergreen stockholders are entitled to receive an additional cash payment equal to the sum of (i) $0.35 per share of Evergreen common stock as consideration from Pioneer for Evergreen s properties located in Kansas; plus (ii) an amount per share of Evergreen common stock equal to a pro rata share of the net proceeds in excess of $15 million from Evergreen s sale, if any, of its Kansas properties to a third party if a sale occurs prior to the closing of the merger. For further discussion of the consideration each Evergreen stockholder is entitled to receive, see The Merger Agreement Merger Consideration beginning on page 84.

Recommendations of the Boards of Directors

Pioneer (see page 52)

At its meeting on May 3, 2004, after due consideration, the Pioneer board of directors, except for Scott Sheffield, who recused himself from voting and did not participate in the meeting in which such vote was taken, unanimously adopted resolutions (i) determining that the merger agreement, the merger in accordance with the terms of the merger agreement, the issuance of shares of Pioneer common stock pursuant to the merger, and the other transactions contemplated by the merger agreement are advisable and in the best interests of Pioneer and its stockholders, (ii) approving the merger agreement, the merger, and the other transactions contemplated by the merger agreement and approving the issuance of Pioneer common stock pursuant to the merger, and (iii) recommending that the Pioneer stockholders vote FOR the approval of the issuance of shares of Pioneer common stock in the merger. Mr. Sheffield recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken because he is a member of Evergreen s board of directors in addition to serving as Chairman of the Board, President and Chief Executive Officer of Pioneer.

Evergreen (see page 54)

At its meeting on May 3, 2004, after due consideration, the Evergreen board of directors, except for Scott Sheffield, who recused himself from voting and did not participate in the meeting in which such vote was taken, unanimously adopted resolutions (i) determining that the merger agreement, the merger in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Evergreen and its stockholders, (ii) approving and adopting the merger agreement, the merger, and the other transactions contemplated by the merger agreement, and (iii) recommending that the Evergreen stockholders vote FOR the approval of the merger agreement. Mr. Sheffield recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken because he is Chairman of the Board, President and Chief Executive Officer of Pioneer in addition to serving as a member of Evergreen s board of directors.

Vote Required

Pioneer (see page 41)

The approval of the issuance of shares of Pioneer common stock in the merger requires the affirmative vote of a majority of the votes cast by holders of Pioneer common stock by proxy or in person and entitled to vote as of the record date for the special meeting. The total vote cast by Pioneer stockholders at the meeting must represent more than 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote as of the record date for the special meeting.

As of June 9, 2004, shares representing less than 1% of the total outstanding shares of Pioneer common stock were held by Pioneer s directors, executive officers and their respective affiliates.

Evergreen (see page 43)

The approval of the merger agreement requires the affirmative vote by proxy or in person of the holders of a majority of Evergreen s common stock issued and outstanding and entitled to vote as of the record date for the Evergreen special meeting.

As of June 9, 2004, shares representing approximately 4% of the total outstanding shares of Evergreen common stock were held by Evergreen s directors, executive officers and their respective affiliates.

Fairness Opinions of Financial Advisors

Pioneer (see page 56)

In deciding to approve the merger agreement, Pioneer s board of directors considered the oral opinion of J.P. Morgan Securities Inc., which we refer to in this joint proxy statement/ prospectus as JPMorgan, delivered on May 3, 2004, which was subsequently confirmed in writing, that, as of that date and based upon and subject to the matters set forth in the opinion, the consideration to be paid by Pioneer in the merger was fair, from a financial point of view, to Pioneer. The written opinion of JPMorgan confirming their oral opinion is attached as Annex B to this document. **We urge Pioneer stockholders to read the JPMorgan opinion carefully and in its entirety. JPMorgan s advisory services and opinion were provided for the information of the Pioneer board of directors in its evaluation of the proposed merger and did not constitute a recommendation of the merger to Pioneer or a recommendation to any holder of Pioneer common stock as to how that stockholder should vote on any matters relating to the merger.**

Evergreen (see page 63)

In deciding to approve the merger agreement, Evergreen s board of directors considered the oral opinion of Citigroup Global Markets Inc., which we refer to in this joint proxy statement/ prospectus as Citigroup, delivered on May 3, 2004, which was subsequently confirmed in writing, that, as of that date and based upon and subject to the matters set forth in the opinion, the merger consideration to be received by the holders of Evergreen common stock in the merger was fair, from a financial point of view, to the holders of Evergreen common stock. The written opinion of Citigroup is attached as Annex C to this document. **We urge Evergreen stockholders to read the Citigroup opinion carefully and in its entirety.** Citigroup provided its advisory services and opinion for the information of the Transactions Committee and the Evergreen board of directors in connection with their evaluation of the merger. The Citigroup opinion is not a recommendation, and Citigroup makes no recommendation, to any stockholder regarding how such stockholder should vote on any matters relating to the merger.

Interests of Directors and Management in the Merger

Pioneer (see page 72)

Scott Sheffield, Pioneer s Chairman of the Board, President and Chief Executive Officer, is also a director of Evergreen and owns 6,400 shares of Evergreen common stock, options to purchase 4,800 shares of Evergreen common stock that are fully exercisable, options to purchase 19,200 shares of Evergreen

common stock that are not fully exercisable and an award for 9,600 shares of Evergreen restricted stock. The lapsing of the restrictions applicable to Mr. Sheffield s Evergreen restricted stock award will be accelerated as of the effective time, and all of Mr. Sheffield s unvested options will become fully exercisable as of the effective time. Mr. Sheffield also beneficially owns 579,917 shares of Pioneer common stock, including 272,000 shares subject to options that are currently exercisable and 133,350 unvested shares of restricted stock.

Evergreen (see page 73)

Some of the directors and officers of Evergreen have interests in the merger that are different from or in addition to the interests of other Evergreen stockholders. These interests include positions as directors of Pioneer after the merger, possible substantial payments and benefits under change of control agreements that are triggered upon the completion of the merger, payments under consulting and non-competition agreements entered into with Pioneer, and accelerated vesting of stock options and restricted stock awards as a result of the merger. Pioneer and Messrs. Carlton, Collins and Sexton disagree about the amount of cash that would be payable to those three executives under their change in control agreements if the merger is completed, and the three executives have made a written request to submit the matter to arbitration.

Material United States Federal Income Tax Consequences of the Merger (see page 75)

The U.S. federal income tax consequences of the merger to you will depend on whether the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws and, if so, whether you receive solely cash or a combination of Pioneer common stock and cash in the merger.

If the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws, you generally will recognize gain only to the extent of any cash you receive in the merger. You generally will not recognize loss in the merger unless you receive solely cash in exchange for your shares of Evergreen common stock.

If the transactions contemplated by the merger agreement do not qualify as a reorganization under U.S. federal income tax laws, you will recognize gain or loss in an amount equal to the fair market value of any shares of Pioneer common stock and the amount of any cash you receive minus your basis in the Evergreen common stock surrendered.

Whether the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws will depend on the aggregate value of the Pioneer common stock delivered in the merger to holders of shares of Evergreen common stock (other than Pioneer common stock delivered in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter) relative to the aggregate amount of cash consideration delivered in the merger in exchange for those shares of Evergreen common stock. The aggregate values of the Pioneer common stock and cash delivered in the merger will depend, under the administrative practice of the IRS, upon the value of a share of Pioneer common stock when the merger occurs and upon other matters such as the amount of cash that is paid to dissenters and in respect of the Kansas properties, none of which can be determined or predicted at this time. See The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 75 for a discussion of what value of Pioneer common stock should be sufficient for this purpose. As an illustration of the interaction of the relevant variables, if (i) no shares dissent from the merger and (ii) the consideration paid in respect of the Kansas properties is $0.35 for each share of Evergreen common stock, then based on Evergreen s estimates of the number of shares of Evergreen common stock that will be outstanding when the merger occurs and the number of those shares of Evergreen common stock that are issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter, there should be sufficient value in the Pioneer common stock that is delivered in the merger to qualify the transactions as a reorganization if the fair market

value of a share of Pioneer common stock when the merger closes is $23.19 or more. As an alternative illustration, if (i) the number of shares dissenting from the merger is the maximum number that is permitted by the merger agreement, (ii) the consideration paid in respect of the Kansas properties is $1.00, in the aggregate, for each non-dissenting share of Evergreen common stock and (iii) each dissenting share of Evergreen common stock is paid an amount of cash that is equal to the fair market value when the merger occurs of 0.58175 shares of Pioneer common stock and $20.50 in cash, then based on Evergreen s estimates described in the previous sentence, there should be sufficient value in the Pioneer common stock that is delivered in the merger to qualify the transactions as a reorganization if the fair market value of a share of Pioneer common stock when the merger closes is $26.16 or more.

Qualification of the transactions contemplated by the merger agreement as a reorganization is not a condition to the closing of the merger, and it will not be known at the time of the stockholders meeting or at the time you elect which form of consideration you wish to receive whether the transactions contemplated by the merger agreement will qualify as a reorganization under U.S. federal income tax laws.

We intend to make a public announcement on, or soon after, the effective date of the merger indicating whether we intend to treat the transactions contemplated by the merger agreement as qualifying as a reorganization.

Certain Differences in Stockholders Rights (see page 126)

The rights of Pioneer stockholders are governed by Delaware law and are subject to Pioneer s amended and restated certificate of incorporation and restated bylaws. The rights of Evergreen s stockholders are governed by Colorado law and are subject to Evergreen s articles of incorporation and bylaws. Upon completion of the merger, the rights of both stockholder groups will be governed by Delaware law and Pioneer s amended and restated certificate of incorporation and restated bylaws.

Dissenters Rights (see page 80)

As a result of the merger, Evergreen stockholders will have dissenters rights of appraisal under Colorado law. In order to perfect such rights, Evergreen stockholders who demand appraisal of their shares should follow the procedures described under The Merger Dissenters Rights of Appraisal of Evergreen Stockholders beginning on page 80 and in Annex D. Pioneer stockholders will not have any dissenters rights.

Conditions to Completion of the Merger (see page 96)

Pioneer s and Evergreen s obligations to complete the merger are each subject to the fulfillment or waiver, if applicable, of a number of conditions, including the following:

- the approval of the merger agreement by holders of a majority of the outstanding shares of Evergreen common stock and the approval of the issuance of Pioneer common stock by Pioneer stockholders;
- the absence of any legal prohibition against the completion of the merger;
- the expiration or termination of the applicable waiting period under the HSR Act, which expired on [ ], 2004;
- the approval for listing by the New York Stock Exchange of the shares of Pioneer common stock to be issued, or reserved for issuance, in connection with the merger;
- the non-competition and consulting agreements between Pioneer and certain of Evergreen s officers remaining in full force and effect;

- the aggregate number of shares of Evergreen common stock entitled to vote at the Evergreen special meeting and held by persons or entities that exercise their dissenters rights not exceeding 5% of the total number of issued and outstanding shares of Evergreen common stock;
- the truth and correctness of our respective representations and warranties in the merger agreement, to the extent set forth in the merger agreement;
- the performance in all material respects of all obligations required to be performed by each of us under the merger agreement at or prior to the closing date of the merger;
- the absence of any material adverse effect on either of us from the date of the merger agreement through the closing date of the merger; and
- the receipt by each of Pioneer and Evergreen of an opinion of tax counsel to the effect that for U.S. federal income tax purposes, no gain will be recognized by Pioneer, BC Merger Sub or Evergreen as a consequence of either the merger or the post-closing merger.

Termination of the Merger Agreement (see page 98)

Pioneer and Evergreen can jointly agree to terminate the merger agreement at any time. Either company may also terminate the merger agreement:

- if the merger is not completed on or before December 31, 2004, as long as the failure to complete the merger before that date is not the result of the terminating company s breach of any representation or warranty or failure to fulfill any covenant or agreement under the merger agreement;
- if a final and nonappealable action by a governmental entity permanently prohibits the completion of the merger;
- if any required stockholder approval has not been obtained due to the failure to obtain the required vote at a duly held meeting of stockholders at which a vote is taken;
- if the other company s board of directors fails to take certain actions regarding the approval and recommendation of the merger;
- if any representation or warranty of the other company is not true in all material respects when made or becomes untrue at the time of termination and the breach is not cured within 30 days following receipt of notice of the breach;
- if there is a material adverse effect on the other company; or
- if the other company fails to comply in any material respect with any covenant or agreement contained in the merger agreement and the breach has not been cured within 30 days after written notice of the breach.

In addition, Pioneer may terminate the merger agreement in the event that (i) holders of more than 5% of the total number of issued and outstanding shares of Evergreen common stock exercise their dissenters rights, (ii) Evergreen s board of directors changes its recommendation that Evergreen stockholders approve the merger, (iii) Evergreen fails to comply with the provisions of the merger agreement relating to acquisition proposals, or (iv) within ten days after commencement of any tender or exchange offer for shares of Evergreen common stock, Evergreen s board of directors fails to recommend against acceptance of any such tender or exchange offer or takes no position with respect to the tender or exchange offer. Evergreen may terminate the merger agreement, subject to certain conditions, if its board of directors changes its recommendation that Evergreen stockholders approve the merger in order to accept a superior offer from a third party and Pioneer has not made a new offer that is at least as favorable to Evergreen stockholders from a financial point of view as the superior offer.

Termination Fee (see page 100)

Pioneer and Evergreen have each agreed to pay a termination fee of $35 million to the other company if the merger agreement is terminated under the circumstances described under The Merger Agreement Termination Fee on page 100.

Acquisition Proposals (see page 93)

The merger agreement generally prohibits Evergreen and its officers, directors, employees, agents and representatives from taking any action to solicit an acquisition proposal as described on page 93. The merger agreement does not, however, prohibit Evergreen or its board of directors from considering, and potentially recommending, an unsolicited, bona fide, written superior offer from a third party in the circumstances described under The Merger Agreement Acquisition Proposals on page 93.

Comparative Market Price Information

Shares of Pioneer common stock are listed on the New York Stock Exchange under the symbol PXD, and shares of Evergreen common stock are listed on the New York Stock Exchange under the symbol EVG. The following table presents the last reported sale price per share of Pioneer common stock and Evergreen common stock, as reported on the New Stock Exchange reporting system on May 3, 2004, the last full trading day prior to the public announcement of the merger, and on June 10, 2004, the last trading day for which this information could be obtained prior to the date of this joint proxy statement/ prospectus.

	Pioneer Common Stock	Evergreen Common Stock
May 3, 2004	$33.52	$40.63
June 10, 2004	$32.30	$38.69

Table of Contents

Selected Historical Financial Information of Pioneer

The following selected consolidated financial data is derived from Pioneer s consolidated financial statements. This information is only a summary and does not provide all of the information contained in Pioneer s consolidated financial statements, including the related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations, which are part of Pioneer s Quarterly Report on Form 10-Q for the three months ended March 31, 2004 and Annual Report on Form 10-K for the year ended December 31, 2003. Pioneer s financial statements and other information filed with the SEC should be read in conjunction with the following information.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(In millions, except per share data)						
Statement of Operations Data:							
Revenues and other income:							
Oil and gas	$ 446.5	$ 285.0	$ 1,314.4	$ 718.0	$ 860.0	$ 854.0	$ 645.7
Interest and other(a)	1.7	2.7	12.3	11.2	21.8	25.8	89.7
Gain (loss) on disposition of assets, net		1.4	1.3	4.4	7.7	34.2	(24.2)
Total revenues and other income	448.2	289.1	1,328.0	733.6	889.5	914.0	711.2
Costs and expenses:							
Oil and gas production	89.2	67.9	295.3	215.8	222.7	190.6	160.6
Depletion, depreciation and amortization	136.5	70.0	390.8	216.4	222.6	214.9	236.1
Impairment of properties and facilities							17.9
Exploration and abandonments	80.5	35.9	132.8	85.9	127.9	87.5	66.0
General and administrative	18.3	15.5	60.5	48.4	37.0	33.3	40.2
Reorganization							8.5
Accretion of discount on asset retirement obligations	2.0	1.1	5.0				
Interest	21.6	22.5	91.4	95.8	131.9	162.0	170.3
Other(b)	.1	5.1	21.4	39.5	43.4	79.5	34.7
Total costs and expenses	348.2	218.0	997.2	701.8	785.5	767.8	734.3
Income (loss) before income taxes and cumulative effect of change in accounting principle	100.0	71.1	330.8	31.8	104.0	146.2	(23.1)
Income tax benefit (provision)(c)	(39.8)	(2.3)	64.4	(5.1)	(4.0)	6.0	.6
Income (loss) before cumulative effect of change in accounting principle	60.2	68.8	395.2	26.7	100.0	152.2	(22.5)
Cumulative effect of change in accounting principle, net of tax(d)		15.4	15.4				
Net income (loss)	$ 60.2	$ 84.2	$ 410.6	$ 26.7	$ 100.0	$ 152.2	$ (22.5)
Income (loss) before cumulative effect of change in accounting principle per share:							

Basic	$ .51	$ .59	$ 3.37	$ .24	$ 1.01	$ 1.53	$ (.22)
Diluted	$ .50	$ .58	$ 3.33	$ .23	$ 1.00	$ 1.53	$ (.22)
Net income (loss) per share:							
Basic	$ .51	$ .72	$ 3.50	$ .24	$ 1.01	$ 1.53	$ (.22)
Diluted	$ .50	$ .71	$ 3.46	$ .23	$ 1.00	$ 1.53	$ (.22)
Weighted average shares outstanding:							
Basic	118.7	116.7	117.2	112.5	98.5	99.4	100.3
Diluted	120.3	118.7	118.5	114.3	99.7	99.8	100.3
Dividends per share	$ .10	$	$	$	$	$	$
Balance Sheet Data (as of period end):							
Total assets	$3,928.3	$3,722.4	$3,951.6	$3,455.1	$3,271.1	$2,954.4	$2,929.5
Long-term liabilities	$1,706.9	$1,954.0	$1,762.0	$1,805.6	$1,757.5	$1,833.0	$1,958.0
Total stockholders equity	$1,757.8	$1,412.0	$1,759.8	$1,374.9	$1,285.4	$ 904.9	$ 774.6

(a) Interest and other income for 1999 includes $41.8 million of option fees and liquidated damages and $30.2 million of income associated with an excise tax refund.

(b) Other expense for 2003, 2002, 2001 and 2000 include losses on the early extinguishment of debt of $1.5 million, $22.3 million, $3.8 million and $12.3 million, respectively. Other expense for 2000 and 1999 include noncash mark-to-market charges for changes in the fair values of non-hedge financial instruments of $58.5 million and $27.0 million, respectively. Other expense for 2001 includes $11.5 million for changes in fair values of derivatives excluded from hedge accounting treatment.

(c) Income tax benefit for 2003 includes a $197.7 million adjustment in September 2003 to reduce United States deferred tax asset valuation allowances.

(d) Cumulative effect of change in accounting principle for 2003 relates to the adoption of SFAS No. 143 on January 1, 2003.

Selected Historical Financial Information of Evergreen

The following selected consolidated financial data is derived from Evergreen s consolidated financial statements. This information is only a summary and does not provide all of the information contained in Evergreen s consolidated financial statements, including the related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations, which are part of Evergreen s Quarterly Report on Form 10-Q for the three months ended March 31, 2004 and Annual Report on Form 10-K for the year ended December 31, 2003. Evergreen s financial statements and other information filed with the SEC should be read in conjunction with the following information.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(In millions, except per share data)						
Statement of Operations Data:							
Revenues and other income:							
Oil and natural gas revenues	$ 63.9	$ 49.0	$215.5	$111.6	$119.7	$ 59.1	$ 26.7
Interest and other	.2	.1	1.0	.5	1.0	.6	.2
Total revenues and other income	64.1	49.1	216.5	112.1	120.7	59.7	26.9
Costs and expenses:							
Lease operating expenses	7.2	4.7	21.0	16.2	12.2	7.5	4.2
Transportation costs	3.9	3.4	14.5	12.2	9.5	5.9	4.0
Production and property taxes	3.1	3.0	11.1	6.0	5.5	2.6	1.1
Depreciation, depletion and amortization	9.9	5.5	26.9	20.9	16.2	8.2	4.8
Impairment of international properties			1.7	51.5			
General and administrative expenses	4.5	2.6	14.6	9.2	7.0	4.4	3.0
Accretion of discount on asset retirement obligations	.2		.5				
Interest expense	2.4	2.2	8.3	8.3	8.3	3.3	1.9
Other, net	.7		2.4	.7	.7	.1	.2
Total costs and expenses	31.9	21.4	101.0	125.0	59.4	32.0	19.2
Income (loss) before income taxes, discontinued operations and cumulative effect of change in accounting principle	32.2	27.7	115.5	(12.9)	61.3	27.7	7.7
Income tax benefit (provision)	(11.8)	(10.1)	(42.2)	4.6	(22.8)	(10.7)	(3.0)
Income (loss) before discontinued operations and cumulative effect of change in accounting principle	20.4	17.6	73.3	(8.3)	38.5	17.0	4.7
Discontinued operations							.4
Income (loss) before cumulative effect of change in accounting principle	20.4	17.6	73.3	(8.3)	38.5	17.0	5.1
Cumulative effect of change in accounting principle, net of tax(a)		(.7)	(.7)				
Net income (loss)	20.4	16.9	72.6	(8.3)	38.5	17.0	5.1
Preferred stock dividends						(2.9)	
Net income (loss) attributable to common stockholders	$ 20.4	$ 16.9	$ 72.6	$ (8.3)	$ 38.5	$ 14.1	$ 5.1

Income (loss) before cumulative effect of change in accounting principle per share:							
Basic	$ .47	$ .46	$ 1.86	$ (.22)	$ 1.04	$ .46	$ .20
Diluted	$ .44	$ .45	$ 1.79	$ (.22)	$ .99	$ .43	$ .19
Net income (loss) per share:							
Basic	$ .47	$ .44	$ 1.84	$ (.22)	$ 1.04	$ .46	$ .20
Diluted	$ .44	$ .43	$ 1.77	$ (.22)	$ .99	$ .43	$ .19
Weighted average shares outstanding:							
Basic	43.0	38.1	39.4	37.9	37.1	30.9	25.9
Diluted	48.5	39.4	41.3	37.9	38.8	32.5	27.3
Dividends per share	$	$	$	$	$	$	$
Balance Sheet Data (as of period end):							
Total assets	$1,001.6	$650.1	$905.1	$606.7	$556.0	$450.7	$184.4
Long-term liabilities	$ 420.8	$285.4	$365.5	$269.3	$219.7	$170.4	$ 24.4
Total stockholders equity	$ 500.8	$324.7	$482.9	$312.4	$314.9	$266.9	$153.5

(a) Cumulative effect of change in accounting principle for 2003 relates to the adoption of SFAS No. 143 on January 1, 2003.

Table of Contents

Selected Unaudited Pro Forma Financial Information

The following unaudited pro forma combined statement of operations data of Pioneer for the three months ended March 31, 2004 and the year ended December 31, 2003 have been prepared to give effect to the merger as if the merger and Evergreen s October 29, 2003 acquisition of Carbon Energy Corporation had each occurred on January 1, 2003. The unaudited pro forma combined balance sheet information of Pioneer as of March 31, 2004 has been prepared to give effect to the merger as if the merger had occurred on March 31, 2004. The following unaudited pro forma financial information assumes that Evergreen will not sell its Kansas properties to a third party prior to the closing of the merger.

The following unaudited pro forma financial information is not necessarily indicative of the results that might have occurred had the transactions taken place on March 31, 2004 or January 1, 2003 and are not intended to be a projection of future results. Future results may vary significantly from the results reflected in the following unaudited pro forma financial information because of normal production declines, changes in commodity prices, future acquisitions and divestitures, future development and exploration activities, and other factors. The Unaudited Pro Forma Combined Financial Statements included elsewhere in this joint proxy statement/ prospectus and the notes thereto should be read in conjunction with the following unaudited pro forma financial information.

	Three Months Ended March 31, 2004	Year Ended December 31, 2003
	(In millions, except per share data)	
Pro Forma Statement of Operations Data:		
Revenues and other income:		
Oil and gas	$ 518.4	$ 1,576.2
Interest and other	2.0	13.2
Gain on disposition of assets, net		5.1
Total revenues and other income	520.4	1,594.5
Costs and expenses:		
Oil and gas production	111.4	374.7
Depletion, depreciation and amortization	159.3	471.3
Exploration and abandonments	80.5	134.5
General and administrative	25.4	95.4
Accretion of discount on asset retirement obligations	2.2	5.5
Interest	28.5	122.1
Other	.9	27.9
Total costs and expenses	408.2	1,231.4
Income before income taxes and cumulative effect of change in accounting principle	112.2	363.1
Income tax benefit (provision)(a)	(44.2)	52.6
Income before cumulative effect of change in accounting principle	$ 68.0	$ 415.7
Income before cumulative effect of change in accounting principle per share:		
Basic	$ .47	$ 2.91
Diluted	$ .46	$ 2.84
Weighted average shares outstanding:		
Basic	144.1	142.5

Diluted	148.9	147.2
Dividends per share	$ .10	$
Pro Forma Balance Sheet Data (as of period end):		
Total assets	$6,584.3	
Long-term liabilities	$3,368.3	
Total stockholders equity	$2,672.3	

(a) Income tax benefit for the year ended December 31, 2003 includes a $197.7 million adjustment in September 2003 to reduce United Sates deferred tax asset valuation allowances.

Table of Contents

Comparative Per Share Data

The following table sets forth certain historical per share data of Pioneer and Evergreen and per share data on an unaudited pro forma basis after giving effect to the merger. This data should be read in conjunction with the Summary The Combined Company, Unaudited Pro Forma Combined Financial Statements and the separate Consolidated Financial Statements of Pioneer and Evergreen and the notes thereto. The unaudited pro forma financial information below is not necessarily indicative of the operating results that would have been achieved had the merger been in effect as of the beginning of the periods and should not be construed as representative of future operations.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
Pioneer							
Book value per common share	$14.64	$12.00	$14.75	$11.73	$12.37	$9.19	$7.72
Cash dividends per common share	$ .10	$	$	$	$	$	$
Income (loss) before cumulative effect of change in accounting principle per common share:							
Basic	$ .51	$ .59	$ 3.37	$ .24	$ 1.01	$1.53	$ (.22)
Diluted	$ .50	$ .58	$ 3.33	$ .23	$ 1.00	$1.53	$ (.22)
Evergreen							
Book value per common share	$11.62	$ 8.50	$11.25	$ 8.20	$ 8.36	$7.28	$5.25
Cash dividends per common share	$	$	$	$	$	$	$
Income (loss) before cumulative effect of change in accounting principle per common share:							
Basic	$ .47	$ .46	$ 1.86	$ (.22)	$ 1.04	$ .46	$ .20
Diluted	$ .44	$ .45	$ 1.79	$ (.22)	$ .99	$ .43	$ .19
Pro Forma Pioneer							
Book value per common share	$18.38	N/A	N/A	N/A	N/A	N/A	N/A
Cash dividends per common share	$ .10	N/A	N/A	N/A	N/A	N/A	N/A
Income before cumulative effect of change in accounting principle per common share:							
Basic	$ .47	N/A	$ 2.91	N/A	N/A	N/A	N/A
Diluted	$ .46	N/A	$ 2.84	N/A	N/A	N/A	N/A

Table of Contents

RISK FACTORS

As you review all of the information included in or incorporated by reference into this joint proxy statement/ prospectus and consider how to vote, you should pay particular attention to the following risk factors relating to the merger and the following risk factors relating to our business after the merger.

Risks Relating to the Merger

Because the exchange ratio of Evergreen common stock to Pioneer common stock is fixed (see Questions and Answers about the Merger), the value of Pioneer common stock that will be issued to Evergreen stockholders in the merger will depend on the market price of Pioneer common stock when the merger is completed.

Evergreen stockholders who receive Pioneer common stock in the merger will receive a fixed number of shares of Pioneer common stock, rather than a number of shares with a particular fixed market value. The market values of Pioneer and Evergreen common stock when the merger occurs may vary significantly from their prices on the date the merger agreement was executed, the date of this joint proxy statement/ prospectus or the date on which Evergreen stockholders vote on the merger. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Pioneer or Evergreen common stock, the market values of the Pioneer common stock issued in the merger and the Evergreen common stock surrendered in the merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from a variety of factors that are beyond the control of Pioneer and Evergreen, including:

- changes in their businesses, operations and prospects;
- regulatory considerations;
- market assessments of the likelihood that the merger will be completed;
- the timing of the completion of the merger; and
- general and oil-and-gas-specific market and economic conditions.

Evergreen is not permitted to terminate the merger or resolicit the vote of its stockholders solely because of changes in the market price of either company s common stock.

Evergreen stockholders who elect to receive all cash or all stock in the merger may not receive all of their merger consideration in the form that they elect.

The merger agreement provides that the merger consideration, other than consideration for the Kansas properties, will be paid in Pioneer common stock, cash or a combination of Pioneer common stock and cash, at the election of each Evergreen stockholder. The merger agreement also provides that the aggregate number of shares of Pioneer common stock to be issued in the merger and the amount of cash to be paid in the merger, not counting cash paid with respect to Evergreen s Kansas properties, are each subject to a limit. In the event that, taking into account the elections made and deemed made by holders of Evergreen common stock, the number of shares of Pioneer common stock to be issued as merger consideration would exceed the maximum number of Pioneer shares issuable in the merger pursuant to the merger agreement, then the number of shares of Pioneer common stock issued to holders who made elections to receive all Pioneer common stock will be reduced (and the amount of cash they receive will be increased) so that the aggregate stock consideration does not exceed the maximum limit. Similarly, in the event that, taking into account the elections made and deemed made by holders of Evergreen common stock, the amount of cash to be paid as merger consideration, other than cash paid with respect to Evergreen s Kansas properties, would exceed the maximum amount of cash payable in the merger pursuant to the merger agreement, then the amount of cash paid to holders who made elections to receive all cash will be reduced (and the amount of Pioneer common stock they receive will be increased) so that the aggregate cash consideration does not exceed the maximum limit. Accordingly, no assurance can be given that holders of Evergreen common stock who elect to receive all cash or all stock, other than cash

paid with respect to Evergreen s Kansas properties, will receive the merger consideration that they elect. Evergreen stockholders who elect to receive 0.58175 shares of Pioneer common stock and $19.50 in cash will receive the merger consideration as they elected if the merger occurs. See The Merger Agreement Merger Consideration Maximum Aggregate Consideration on page 87 and The Merger Agreement Merger Consideration Allocation Procedures on page 88.

If the merger does not occur, Pioneer and Evergreen will not benefit from the expenses they have incurred in the pursuit of the merger.

The merger may not be completed. If the merger is not completed, Pioneer and Evergreen will have incurred substantial expenses for which no ultimate benefit will have been received by either company. The parties currently expect to incur out of pocket expenses of $14 million for services in connection with the merger, consisting of investment banking, legal and accounting fees, and financial printing and other related charges, much of which may be incurred even if the merger is not completed. In addition, if the merger agreement is terminated under specified circumstances, either Pioneer or Evergreen will be required to pay a $35 million termination fee.

Directors and executive officers of Evergreen may have interests in the merger that are different from those of Evergreen stockholders.

A number of directors of Evergreen who recommend that Evergreen stockholders vote in favor of the approval of the merger agreement and certain executive officers of Evergreen have benefit or compensation arrangements and severance agreements that provide them with interests in the merger that may be different than yours. See The Merger Interests of Evergreen s Directors and Management in the Merger on page 73. The receipt of compensation or other benefits in connection with the merger (including severance, change in control and other payments, acceleration of the vesting of stock options, extension of the period during which options remain exercisable following a change in control or termination of employment or service as a director and the lapsing of restrictions on restricted stock awards as a result of the merger), or the continuation of indemnification arrangements and directors and officers insurance policies for current directors and executive officers of Evergreen following completion of the merger, may influence these directors and executive officers in making their recommendation that you vote in favor of the merger. In addition, one of the directors of Evergreen is the Chairman of the Board, President and Chief Executive Officer of Pioneer, although he did not participate in meetings in which the merger was considered or in the vote of the Evergreen directors with respect to the merger. You should consider these interests in connection with your vote on the merger, including whether these interests may have influenced these directors and executive officers to recommend or support the merger.

The Chairman of the Board, President and Chief Executive Officer of Pioneer may have interests in the merger that are different from those of Pioneer stockholders.

Scott Sheffield, the Chairman of the Board, President and Chief Executive Officer of Pioneer, has interests in the merger that are or may be different from, or in addition to, the interests of Pioneer stockholders. In particular, Mr. Sheffield is a member of Evergreen s board of directors and owes fiduciary duties to Evergreen and its stockholders. Mr. Sheffield also owns 6,400 shares of Evergreen common stock, options to purchase 4,800 shares of Evergreen common stock that are fully exercisable, options to purchase 19,200 shares of Evergreen common stock that are not fully exercisable and a restricted stock award for 9,600 shares of Evergreen common stock. The lapsing of the restrictions applicable to Mr. Sheffield s Evergreen restricted stock award will be accelerated as of the effective time, and all of Mr. Sheffield s unvested options will become fully exercisable as of the effective time. Mr. Sheffield also beneficially owns 579,917 shares of Pioneer common stock, including 272,000 shares subject to options that are currently exercisable and 133,350 unvested shares of restricted stock.

The integration of Pioneer and Evergreen following the merger will present significant challenges.

Upon completion of the merger, the integration of the operations of Pioneer and Evergreen will require significant management resources over the near term following the merger. The difficulties of assimilation may be increased by the necessity of coordinating geographically separated organizations and integrating operations, systems and personnel. The process of combining the organizations may cause an interruption of, or a loss of momentum in, the activities of some or all of the companies businesses, which could have an adverse effect on the revenues and operating results of the combined company, at least in the near term. The failure to successfully integrate Pioneer and Evergreen, to retain key personnel, to successfully establish controls and procedures and to successfully manage the challenges presented by the integration process may result in Pioneer and Evergreen not achieving the anticipated potential benefits of the merger.

The U.S. federal income tax consequences to you of the merger are uncertain.

The U.S. federal income tax consequences of the merger to you will depend on whether the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws and, if so, whether you receive solely cash or a combination of Pioneer common stock and cash in the merger.

If the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws, you generally will recognize gain only to the extent of any cash you receive in the merger. You generally will not recognize loss in the merger unless you receive solely cash in exchange for your shares of Evergreen common stock.

If the transactions contemplated by the merger agreement do not qualify as a reorganization under U.S. federal income tax laws, you will recognize gain or loss in an amount equal to the fair market value of any shares of Pioneer common stock and the amount of any cash you receive minus your basis in the Evergreen common stock surrendered.

Whether the transactions contemplated by the merger agreement qualify as a reorganization under U.S. federal income tax laws will depend on the aggregate value of the Pioneer common stock delivered in the merger to holders of shares of Evergreen common stock (other than Pioneer common stock delivered in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter) relative to the aggregate amount of cash consideration delivered in the merger in exchange for those shares of Evergreen common stock. The aggregate values of the Pioneer common stock and cash delivered in the merger will depend, under the administrative practice of the IRS, upon the value of a share of Pioneer common stock when the merger occurs and upon other matters such as the amount of cash that is paid to dissenters and in respect of the Kansas properties, none of which can be determined or predicted at this time. See The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 75 for a discussion of what value of Pioneer common stock should be sufficient for this purpose.

Qualification of the transactions contemplated by the merger agreement as a reorganization is not a condition to the closing of the merger, and it will not be known at the time of the stockholders meeting or at the time you elect which form of consideration you wish to receive whether the transactions contemplated by the merger agreement will qualify as a reorganization under U.S. federal income tax laws. Furthermore, you will not necessarily receive the form of consideration that you elect.

There will be uncertainty as to whether the transactions contemplated by the merger agreement will qualify as a reorganization or will be fully taxable if, when the merger occurs, the aggregate fair market value of the Pioneer common stock delivered as consideration in the merger in exchange for shares of Evergreen common stock (other than Pioneer common stock delivered in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter) is less than 40% of the sum of (1) that aggregate fair market value and (2) the aggregate amount of cash paid in the merger in exchange for shares of

Evergreen common stock (including any cash paid to dissenting stockholders but excluding any cash paid in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter). Moreover, in that event it is possible that the IRS may take inconsistent positions. In particular, the IRS may assert that the transactions are taxable in connection with the audit of a tax return in which gain was deferred on the theory that the transactions are a reorganization and may, at the same time, take the position that the transactions are a reorganization in connection with the audit of another tax return in which a loss was recognized on the theory that the transactions are taxable. For a more detailed description of the tax consequences of the exchange of Evergreen shares in the merger, please see The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 75.

Risks Relating to the Combined Company s Business After the Completion of the Merger

Volatile product prices and markets could adversely affect results of the combined company.

The revenues, profitability, cash flow and future rate of growth for Pioneer and Evergreen are, and for the combined company will be, highly dependent upon the market prices of and demand for oil, NGLs and gas. Historically, the markets for oil, NGLs and gas have been volatile and are likely to continue to be volatile in the future. The future prices received by the combined company for its oil, NGL and gas production are dependent upon numerous factors that are beyond its control. These factors include, but are not limited to:

- the level of ultimate consumer product demand;
- governmental regulations and taxes;
- commodity processing, gathering and transportation availability;
- the price and availability of alternative fuels;
- the level of imports and exports of oil, NGLs and gas;
- actions of the Organization of Petroleum Exporting Countries;
- the political and economic uncertainty of foreign governments;
- currency exchange rates;
- international conflicts and civil disturbances;
- weather conditions; and
- the overall economic environment.

Although both Pioneer and Evergreen have entered into financial derivative transactions to hedge a portion of their future production volumes, a significant decline in prices for oil, NGLs and gas could have a material adverse effect on the combined company s revenues, profitability, cash flows and proved reserves. In addition, such hedging activities prevent the combined company from realizing the benefits of price increases on hedged production volumes above the fixed prices established by the hedges.

A significant downward trend in oil, NGL and gas prices could also result in a reduction in the carrying value of the combined company s oil and gas properties and an increase in the combined company s deferred tax asset valuation allowances. GAAP requires the combined company to review its long-lived assets for impairment, including oil and gas properties accounted for under the successful efforts method of accounting, whenever facts or circumstances indicate that the carrying value of those assets may not be recoverable. Additionally, GAAP requires the combined company to review the carrying value of its recorded goodwill for impairment on at least an annual basis. If the carrying value of the combined company s assets were found to be impaired or if the combined company were required to increase its deferred tax asset valuation allowances, the carrying values of the combined company s net assets would be reduced and a corresponding charge would be recorded to earnings in that accounting period. An

impairment of assets may not be reversed in subsequent periods if circumstances improve. However, deferred tax asset valuation allowances may be reduced if circumstances change and it becomes more likely than not that the associated deferred tax assets will be recoverable.

The combined company s debt may limit its financial flexibility.

Pioneer and Evergreen are, and the combined company will be, a borrower under fixed term notes and a corporate credit facility. The terms of the combined company s borrowings under the notes and the corporate credit facility specify scheduled debt repayments and will require the combined company to comply with certain associated covenants. The combined company s ability to comply with the debt repayment terms and associated covenants will be dependent on, among other things, factors outside the combined company s direct control, such as commodity prices, interest rates and competition for available debt financing. On a pro forma basis, the combined company would have had total long-term debt of approximately $2.6 billion and a ratio of debt to total capitalization of approximately 49% as of March 31, 2004. Pioneer and Evergreen have announced an intention to moderate the debt of the combined company and have targeted ratios of debt to total capitalization for the combined company of 45% by the end of 2004 and less than 40% by the end of 2005. The combined company s success or failure in achieving these targets will be influenced by factors outside its direct control.

The combined company may incur debt from time to time in connection with the financing of operations, acquisitions, recapitalizations and refinancings. The level of the combined company s debt could have several important effects on future operations, including, among others:

- a portion of the combined company s cash flow from operations will be applied to the payment of principal and interest on the debt and will not be available for other purposes;
- credit-rating agencies have changed their ratings of each of Pioneer s and Evergreen s debt and other obligations, and credit-rating agencies may continue to change their ratings of the combined company s debt and other obligations, which in turn would affect the costs, terms, conditions and availability of financing;
- covenants contained in the combined company s existing and future debt arrangements will require the combined company to meet financial tests that may affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;
- the combined company s ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes may be limited or burdened by increased costs or more restrictive covenants;
- the combined company may be at a competitive disadvantage to similar companies that have less debt; and
- the combined company s vulnerability to adverse economic and industry conditions may increase.

The combined company s future drilling activities may not be successful.

Drilling activities conducted by Pioneer and Evergreen involve, and drilling activities conducted by the combined company will involve, numerous risks, including the risk that no commercially productive oil or gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, and shortages or delays in the delivery of equipment. The combined company s future drilling activities may not be successful and, if unsuccessful, such failure could have an adverse effect on the combined company s future results of operations and financial condition. While all drilling, whether developmental or exploratory, involves these risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. Because the combined company will account for its oil and gas producing activities under the successful efforts method of accounting, and

particularly in light of the percentage of Pioneer s capital budget devoted to higher risk exploratory projects, the combined company will incur future exploration and abandonment expenses.

Failure to fund continued capital expenditures could adversely affect results of the combined company.

The combined company will be required to expend capital necessary to replace its reserves and to maintain or increase production levels. Pioneer and Evergreen expect that the combined company will continue to make capital expenditures for the acquisition, exploration and development of oil and gas reserves. Historically, Pioneer and Evergreen have financed these expenditures primarily with cash flow from operations and proceeds from debt and equity financings and asset sales. If the combined company s cash flow from operations is not sufficient to satisfy its capital expenditure requirements, we cannot assure you that additional debt or equity financing or other sources of capital will be available to meet these requirements. Should commodity prices decline or other adverse market conditions develop, the combined company may not be able to generate sufficient cash flow from operations to meet its obligations and fund planned capital expenditures. If the combined company is not able to fund its capital expenditures, its interests in some of its properties may be reduced or forfeited and its future cash generation may be materially adversely affected as a result of the failure to find and develop reserves.

The combined company s business will involve many operating risks that may result in substantial losses. Insurance may be unavailable or inadequate to protect the combined company against these risks.

Pioneer s and Evergreen s operations are, and the combined company s operations will be, subject to all of the hazards and risks inherent in drilling for, producing and transporting oil and gas, such as:

- fires;
- natural disasters;
- explosions;
- formations with abnormal pressures;
- adverse weather conditions;
- casing collapses, separations or other failures, including cement failure;
- embedded oilfield drilling and service tools;
- uncontrollable flows of underground gas, oil and formation water;
- surface cratering;
- unexpected drilling conditions;
- equipment failures or accidents;
- pipeline ruptures;
- shortages or delays in the delivery of equipment; and
- environmental hazards such as gas leaks, chemical leaks, oil spills and discharges of toxic gases.

The combined company will also own interests in 12 gas processing plants and five treating facilities and will be the operator of eight of the plants and all five treating facilities. There are significant risks associated with the operation of gas processing plants. Gas and NGLs are volatile and explosive and may include carcinogens. Damage to or misoperation of a processing plant or facility could result in an explosion or the discharge of toxic gases, which could result in significant damage claims in addition to interrupting a revenue source.

Table of Contents

Any of these risks can cause substantial losses resulting from:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties;
- suspension of operations; and
- repair and remediation costs.

As protection against operating risks and hazards, the combined company will maintain insurance coverage against some potential losses. However, it will not be fully insured against certain risks and hazards, either because such insurance is not available or because of the high premium costs associated with obtaining such insurance. Consequently, losses could occur for uninsurable or uninsured risks and hazards, or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could harm the combined company s financial condition and results of operations.

Oil and gas exploration, development and production operations involve substantial capital costs and are subject to various economic risks.

The oil and gas operations of Pioneer and Evergreen are, and the combined company s operations will be, subject to the economic risks typically associated with exploration, development and production activities. In conducting exploration activities, unanticipated pressure or irregularities in formations, miscalculations or accidents may cause exploration activities to be unsuccessful, and even where oil and gas are discovered it may not be possible to produce or market the hydrocarbons on an economically feasible basis. Drilling operations may be curtailed, delayed or canceled as a result of numerous factors, many of which may be beyond the combined company s control, including unexpected drilling conditions, title problems, weather conditions, compliance with environmental and other governmental requirements and shortages or delays in the delivery of equipment and services. The occurrence of any of these or similar events could result in a total loss of investment in a particular property.

If exploration efforts in a field are unsuccessful in establishing proved reserves and exploration activities cease, the amounts accumulated as unproved costs would be charged against earnings. On a pro forma basis as of March 31, 2004, the combined company will carry approximately $596 million of unproved property costs. GAAP will require periodic evaluation of the combined company s unproved property costs on a project-by-project basis in comparison to their estimated values. These evaluations will be affected by the results of exploration activities, commodity price outlooks, planned future sales or expiration of all or a portion of the leases, contracts and permits appurtenant to such projects. If the quantity of potential reserves determined by such evaluations is not sufficient to fully recover the cost invested in each project, the combined company will recognize noncash charges in the earnings of future periods to reduce the carrying value of associated unproved properties. The combined company will rely to a significant extent on seismic data and other advanced technologies in conducting its exploration activities. Even when used and properly interpreted, seismic data and visualization techniques only assist geoscientists in identifying subsurface structures and hydrocarbon indicators. However, such data is not conclusive in determining whether hydrocarbons are present or economically producible. The use of seismic data and other technologies also requires greater pre-drilling expenditures than traditional drilling strategies, and the combined company could incur losses as a result of these expenditures.

There are special risks associated with offshore exploration, development and production, particularly deepwater drilling, as well as exploration and production in the Gulf of Mexico.

As a part of its strategy, Pioneer does, and the combined company will, explore for oil and gas offshore, often in deep water or at deep drilling depths, where operations are more difficult and costly than

on land or in shallower waters. Deepwater operations (water depths greater than 1,000 feet) generally require a significant amount of time between a discovery and the time that the combined company will be able to produce and market the oil or gas, increasing both the operational and financial risks associated with these activities. In addition, because a significant percentage of the combined company s capital budget will be devoted to higher-risk exploratory projects accounted for under the successful efforts method of accounting, it is likely that the combined company will incur future exploration and abandonment expenses.

The combined company will explore extensively in the Gulf of Mexico. Production of reserves from reservoirs in the Gulf of Mexico generally declines more rapidly than from reservoirs in many other producing regions of the world. As a result, in the first few years of production from properties in the Gulf of Mexico a relatively higher percentage of reserves is recovered. Because of this, the combined company s reserve replacement needs from new prospects may be greater in the Gulf of Mexico than for its operations elsewhere. Also, the combined company s revenues and return on capital will depend significantly on commodity prices prevailing during these relatively short production periods.

The combined company may face unanticipated water disposal costs.

Where water produced from the combined company s oil and gas projects fails to meet the discharge quality requirements of applicable regulatory agencies or the combined company s wells produce water in excess of the applicable injection wells volumetric permit limit, the combined company may have to drill additional disposal wells to re-inject the produced water back into deep underground rock formations. The costs to dispose of this produced water may increase if any of the following occur:

- inability to obtain water discharge permits from applicable regulatory agencies;
- the wells produce water of lesser quality;
- the wells produce excess water; or
- new laws or regulations require water to be disposed of in a different manner.

The combined company will have limited protection for its coal bed methane technology and will depend on technology owned by others.

The combined company will use operating practices that Pioneer and Evergreen believe are of significant value in developing unconventional gas resources. In most cases, patent or other intellectual property protection is unavailable for this technology. Moreover, the combined company will rely on the technological expertise of the independent contractors that its retains for some oil and gas operations. Neither Pioneer nor Evergreen has any long-term agreements with these contractors, and thus the combined company cannot be sure that it will continue to have access to this expertise.

The combined company s operations will depend on transportation facilities owned by others.

The marketability of the combined company s gas production depends in part on the availability, proximity and capacity of pipeline systems owned by third parties, and changes in contracts with these third parties could materially affect the combined company s operations. In addition, federal, foreign, state, provincial and local regulation of oil and gas production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures, and general economic conditions could adversely affect the combined company s ability to transport gas.

Pioneer and Evergreen operate in foreign countries, and the combined company will be subject to political, economic and other uncertainties.

The combined company will conduct significant operations in foreign countries, including Argentina, Canada, Gabon, South Africa and Tunisia and may expand its foreign operations in the future. Operations in foreign countries are subject to political, economic and other uncertainties, including:

the risk of war, acts of terrorism, revolution, border disputes, expropriation, renegotiation or modification of existing contracts, import, export and transportation regulations and tariffs;

taxation policies, including royalty and tax increases and retroactive tax claims;

exchange controls, currency fluctuations and other uncertainties arising out of foreign government sovereignty over the combined company s international operations;

exposure to movements in foreign currency exchange rates relative to the United States dollar;

laws and policies of the United States affecting foreign trade, taxation and investment; and

the possibility of being subject to the exclusive jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States.

Foreign countries have occasionally asserted rights to land, including oil and gas properties, through border disputes. If a country claims superior rights to oil and gas leases or concessions granted to the combined company by another country, the combined company s interests could be lost or could decrease in value. Various regions of the world have a history of political and economic instability. This instability could result in new governments or the adoption of new policies that might assume a substantially more hostile attitude toward foreign investment. In an extreme case, such a change could result in termination of contract rights and expropriation of foreign-owned assets. This could harm the combined company s interests. Pioneer and Evergreen expect that the combined company will seek to manage these risks by, among other things, concentrating its international exploration efforts in areas where it believes that the existing government is stable and favorably disposed towards United States exploration and production companies.

The combined company cannot control activities on properties it does not operate and may have limited ability to influence operations on such properties to control associated costs.

Other companies operate about 12% of the combined company s proved reserves as of December 31, 2003, and the combined company has limited ability to exercise influence over operations for these properties or their associated costs. The combined company s dependence on the operator and other working interest owners for these projects and the combined company s limited ability to influence operations and associated costs could prevent the realization of the combined company s targeted returns on capital in drilling or acquisition activities. The success and timing of drilling and exploitation activities on properties operated by others, therefore, depend upon a number of factors that will be outside the combined company s control, including:

timing and amount of capital expenditures;

the operator s expertise and financial resources;

approval of other participants in drilling wells; and

selection of technology.

The combined company s acquisition activities may not be successful.

As part of the combined company s growth strategy, it may make additional acquisitions of businesses and properties. However, suitable acquisition candidates may not be available on terms and conditions it finds acceptable, and acquisitions pose substantial risks to the combined company s business, financial

32

condition and results of operations. In pursuing acquisitions, the combined company competes with other companies, many of which have greater financial and other resources to acquire attractive companies and properties. Even if future acquisitions are completed, the following are some of the risks associated with acquisitions:

- the estimated recoverable reserves attributable to the acquired businesses or properties may not be accurate and the acquired businesses or properties may not produce revenues, earnings or cash flows at anticipated levels;
- the combined company may assume liabilities that were not disclosed or that exceed the combined company s estimates;
- the combined company may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;
- acquisitions could disrupt the combined company s ongoing business, distract management, divert resources and make it difficult to maintain the combined company s current business standards, controls and procedures;
- the combined company may finance future acquisitions by issuing common stock for some or all of the purchase price, which could dilute the ownership interests of the combined company s stockholders; and
- the combined company may incur additional debt related to future acquisitions.

The combined company may not be able to divest nonstrategic properties under acceptable terms.

The combined company will regularly review its property base for the purpose of identifying nonstrategic assets, the disposition of which would increase capital resources available for other activities and create organizational and operational efficiencies. Various factors could materially affect the ability of the combined company to dispose of nonstrategic assets, including the availability of purchasers willing to purchase the nonstrategic assets at prices acceptable to the combined company.

Reported oil and gas reserve data and future net revenue estimates are inherently uncertain, and any material inaccuracies in the reserve estimates or assumptions underlying reserve estimates could cause the quantities and net present value of Pioneer s or Evergreen s reserves to be overstated.

The estimates of Pioneer s and Evergreen s proved oil and gas reserves and projected future net revenue are based on reserve reports prepared by Pioneer and Evergreen and on the audits performed by independent consulting petroleum engineers that Pioneer or Evergreen hires for that purpose. Estimates of oil and gas reserves are projections based on engineering data, projected future rates of production and the timing of future expenditures. There are numerous uncertainties inherent in making these estimations, including many factors beyond the control of Pioneer and Evergreen that could cause the quantities and net present value of their respective reserves, and those of the combined company, to be overstated. Reserve engineering is not an exact science and requires substantial judgment, resulting in imprecise determinations, particularly for new discoveries. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, any of which may cause these estimates to vary considerably from actual results, such as:

- historical production from a particular area compared with production from other producing areas;
- assumed effects of regulation by governmental agencies;
- assumptions concerning future oil and gas prices, future operating and abandonment costs and capital expenditures; and
- estimates of future ad valorem, severance and excise taxes and workover and remedial costs.

Estimates of reserves and estimates of expected future net cash flows prepared or audited by different engineers using the same data, or by the same engineers at different times, may vary substantially. Actual production, revenues and expenditures with respect to each company s reserves will likely vary from estimates, and the variance may be material. The net present values referred to in this joint proxy statement/ prospectus should not be construed as the current market value of the estimated oil and gas reserves attributable to either company s properties. In accordance with requirements of the SEC, the estimated discounted future net cash flows from proved reserves are based on prices and costs as of the date of the estimate, whereas actual future prices and costs may be materially higher or lower. In addition, future performance that deviates significantly from reserve reports could have a material adverse effect on the combined company s financial position and results of operations.

The combined company will be subject to complex United States and international laws and regulations, including environmental and safety regulations, that can adversely affect the cost, manner or feasibility of doing business.

Pioneer s and Evergreen s operations and facilities are, and the combined company s operations and facilities will be, subject to certain federal, state and local laws and regulations relating to the exploration for, and the development, production and transportation of oil, NGLs and gas, as well as environmental and safety matters. Future laws or regulations, any change in the interpretation of existing laws and regulations that is adverse to the combined company, inability to obtain necessary regulatory approvals, or a failure to comply with existing legal requirements may harm the combined company s business, results of operations and financial condition. The combined company may be required to make large and unanticipated capital expenditures to comply with environmental and other governmental regulations, such as:

- land use restrictions;
- drilling bonds, performance bonds and other financial responsibility requirements;
- spacing of wells;
- unitization and pooling of properties;
- habitat and endangered species protection, reclamation and remediation, and other environmental protection;
- protection and preservation of historic, archaeological and cultural resources;
- safety precautions;
- regulation of discharges, emissions, disposal and waste-related permits;
- operational reporting; and
- taxation.

Under these laws and regulations, the combined company could be liable for:

- personal injuries;
- property and natural resource damages;
- oil spills and releases or discharges of hazardous materials;
- well reclamation costs;
- remediation and clean-up costs and other governmental sanctions, such as fines and penalties;

other environmental damages; and

potential criminal penalties for failure to comply with environmental and safety laws and regulations.

Table of Contents

The combined company s operations could be significantly delayed or curtailed and its costs of operations could significantly increase beyond those anticipated as a result of regulatory requirements or restrictions. Neither Pioneer nor Evergreen is able to predict the ultimate cost of compliance with these requirements or their effect on the combined company s operations.

Costs of environmental liabilities and regulation could exceed estimates.

Pioneer and Evergreen each are, and the combined company will be or may become, party to a number of legal and administrative proceedings involving environmental or other matters pending in various courts or agencies. These currently include proceedings associated with facilities currently or previously owned, operated or used by Pioneer and Evergreen, and include claims for personal injuries, property damages, injury to the environment, including natural resource damages, and non-compliance with permits. The combined company s current and former operations will also involve management of regulated materials that are subject to various environmental laws and regulations. These laws and regulations will obligate the combined company to clean up various sites at which petroleum and other hydrocarbons, low-level radioactive substances or other materials have been disposed of or released. It is not possible for us to estimate reliably the amount and timing of all future expenditures related to environmental and legal matters and other contingencies because:

- some sites are in the early stages of investigation, and other sites may be identified in the future;

- cleanup requirements are difficult to predict at sites where remedial investigations have not been completed or final decisions have not been made regarding cleanup requirements, technologies or other factors that bear on cleanup costs;

- environmental laws frequently impose joint and several liability on all potentially responsible parties, and it can be difficult to determine the number and financial condition of other potentially responsible parties and their share of responsibility for cleanup costs; and

- environmental laws and regulations and enforcement policies are continually changing, and court proceedings are inherently uncertain.

Due to these uncertainties, costs may be higher than anticipated and the combined company could be required to increase existing, or establish additional, environmental liability accruals in the future.

The combined company s oil and gas marketing activities may expose it to claims from royalty owners.

In addition to marketing its oil and gas production, the combined company s marketing activities generally will include marketing oil and gas production for royalty owners. Over the past several years, royalty owners have commenced litigation against a number of companies, including Pioneer and Evergreen, in the oil and gas production business claiming that amounts paid for production attributable to the royalty owners interests violated the terms of the applicable leases and laws in various respects, including the value of production sold, permissibility of deductions taken, and accuracy of quantities measured. The combined company could be required to make payments as a result of such litigation, and the combined company s costs relating to the marketing of oil and gas may increase as new cases are decided and the law in this area continues to develop.

Evergreen and its directors are defendants in a class action lawsuit filed in connection with the merger, and the combined company may be subject to other lawsuits and claims.

A number of lawsuits and claims are pending separately against Pioneer and Evergreen, some of which seek large amounts of damages. In particular, on May 13, 2004, after Pioneer and Evergreen announced the merger, a class action lawsuit was filed against Evergreen and the directors of Evergreen. The lawsuit alleges that the defendants breached their fiduciary duties to Evergreen s stockholders by, among other things, agreeing to unfair and inadequate consideration for the shares of Evergreen stockholders. The combined company may have to indemnify directors of Evergreen for damages levied against the directors as a result of such lawsuits. In addition, three executive officers of Evergreen have

made a written request to Evergreen and Pioneer to submit to arbitration a dispute concerning the amounts to which they would be entitled under their change in control agreements if the merger is completed. Although management of each company believes that none of the lawsuits or claims pending against their respective companies will have a material adverse effect on the combined company s financial condition or liquidity, litigation is inherently uncertain, and the lawsuits and claims could have a material adverse effect on the combined company s results of operations for the accounting period or periods in which one or more of them might be resolved adversely.

Competition in the oil and gas industry is intense, and competitors with greater financial, technological and other resources than the combined company may challenge the combined company s ability to effectively compete in the exploration and production of oil and gas.

The oil and gas exploration and production business is highly competitive. In addition to competing with other independent oil and gas producers (i.e., companies not engaged in petroleum refining and marketing operations), the combined company will compete with large, integrated, multinational oil and gas companies. Many of the combined company s competitors, especially large multinational oil and gas companies, have substantially larger financial and technical resources, staffs and facilities than Pioneer and Evergreen, which will challenge the combined company s ability to compete with them.

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. The combined company s exploration and production business will face competition from major and independent oil and gas companies in each of the following areas:

- seeking to acquire desirable producing properties or new leases for future exploration;
- marketing its oil and gas production;
- integrating new technologies; and
- acquiring the personnel, equipment and expertise necessary to develop and operate its properties.

Companies with financial, technological and other resources substantially greater than those of the combined company may be able to pay more for exploratory prospects and productive oil and gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than the combined company s financial or human resources will support. Competitors may also enjoy technological advantages over the combined company and may be able to implement new technologies more rapidly. The combined company s ability to explore for oil and gas and to acquire additional properties in the future will depend upon its ability to successfully conduct operations, implement advanced technologies, evaluate and select suitable properties and consummate transactions in this highly competitive environment.

Provisions of Pioneer s certificate of incorporation and bylaws, and Pioneer s stockholder rights plan, as well as Section 203 of the Delaware General Corporation Law, may discourage a change in control of the combined company and could prevent stockholders from realizing a premium on their investment.

Some provisions of Pioneer s certificate of incorporation and bylaws, as well as Pioneer s stockholder rights plan, may have the effect of delaying or preventing transactions involving actual or potential changes in control of the combined company, including transactions that otherwise could involve payment of a premium over prevailing market prices to stockholders for their Pioneer common stock. These provisions include:

- a classified board of directors, the members of which serve staggered three-year terms and may be removed by stockholders only for cause;
- noncumulative voting in the election of directors;

Table of Contents

procedural requirements on stockholders who wish to make nominations in the election of directors or to propose other actions at stockholder meetings;

a prohibition on stockholders calling special meetings or acting by written consent;

the authority of the board of directors to issue up to 100 million shares of preferred stock without stockholder approval and to set the rights, preferences and other designations, including voting rights, of those shares as the board of directors may determine; and

rights issued under Pioneer s stockholder rights plan that would be triggered if a person acquired 15% or more of Pioneer s common stock.

Additionally, Section 203 of the Delaware General Corporation Law limits the ability of a company to engage in a business combination with a party that became an interested stockholder within the last three years.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information incorporated by reference in this joint proxy statement/prospectus, contains forward-looking statements, as defined by the SEC. Forward-looking statements are those concerning the contemplated transactions and strategic plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in this joint proxy statement/prospectus that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These include, without limitation:

- statements concerning the contemplated transactions, including strategic plans, expectations and objectives for future operations, the completion of those transactions, and the realization of expected synergies and benefits from the transactions;
- statements, other than statements of historical facts, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future;
- statements relating to future financial performance and other matters;
- estimates of reserves and statements regarding the ability to replace reserves;
- statements relating to revenue, income and operations of the combined company after the merger; and
- any other statements preceded by, followed by or that include the words believes, expects, anticipates, estimates, intends, plans, pr similar expressions.

Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in or incorporate into this document are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. These statements are based on assumptions made by us based on our experience and perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate in the circumstances. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control. You are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

All forward-looking statements contained in this document speak only as of the date of this document, and all forward-looking statements contained in any document incorporated by reference speak only as of the date of that document. Neither Pioneer nor Evergreen undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

THE COMPANIES

Pioneer

Pioneer is an independent oil and gas exploration and production company with ownership interests in oil and gas properties located in the United States, Argentina, Canada, Gabon, South Africa and Tunisia. Pioneer s asset base is anchored by the Spraberry oil and gas field located in West Texas, the Hugoton gas field located in Southwest Kansas and the West Panhandle gas field located in the Texas Panhandle. Complementing these areas, Pioneer has exploration and development opportunities and oil and gas production activities in Alaska, the Gulf of Mexico, the onshore Gulf Coast area and internationally in Argentina, Canada, Gabon, South Africa and Tunisia. Combined, these assets create a portfolio of resources and opportunities that are well balanced among oil, NGLs and gas, and combine long-lived, dependable production with exploration and development opportunities. Additionally, Pioneer has a team of dedicated employees that represent the professional disciplines and sciences that allow Pioneer to maximize the long-term profitability and net asset value inherent in its physical assets.

Pioneer seeks to increase its oil and gas reserves, production and cash flow through exploratory and development drilling and by conducting other production enhancement activities, such as well recompletions. During the three years ended December 31, 2003, the Company drilled 1,002 gross (744.1 net) wells, 86 percent of which were successfully completed as productive wells, at a total drilling cost (net to Pioneer s interest) of $1.5 billion. During 2003, Pioneer drilled 383 gross (338.8 net) wells.

Pioneer s proved reserves totaled 789.1 MMBOE at December 31, 2003, representing $4.6 billion of standardized measure, or $6.0 billion, on a pre-tax basis.

Pioneer s long-lived production from onshore assets and high-volume production from new offshore fields combined to increase oil and gas production by 36% in 2003 and is the basis for expectations for growth of 15% to 25% in 2004. Pioneer has maintained production from its onshore base, primarily the Hugoton and West Panhandle gas fields and the Spraberry oil and gas field, by reinvesting only a portion of the cash flow from those fields and diligently controlling costs. Pioneer has a multiyear inventory of onshore drilling locations to support continued activity.

Evergreen

Evergreen is an independent exploration and production company engaged primarily in the operation, development, production, exploration and acquisition of North American unconventional gas properties. Evergreen is one of the leading developers of coal bed methane reserves in the United States. Evergreen s current operations are principally focused on developing and expanding its coal bed methane project located in the Raton Basin in southern Colorado. Evergreen recently acquired producing properties in the Piceance Basin in western Colorado, the Uintah Basin in eastern Utah and the Western Canada Sedimentary Basin. Evergreen has gas production from tight sands and shales in these newly acquired areas that it intends to enhance. Evergreen is also evaluating the additional coal bed methane and other gas resource potential within each of these basins.

At December 31, 2003, Evergreen s reported proved reserves totaled 1,495 Bcfe or 249 MMBOE. Gas comprised approximately 99% of its estimated proved reserves, and 62% of its estimated proved reserves were classified as proved developed. The Raton Basin accounted for 94% of its estimated proved reserves, while the Piceance and Uintah Basins and the Western Canada Sedimentary Basin accounted for 4% and 2%, respectively. In 2003, Evergreen achieved average net production of 127 MMcfe per day.

For the past five calendar years, Evergreen achieved compound annual growth in production and estimated proved reserves of 36% and 30%, respectively. Over the same period, Evergreen added estimated proved reserves from all sources that was over 800% of its production at weighted average finding and development costs of $0.65 per Mcfe. Evergreen s finding and development costs include acquisition costs, exploration costs and capital expenditures relating to its gathering and compression systems. Evergreen s lease operating expenses have averaged $0.41 per Mcfe over the last five years.

Table of Contents

THE PIONEER SPECIAL MEETING

Pioneer is furnishing this joint proxy statement/ prospectus to its stockholders in connection with the solicitation of proxies by the Pioneer board of directors for use at the Pioneer special meeting.

Date, Time and Place

The special meeting is scheduled to be held at the Dallas Marriott Las Colinas Hotel located at 223 West Las Colinas Blvd., Irving, Texas 75039, on **[ ]**, 2004, at **[ ]** a.m., local time.

Purpose of the Special Meeting

At the Pioneer special meeting, we are asking holders of record of Pioneer common stock to consider and vote on the following:

- a proposal to approve the issuance of shares of Pioneer common stock in the merger pursuant to the merger agreement; and
- a proposal to approve an adjournment of the meeting, if necessary, to solicit additional proxies in favor of the first proposal.

Recommendation of the Pioneer Board of Directors

At its meeting on May 3, 2004, after due consideration, the Pioneer board of directors unanimously, except for Scott Sheffield, who recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken:

- determined that the merger agreement, the merger in accordance with the terms of the merger agreement, the issuance of shares of Pioneer common stock pursuant to the merger, and the other transactions contemplated by the merger agreement are advisable and in the best interests of Pioneer and its stockholders;
- approved the merger agreement, the merger and the other transactions contemplated thereby and approved the issuance of Pioneer common stock pursuant to the merger; and
- recommended that the Pioneer stockholders approve the issuance of shares of Pioneer common stock in connection with the merger pursuant to the merger agreement.

Record Date; Stock Entitled to Vote; Quorum

Holders of record of shares of Pioneer common stock at the close of business on **[ ]**, 2004, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. Pioneer s common stock is the only class of voting securities of Pioneer. On the record date, approximately **[ ]** shares of Pioneer common stock were issued and outstanding and entitled to vote at the special meeting.

Holders of record of Pioneer common stock on the record date are each entitled to one vote per share with respect to the approval of the issuance of shares of Pioneer common stock in connection with the merger pursuant to the merger agreement.

A quorum of Pioneer stockholders is necessary to have a valid meeting of stockholders. The holders of at least a majority of the shares of Pioneer common stock issued and outstanding and entitled to vote at the Pioneer special meeting must be represented in person or by proxy at the Pioneer special meeting in order for a quorum to be established. Abstentions and broker non-votes count as present for purposes of establishing a quorum. An abstention occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

Table of Contents

Vote Required

The affirmative vote of the holders of a majority of the votes cast by holders of Pioneer common stock by proxy or in person and entitled to vote as of the record date for the Pioneer special meeting is required to approve the issuance of shares of Pioneer common stock in the merger pursuant to the merger agreement. The total vote cast by Pioneer stockholders at the special meeting must represent more than 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote as of the record date for the special meeting. Abstentions may be specified with respect to the proposal by properly marking the ABSTAIN box on the proxy for the proposal or by making the same election by telephone or Internet voting. An abstention will count as present for purposes of establishing a quorum at the Pioneer special meeting. However, neither an abstention nor a failure to vote will affect the outcome of the vote regarding the issuance of shares of Pioneer common stock in the merger because they will not be counted as votes cast either for or against the proposal. Nevertheless, an abstention may result in the total votes cast at the special meeting representing fewer than 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote as of the record date for the special meeting, in which case the vote would not satisfy the stockholder approval requirement for the issuance of shares of Pioneer common stock in the merger.

Voting by Pioneer Directors, Executive Officers and Significant Stockholders

At the close of business on the record date, Pioneer s directors and executive officers and their affiliates may be deemed to be the owners of, and have the power to vote, **[ ]** shares of Pioneer common stock, representing approximately **[ ]**% of the then outstanding shares of Pioneer common stock. Pioneer believes that each of its directors and executive officers intends to vote FOR the approval of the issuance of shares of Pioneer common stock in connection with the merger pursuant to the merger agreement.

Voting of Proxies

Shares may be voted by completing the enclosed proxy card and mailing it in the enclosed green self-addressed envelope. You may also vote by telephone or the Internet using the instructions on the proxy card. Please refer to the proxy card or to the information provided to you by your bank, broker or other holder of record to determine what options are available. Stockholders who vote by using the Internet may incur costs, such as telephone and Internet access charges, for which the stockholder is solely responsible. Proxies submitted by telephone or the Internet must be received by **[ ]**, Eastern Time, on **[ ]**, 2004. The specific instructions for using the telephone or the Internet to vote are set forth on the enclosed proxy card and are designed to authenticate the stockholder s identity and confirm that the stockholder s instructions are properly recorded.

Pioneer stockholders whose shares are held in street name (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the special meeting.

Shares of Pioneer common stock represented by properly executed paper proxies or proxies properly effected by telephone or on the Internet and received prior to the special meeting will be voted at the special meeting in the manner specified on the proxies. Paper proxies that are properly executed and timely submitted but which do not contain specific voting instructions will be voted FOR the proposal presented at the special meeting.

Table of Contents

Revocation of Proxy

A Pioneer stockholder may revoke a proxy at any time prior to the time the proxy is to be voted at the special meeting by:

- delivering, prior to the special meeting, a written notice of revocation bearing a later date or time than the revoked proxy, to Continental Stock Transfer & Trust Company at the following address: 17 Battery Place, 8th Floor, New York, New York 10004;
- as to paper proxies, completing and submitting a new later-dated proxy card;
- as to proxies effected by telephone or on the Internet, by calling the telephone voting number or connecting to the Internet voting site and following the instructions for revoking or changing a vote; or
- attending the special meeting and voting in person.

Attending the special meeting will not by itself constitute revocation of a proxy; to do so, a stockholder must vote in person at the meeting. If a broker has been instructed to vote a stockholder s shares, the stockholder must follow directions received from the broker in order to change the stockholder s vote.

Expenses of Solicitation

Pioneer and Evergreen will equally share the costs of printing and mailing this joint proxy statement/ prospectus to their respective stockholders and each will separately bear the costs of soliciting proxies from its stockholders. It is anticipated that solicitations of proxies for the special meeting will be made by use of mail, telephone, fax or the Internet, as well as by the services of Pioneer s directors, officers and employees, without additional salary or compensation to them. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to the beneficial owners of Pioneer common stock held of record by such persons, and Pioneer will reimburse such persons for their reasonable out-of-pocket expenses for that purpose.

In addition, Pioneer has retained D. F. King & Company, Inc. to assist Pioneer in the solicitation of proxies from stockholders in connection with the special meeting. D. F. King will receive a fee of $[ ] as compensation for its services and reimbursement of its out-of-pocket expenses in connection therewith. Pioneer has agreed to indemnify D. F. King against certain liabilities arising out of or in connection with its engagement.

Miscellaneous

In the event that a quorum is not present at the time the special meeting is convened, or if for any other reason Pioneer believes that additional time should be allowed for the solicitation of proxies, Pioneer may adjourn the special meeting with or without a vote of the stockholders. If Pioneer proposes to adjourn the special meeting by a vote of the stockholders, the persons named in the enclosed form of proxy will vote all shares of Pioneer common stock for which they have voting authority in favor of an adjournment.

It is not expected that any matter not referred to in this joint proxy statement/ prospectus will be presented for action at the special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies will have discretion to vote on the matters according to their best judgment. The grant of a proxy will also confer discretionary authority on the persons named in the proxy as proxy appointees to vote in accordance with their best judgment on matters incidental to the conduct of the special meeting. Proxies voted against the proposal related to the merger will not be voted in favor of any adjournment of the special meeting for the purpose of soliciting additional proxies.

Table of Contents

THE EVERGREEN SPECIAL MEETING

Evergreen is furnishing this joint proxy statement/ prospectus to its stockholders in connection with the solicitation of proxies by the Evergreen board of directors for use at the Evergreen special meeting.

Date, Time and Place

The special meeting is scheduled to be held at The Pinnacle Club, 555 17th Street, 38th floor, Denver, Colorado 80202, on **[ ]**, 2004, at **[ ]** a.m., local time.

Purpose of the Special Meeting

At the Evergreen special meeting, we are asking holders of record of Evergreen common stock to consider and vote on the following:

- a proposal to approve the merger agreement among Pioneer, Evergreen and BC Merger Sub; and

- a proposal to approve an adjournment of the meeting, if necessary, to solicit additional proxies in favor of the first proposal.

Recommendation of the Evergreen Board of Directors

At its meeting on May 3, 2004, after due consideration, the Evergreen board of directors unanimously, except for Scott Sheffield, who recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken:

- determined that the merger agreement, the merger in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Evergreen and its stockholders;

- approved and adopted the merger agreement and the merger and the other transactions contemplated thereby; and

- recommended that the Evergreen stockholders approve the merger agreement.

Record Date; Stock Entitled to Vote; Quorum

Holders of record of shares of Evergreen common stock at the close of business on **[ ]**, 2004, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. Evergreen s common stock is the only class of voting securities of Evergreen. On the record date, approximately **[ ]** shares of Evergreen common stock were issued and outstanding and entitled to vote at the special meeting.

Holders of record of Evergreen common stock on the record date are each entitled to one vote per share with respect to the approval of the merger agreement.

A quorum of Evergreen stockholders is necessary to have a valid meeting of stockholders. The holders of at least a majority of the shares of Evergreen common stock issued and outstanding and entitled to vote at the Evergreen special meeting must be represented in person or by proxy at the Evergreen special meeting in order for a quorum to be established. Abstentions and broker non-votes count as present for purposes of establishing a quorum. An abstention occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

Vote Required

The affirmative vote of the holders of at least a majority of the shares of Evergreen common stock issued and outstanding and entitled to vote as of the record date for the Evergreen special meeting is

required to approve the merger agreement. Abstentions may be specified with respect to the proposal by properly marking the ABSTAIN box on the proxy for the proposal or by making the same election by telephone or Internet voting using the instructions on the proxy card. Abstentions, broker non-votes and failures to vote will have the effect of votes cast against the proposal.

Voting by Evergreen Directors, Executive Officers and Significant Stockholders

At the close of business on the record date, Evergreen s directors and executive officers and their affiliates may be deemed to be the owners of, and have the power to vote, **[ ]** shares of Evergreen common stock, representing approximately **[ ]**% of the then outstanding shares of Evergreen common stock. Evergreen believes that each of its directors and executive officers intends to vote FOR the approval of the merger agreement.

Voting of Proxies

Shares may be voted by completing the enclosed proxy card and mailing it in the enclosed green self-addressed envelope. You may also vote by telephone or the Internet using the instructions on the proxy card. Please refer to the proxy card or to the information provided to you by your bank, broker or other holder of record to determine what options are available. Stockholders who vote by using the Internet may incur costs, such as telephone and Internet access charges, for which the stockholder is solely responsible. Proxies submitted by telephone or the Internet must be received by **[ ]**, Central Time, on **[ ]**, 2004. The specific instructions for using the telephone or the Internet to vote are set forth on the enclosed proxy card and are designed to authenticate the stockholder s identity and confirm that the stockholder s instructions are properly recorded.

Evergreen stockholders whose shares are held in street name (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the special meeting.

Shares of Evergreen common stock represented by properly executed paper proxies or proxies properly effected by telephone or on the Internet and received prior to the special meeting will be voted at the special meeting in the manner specified on the proxies. Paper proxies that are properly executed and timely submitted but which do not contain specific voting instructions will be voted FOR the proposal presented at the special meeting.

Revocation of Proxy

An Evergreen stockholder may revoke a proxy at any time prior to the time the proxy is to be voted at the special meeting by:

- delivering, prior to the special meeting, a written notice of revocation bearing a later date or time than the revoked proxy, to Computershare Trust Company, Inc. at the following address: P.O. Box 1596, Denver, Colorado 80201;
- as to paper proxies, completing and submitting a new later-dated proxy card;
- as to proxies effected by telephone or on the Internet, by calling the telephone voting number or connecting to the Internet voting site and following the instructions for revoking or changing a vote; or
- attending the special meeting and voting in person.

Attending the special meeting will not by itself constitute revocation of a proxy; to do so, a stockholder must vote in person at the meeting. If a broker has been instructed to vote a stockholder s shares, the stockholder must follow directions received from the broker in order to change the stockholder s vote.

Table of Contents

Expenses of Solicitation

Evergreen and Pioneer will equally share the costs of printing and mailing this joint proxy statement/ prospectus to their respective stockholders and each will separately bear the costs of soliciting proxies from its stockholders. It is anticipated that solicitations of proxies for the special meeting will be made by use of mail, telephone, fax or the Internet, as well as by the services of Evergreen s directors, officers and employees, without additional salary or compensation to them. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to the beneficial owners of Evergreen common stock held of record by such persons, and Evergreen will reimburse such persons for their reasonable out-of-pocket expenses for that purpose.

Miscellaneous

In the event that a quorum is not present at the time the special meeting is convened, or if for any other reason Evergreen believes that additional time should be allowed for the solicitation of proxies, Evergreen may adjourn the special meeting with or without a vote of the stockholders. If Evergreen proposes to adjourn the special meeting by a vote of the stockholders, the persons named in the enclosed form of proxy will vote all shares of Evergreen common stock for which they have voting authority in favor of an adjournment.

It is not expected that any matter not referred to in this joint proxy statement/prospectus will be presented for action at the special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies will have discretion to vote on the matters according to their best judgment. The grant of a proxy will also confer discretionary authority on the persons named in the proxy as proxy appointees to vote in accordance with their best judgment on matters incidental to the conduct of the special meeting. Proxies voted against the proposal related to the merger will not be voted in favor of any adjournment of the special meeting for the purpose of soliciting additional proxies.

Holders of Evergreen common stock should send their completed proxy cards to Computershare Trust Company, Inc. in the enclosed, self-addressed green envelope. Holders of Evergreen common stock should not send their stock certificates with their proxy cards. A holder of Evergreen common stock who wishes to make an election regarding the form of merger consideration that it wishes to receive is required to send its stock certificates with the election form enclosed with this joint proxy statement/ prospectus to the exchange agent. A separate self-addressed white envelope has been enclosed for holders to submit election forms and stock certificates. If a holder does not properly submit an election form with its stock certificates, then, promptly after the closing date of the merger, the exchange agent will mail to the holder a letter of transmittal and instructions for surrendering stock certificates for use in exchanging the stock certificates for the merger consideration.

Table of Contents

THE MERGER

The discussion in this joint proxy statement/prospectus of the merger and the material terms of the merger agreement is subject to, and is qualified in its entirety by reference to, the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and incorporated by reference.

General Description of the Merger

Pioneer, its direct wholly-owned subsidiary, BC Merger Sub, and Evergreen have entered into a merger agreement pursuant to which Pioneer will acquire Evergreen through the merger of BC Merger Sub with and into Evergreen, with Evergreen surviving the merger. Immediately after the closing of this merger, Evergreen will merge with and into a wholly-owned limited liability company subsidiary of Pioneer, with the limited liability company as the surviving entity that is wholly-owned by Pioneer.

Evergreen stockholders have the option to elect among three types of consideration for each share of Evergreen common stock held:

- 1.1635 shares of Pioneer common stock, subject to allocation and proration;
- $39.00 in cash, subject to allocation and proration; or
- 0.58175 shares of Pioneer common stock and $19.50 in cash.

Evergreen stockholders who do not make an election will receive 0.58175 shares of Pioneer common stock and $19.50 in cash for each share of Evergreen common stock held. In addition, Evergreen stockholders are entitled to receive an additional cash payment per share, as consideration for the Kansas properties, equal to the sum of:

- $0.35; plus
- a pro rata share of the net proceeds in excess of $15 million (gross proceeds less expenses) from Evergreen s sale, if any, of the Kansas properties to a third party if a sale closes prior to the closing date of the merger.

For further discussion regarding the consideration each Evergreen stockholder is entitled to receive, see The Merger Agreement Merger Consideration. As a result of the merger, Pioneer stockholders will own approximately 83% of the combined company (based on the number of shares of common stock outstanding for each company on June 9, 2004, plus the number of shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse prior to or as of the effective time).

Shares of Evergreen common stock outstanding immediately prior to the merger and held by an Evergreen stockholder who dissents from the merger and pursues a statutory appraisal of shares in accordance with Article 113 of the Colorado Business Corporation Act will not be converted into the right to receive the merger consideration described above, unless the dissenting stockholder fails to perfect, withdraws or otherwise loses the right to appraisal. If an Evergreen stockholder who has demanded appraisal fails to perfect, withdraws or otherwise loses the right to appraisal, each share of Evergreen common stock of that stockholder will be treated as if it had been converted at the time of the merger into the right to receive 0.58175 shares of Pioneer common stock, $19.50 in cash and the cash payment pertaining to the Kansas properties. See Dissenters Rights of Appraisal of Evergreen Stockholders.

After the merger is completed, Scott Sheffield, current Chairman of the Board, President and Chief Executive Officer of Pioneer, will continue to serve as Chairman of the Board, President and Chief Executive Officer of the combined company. Mark Sexton, current Chairman of the Board, President and Chief Executive Officer of Evergreen, and Andrew Lundquist, a current director of Evergreen, will each be appointed to Pioneer s board of directors. Information about the current Pioneer directors and executive officers can be found in Pioneer s Annual Report on Form 10-K for the year ended December 31, 2003, and Pioneer s proxy statement, which is incorporated by reference into Pioneer s Annual Report on

Form 10-K for the year ended December 31, 2003. Pioneer s Annual Report on Form 10-K is incorporated by reference into this document. Information about Messrs. Sexton and Lundquist and the other current Evergreen directors and executive officers can be found in Evergreen s proxy statement, which is incorporated by reference into Evergreen s Annual Report on Form 10-K for the year ended December 31, 2003. Evergreen s Annual Report on Form 10-K is incorporated by reference into this document. See Where You Can Find More Information.

Background of the Merger

By action dated December 18, 2003, Evergreen established a special committee of the board of directors (the Transactions Committee) for the purpose of assisting Evergreen with the feasibility, direction, development and evaluation of potential significant acquisitions, divestitures, mergers, joint ventures, business combinations and other significant transactions. Messrs. Robert Clark, Mark Sexton, Scott Sheffield and Arthur Smith were members of the Transactions Committee.

In late 2003, Evergreen signed a confidentiality agreement with a major international petroleum company and began preliminary discussions regarding a number of possible joint projects and regarding the possible sale of Evergreen. No agreement regarding joint projects was reached and the international petroleum company indicated that it could not justify a purchase of Evergreen at the price that Evergreen s stock was then trading. An offer to purchase Evergreen was never made. These discussions lapsed in early 2004.

In late 2003 and 2004, Evergreen did not discourage investment bankers who contacted Evergreen from time to time from entertaining indications of interest from a limited number of other participants in the industry.

During the meeting of Evergreen s board of directors on February 20, 2004, Mr. Sheffield was approached by Dennis Carlton, Executive Vice President Exploration and Chief Operating Officer of Evergreen, and was asked whether or not Pioneer might consider the merits of a business combination with Evergreen. Mr. Sheffield responded that at the time there were probably too many complicating issues to consider such a transaction.

After thinking further about the conversation for a couple of weeks and considering the fact that the Evergreen board of directors had expressed an interest in pursuing a strategic combination with a larger company, and knowing that Evergreen had already conducted some due diligence with one oil company and had conversations with the chief executive officers of at least two other companies without material developments, Mr. Sheffield requested that Pioneer s business development and financial modeling groups gather public data on Evergreen and perform an initial modeling evaluation of potential business combinations. After reviewing some initial modeling, Mr. Sheffield decided to raise the possibility of a strategic business combination between Pioneer and Evergreen with Pioneer s management committee.

On the morning of March 22, 2004, Mr. Sheffield presented to Pioneer s management committee the possibility of a strategic business combination with Evergreen. After reviewing the initial modeling and a brief review of potential strengths, weaknesses, opportunities and threats presented by the possible transaction, the consensus of the management committee was to encourage Mr. Sheffield to pursue the matter further by contacting Mr. Sexton.

On the afternoon of March 22, 2004, Mr. Sheffield contacted Mr. Sexton by telephone and suggested that the two companies consider a strategic merger. Mr. Sexton agreed to discuss the matter with his management team and to respond to Mr. Sheffield in a few days.

On March 24, 2004, Mr. Sexton called Mr. Sheffield and informed Mr. Sheffield that Evergreen s management was interested in exploring the matter further. On a conference call with Michael Wortley and Mark Kelly of Vinson & Elkins L.L.P., Messrs. Sheffield and Sexton were briefed on the proper process for proceeding with the evaluation of a potential business combination, specifically focusing on separating Mr. Sheffield from the decision on the Evergreen side. Pioneer s General Counsel, Mark Withrow, then followed up with Mr. Sheffield and Mr. Wortley to further discuss Mr. Sheffield s

involvement in the Pioneer decision process. Mr. Sheffield subsequently did not attend any Evergreen board of directors meeting at which a transaction with Pioneer was discussed.

On the following Monday morning, March 29, 2004, a meeting of the Pioneer board of directors was called and the potential business combination with Evergreen was presented. For presentation purposes, a purchase price of $37.00 per share was used to value shares of Evergreen common stock. After extensive discussion, the Pioneer board of directors authorized Pioneer management to move forward with the due diligence process. That evening, Messrs. Sheffield and Sexton had dinner in New Orleans at the Howard Weil Energy Conference and had initial discussions about the possible mechanics and benefits of a potential business combination of the two companies. The two chief executive officers met again the next morning. No material business points regarding a potential transaction were discussed between Messrs. Sheffield and Sexton at these meetings in New Orleans. A telephone conference ensued among Messrs. Sexton and Withrow and William Davis of Womble, Carlyle, Sandridge & Rice regarding preparation of a confidentiality agreement and the handling of the due diligence process.

On the morning of March 31, 2004, Mr. Sexton met again in New Orleans with Messrs. Sheffield, Tim Dove and Jay Still of Pioneer to discuss generally the assets and characteristics of each company as well as to outline the program for Pioneer s due diligence review of Evergreen, which was scheduled to commence the following week in Denver.

In early April 2004, Mr. Sexton apprised Evergreen s board of directors of recent developments regarding conversations with Mr. Sheffield. Evergreen s outside directors unanimously recommended that Messrs. Sexton and Sheffield resign from the Transactions Committee because of the potential for conflicts of interest. The Evergreen board of directors made that recommendation in part because Mr. Sheffield is the Chairman, President and Chief Executive Officer of Pioneer and because Mr. Sexton is a personal friend of Mr. Sheffield. Moreover, it was noted that Mr. Sexton could stand to benefit from a transaction pursuant to his existing change in control agreement with Evergreen. The board of directors believed that Messrs. Sexton and Sheffield should not be active in the evaluation of the potential business combination between Pioneer and Evergreen. By action dated April 5, 2004, the Evergreen board of directors accepted the resignations of Messrs. Sexton and Sheffield from the Transactions Committee and reconstituted the Transactions Committee to be comprised of Messrs. Smith, Clark and Lundquist as members.

On Monday, April 5, 2004, and Tuesday, April 6, 2004, Pioneer s technical, legal and accounting teams traveled to Denver and conducted due diligence, reviewing documents furnished by Evergreen and interviewing and attending presentations by Messrs. Sexton, Carlton and Collins.

On April 7, 2004, the Transactions Committee met to discuss its duties and selected Mr. Smith as chairman and Mr. Clark as vice chairman.

Also on April 7, 2004, Kerr-McGee Corporation and Westport Resources Corporation, both oil and gas exploration companies, announced that they had entered into an agreement regarding a proposed business combination.

On April 8, 2004, Messrs. Smith and John Ryan, also an Evergreen director and Evergreen s largest individual stockholder (holding approximately 3% of Evergreen s common stock), met in Houston with a representative of Citigroup to discuss Citigroup s possible engagement as financial advisor. They also met with David Kirkland of Baker Botts L.L.P. regarding the potential engagement of Baker Botts L.L.P. as legal counsel to the Transactions Committee. Also on April 8, 2004, Pioneer s technical team and Messrs. Sexton, Carlton, Smith and Ryan met in Houston with Evergreen s independent reservoir engineers, Netherland, Sewell, regarding Evergreen s reserves.

A Pioneer telephonic board of directors meeting was held on Thursday, April 8, 2004, to update the board of directors on the initial due diligence, to review the concepts proposed to be included in the merger agreement to be submitted to Evergreen, to again review the process to be followed in pursuing a transaction with Evergreen, to discuss the employment of an investment banking firm and to authorize the employment of reserve engineering and environmental experts to assist in and report on due diligence.

A group consisting of Transactions Committee members, Mr. Ryan, who later joined the Transactions Committee, and Messrs. Sexton, Collins and Carlton, along with representatives from Citigroup and Evergreen s legal firm, Womble, Carlyle, Sandridge & Rice, conducted due diligence in Pioneer s offices in Irving, Texas on Monday, April 12, 2004 and Tuesday, April 13, 2004. Mr. Sheffield was traveling abroad and did not participate in these meetings. Messrs. Smith, Carlton and Collins also were briefed by Netherland, Sewell, Pioneer s independent reservoir engineer, regarding Pioneer s reserves, and Netherland, Sewell, who also serves as Evergreen s independent reservoir engineer, met with Pioneer s technical team regarding Evergreen s reserves. Messrs. Withrow and Dove initiated general discussions with Mr. Smith and the Transactions Committee regarding the terms of a business combination between Pioneer and Evergreen. In addition, Pioneer engaged JPMorgan as its financial advisor. Pioneer s technical teams continued their internal evaluations and developed presentations which were shared with Pioneer s board of directors on Friday, April 16, 2004.

On April 12, 2004, the Transactions Committee met to consider the engagements of Citigroup and Baker Botts L.L.P. and retained Baker Botts L.L.P. as legal counsel.

On April 15, 2004, EnCana Corporation and Tom Brown, Inc., both oil and gas exploration and production companies, announced that they had entered into an agreement to sell Tom Brown, Inc. to EnCana Corporation for cash. The stock prices of many exploration and production companies rose significantly from April 6, 2004, the day before the announcement of the Kerr-McGee Corporation/ Westport Resources Corporation proposed business combination, to April 16, 2004, the day after the announcement of the Tom Brown, Inc./EnCana Corporation transaction. Evergreen s stock price rose $6.62 per share during this period, from a closing price of $35.08 on April 6, 2004 to a closing price of $41.70 on April 16, 2004.

On Friday, April 16, 2004, a telephonic meeting of Pioneer s board of directors was held to review the due diligence progress during the previous week and to receive both an internal evaluation and an evaluation from Netherland, Sewell of Evergreen s proved reserves. Pioneer s board of directors also received a report from JPMorgan outlining its work plan for arriving at a fairness opinion on the transaction, and its expected scope of work and involvement in Pioneer s financial strategy and impact analysis. The Pioneer board of directors instructed Mr. Sheffield not to participate actively in the negotiations with Evergreen on material business points and appointed Messrs. Withrow and Dove as the primary negotiators with Evergreen regarding a potential business combination. Pioneer s board of directors instructed Messrs. Withrow and Dove to proceed with negotiations with Evergreen in New York, New York the following week.

On April 19, 2004, members of the Transactions Committee met with Mr. Ryan, Evergreen management, representatives of Citigroup and Baker Botts L.L.P. to discuss the possible transaction and the strategy for meeting with Pioneer the following day. The Transactions Committee discussed negotiating a transaction that would deliver value of $40.00 per share or higher to Evergreen stockholders. The Transactions Committee agreed to engagement terms with Citigroup and retained Citigroup as its exclusive financial advisor effective as of April 12, 2004.

Messrs. Dove and Withrow, along with Rich Dealy and Paul Lee of Pioneer, traveled to New York, New York on April 19, 2004, taking with them extensive modeling and financial information related to a possible business combination. The group met with Mr. Sheffield for lunch and discussed the modeling results, the schedule for meetings for the remainder of the week and the strategy for proceeding. The group then spent the afternoon with JPMorgan reviewing the models and financial information and furnishing the same to JPMorgan for its own analysis. Messrs. Dove and Withrow had a discussion with Messrs. Sexton, Carlton and Collins and the Transactions Committee late in the evening to discuss generally due diligence and valuation results to date and the schedule and framework for further negotiations.

The following morning, April 20, 2004, Messrs. Dove, Withrow, Dealy and Lee returned to the offices of JPMorgan and continued discussions on financial analysis of a possible business combination and negotiating and financing strategy.

On April 20, 2004, the Transactions Committee invited Mr. Ryan to join the Transactions Committee, subject to board of directors approval. The Transactions Committee then met with Messrs. Dove, Withrow, Dealy and Lee to discuss valuation and the structure of a possible transaction. An offer price of $37.50 was discussed by Mr. Dove at this meeting. Subsequently, the Transactions Committee met with representatives of Citigroup and Messrs. Collins and Carlton to discuss valuations and negotiation strategy. After this meeting, the Transactions Committee again met with Pioneer executives to further discuss a possible transaction.

On Wednesday, April 21, 2004, the Transactions Committee again met with Messrs. Dove and Withrow and continued negotiations.

Messrs. Dove and Withrow returned to Pioneer s Irving, Texas offices and the next morning, Thursday, April 22, 2004, a telephonic meeting of the Pioneer board of directors was convened. Messrs. Dove and Withrow reviewed their recent meeting with the Transactions Committee in New York and Mr. Withrow also updated Pioneer s board of directors on the status of the merger agreement, which was being negotiated by him and Vinson & Elkins L.L.P. for Pioneer and the Transactions Committee and Baker Botts L.L.P. for Evergreen. The board of directors then received updates from both Netherland, Sewell and Pioneer s technical team on the analysis of Evergreen s reserves and asset base, and Mr. Dove then presented to the directors combination modeling, sensitivity analysis and recent transaction comparisons. The board of directors, other than Mr. Sheffield, then met separately with Messrs. Dove and Withrow to further discuss the status of negotiations, financial metrics and net asset value. After considerable discussion, the board of directors again authorized Messrs. Dove and Withrow to continue negotiations.

On April 23, 2004, representatives of Citigroup met with the Transactions Committee to discuss Citigroup s preliminary financial analyses. Later that day the Transactions Committee by teleconference updated the Evergreen board of directors on the status of negotiations. Mr. Smith continued to have discussions with Messrs. Dove and Withrow as well as with representatives of Citigroup and Evergreen management throughout the day. Pioneer s environmental due diligence team continued to work through the weekend and furnished periodic reports to Messrs. Dove and Withrow and other members of Pioneer management.

On April 26, 2004, Mr. Smith had a brief discussion with Mr. Dove and subsequently updated the Transactions Committee and Evergreen management on the status of negotiations. One issue that emerged between the parties was the low valuation placed on Evergreen s undeveloped Kansas properties by Pioneer compared to Evergreen s valuation. Merger agreement drafting and negotiations continued.

On April 27, 2004, the Transactions Committee conferred and Mr. Smith traveled to Pioneer s Irving, Texas office to discuss open business issues with Messrs. Dove and Withrow. The parties discussed the possibility of spinning off Evergreen s Kansas properties to Evergreen stockholders just prior to the merger and the related business issues associated with establishing a new independent public company to develop the Kansas properties. They also discussed justification for a range of termination fees should acceptable business combination terms be reached. Mr. Smith briefed the Transactions Committee on the discussions at the end of the day.

On April 28, 2004, the Transactions Committee reported on the open issues to the Evergreen board of directors, including (1) whether the basic structure of the transaction would be a one-half cash and one-half stock merger whereby Evergreen stockholders could elect to receive all cash or all stock, subject to prorations, (2) the form of consulting and non-compete agreements for the three top Evergreen executives, (3) employee compensation, termination and benefit matters for continuing employees, (4) the terms and amount of the termination fee, (5) the closing conditions, (6) whether a spin-off of the Kansas properties could be used as a means of bridging the difference of views on valuation and (7) the price.

Also on April 28, 2004, Messrs. Dove and Dealy of Pioneer traveled to New York, New York and met with Standard & Poor s to discuss the impact of the proposed transaction on Pioneer s investment grade debt rating.

On the evening of April 29, 2004, Messrs. Dove, Dealy and Lee held a telephonic meeting with Moody s to advise them of the proposed transaction and discuss any resulting impact on Pioneer s investment grade debt rating. Also on April 29, 2004, Mr. Withrow continued negotiations on the merger agreement and a telephonic meeting of Pioneer s board of directors was held. The board of directors heard from Messrs. Dove and Withrow about the Kansas spin-off structure. They also received an updated report from Netherland, Sewell and Pioneer s technical team on Evergreen s reserves, and a report on the results of Pioneer s environmental due diligence efforts. Messrs. Dove and Dealy gave the board of directors their view of the reactions to the proposed transaction by both ratings agencies. A hedging strategy was approved for the transaction and a preliminary fairness opinion presentation was given by JPMorgan. Mr. Withrow reviewed with the board of directors the terms of the merger agreement and the issues still outstanding. Messrs. Dove and Withrow were again authorized to continue to negotiate with Evergreen to narrow the remaining issues and resolve the Kansas spin-off issue.

On April 29, 2004, Mr. Smith and Mr. Clark briefed the top Evergreen executives on the status of discussions and solicited input and recommendations.

On April 30, 2004, the Transactions Committee met in Denver, Colorado, followed by a meeting of the entire Evergreen board of directors (except Mr. Sheffield). Representatives of Citigroup discussed its financial analyses based on the status of negotiations to date. Mr. Smith discussed the open points of negotiations. Joel Swanson of Baker Botts L.L.P. made a presentation on director fiduciary duties and summarized the terms of the draft merger agreement. During temporary recesses, the Transactions Committee and/or Mr. Smith conducted telephone negotiations with Mr. Dove, Mr. Withrow and other Pioneer executives in an effort to narrow the open issues between the parties, including price. Evergreen and Pioneer were unable to reach agreement and the Evergreen board of directors recessed in order to see if negotiations could be concluded over the weekend or early the following week.

On May 3, 2004, Mr. Smith and various members of the Transactions Committee had several extended negotiating calls with Messrs. Dove and Withrow regarding open issues, including price, and ultimately reached a consensus that evening. Mr. Sexton reconvened the recessed board of directors meeting and Mr. Smith reconvened the Transactions Committee meeting. Mr. Smith discussed the resolution of his discussions with Pioneer. A representative of Citigroup reviewed its material financial analyses performed in connection with the preparation of its opinion and rendered its oral opinion, which was subsequently confirmed in writing, that, as of May 3, 2004, and based on and subject to the matters set forth in the opinion (see The Merger Opinion of Evergreen s Financial Advisor) that the merger consideration to be received by holders of Evergreen common stock in the merger was fair from a financial point of view to the holders of Evergreen common stock. Mr. Swanson of Baker Botts L.L.P. again summarized the fiduciary duties of Evergreen directors. The Transactions Committee then unanimously resolved that it found the merger and other transactions contemplated by the merger agreement to be advisable and in the best interests of Evergreen and its stockholders and recommended that the board of directors approve and adopt the merger and the merger agreement. The board of directors then unanimously (except for Mr. Sheffield, who recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken) resolved that the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of Evergreen and its stockholders and approved and adopted the merger and the merger agreement.

On the evening of May 3, 2004, a telephonic Pioneer board of directors meeting was held and Messrs. Dove and Withrow explained the final negotiated financial terms, the handling of the Kansas properties and the resolution of the outstanding merger agreement issues. Mr. Sheffield did not participate in the meeting. JPMorgan rendered its oral opinion that, as of that date, the aggregate consideration to be paid by Pioneer in the merger was fair, from a financial point of view, to Pioneer. See The Merger Opinion of Pioneer s Financial Advisor.

After discussion, the Pioneer board of directors unanimously (except for Mr. Sheffield, who recused himself from voting with respect to these matters and did not participate in the meeting in which such vote was taken) approved the transaction, subject to finalizing the merger agreement with terms

Table of Contents

substantially as presented and satisfactory to Mr. Withrow and Pioneer management. Mr. Withrow and Vinson & Elkins L.L.P. then worked throughout the night with Baker Botts L.L.P. and members of the Transactions Committee to negotiate and finalize the merger agreement, which was signed by both parties before 7:00 a.m. on Tuesday, May 4, 2004.

Recommendation of Pioneer s Board of Directors and Reasons for the Merger

At its meeting on May 3, 2004, after due consideration, the Pioneer board of directors unanimously, except for Scott Sheffield, who recused himself from voting and did not participate in the meeting in which such vote was taken, adopted resolutions (i) determining that the merger agreement, the merger in accordance with the terms of the merger agreement, the issuance of shares of Pioneer common stock pursuant to the merger, and the other transactions contemplated by the merger agreement are advisable and in the best interests of Pioneer and its stockholders, (ii) approving the merger agreement, the merger and the other transactions contemplated by the merger agreement and approving the issuance of Pioneer common stock pursuant to the merger, and (iii) recommending that the Pioneer stockholders vote FOR the approval of the issuance of shares of Pioneer common stock in the merger.

In reaching its decision to approve entering into the merger agreement and to recommend the approval by Pioneer stockholders of the issuance of Pioneer common stock in connection with the merger, the Pioneer board of directors considered several factors, including:

the oral opinion delivered by JPMorgan on May 3, 2004, and subsequently confirmed in writing that, as of that date and based on and subject to the matters set forth in the opinion, the consideration to be paid by Pioneer in the merger was fair from a financial point of view to Pioneer;

the terms of the merger agreement and the structure of the transaction, including the conditions to each company s obligations to complete the merger;

the fact that the merger agreement requires Pioneer to pay a termination fee of $35 million if the merger agreement is terminated in accordance with applicable provisions of the merger agreement;

the ability of Pioneer and Evergreen to complete the merger, including their ability to obtain the necessary regulatory approvals and their obligations to attempt to obtain those approvals;

the terms of the commitment agreement with JPMorgan Chase Bank to finance the cash portion of the merger consideration;

the fact that the merger creates a new core area for Pioneer in the Rocky Mountains, increasing Pioneer s proved reserves by approximately one-third, increasing North American reserves from 81% to 86%, and increasing gas reserves from 46% to 60%;

the fact that Evergreen s long-lived natural gas reserves provide a significant inventory of low-risk drilling opportunities, consisting of approximately 2,000 low-risk onshore drilling locations that will balance Pioneer s portfolio of high-impact, high-return drilling and exploration projects;

the fact that Evergreen s Canadian assets are complementary to Pioneer s existing Canadian assets, which will enhance Pioneer s Canadian asset portfolio and facilitate the integration of Pioneer s and Evergreen s businesses;

the fact that Evergreen agreed to place substantial hedges on its 2004 and 2005 forecasted gas production, which will protect the economics of the merger;

the expectation that Pioneer will benefit from sharing with Evergreen, Pioneer s extensive expertise in operating in the Gulf of Mexico and the Gulf Coast, as well as from utilizing its tight gas and supply chain expertise that it gained in connection with the development of its core domestic fields in further developing Evergreen s Rocky Mountain assets;

Pioneer s belief that it can achieve annual pre-tax cost savings in excess of $8 million subsequent to the merger;

the fact that the combined company will be significantly larger than Pioneer is now and, as a result, Pioneer should have greater exploration, production and marketing strengths, should have greater liquidity in the market for its securities and should be able to consider future strategic transactions that would not otherwise be possible;

information concerning the financial condition, results of operations, prospects and businesses of Pioneer and Evergreen, including the respective companies reserves, production volumes, cash flows from operations, recent performance of common stock and the ratio of Pioneer s common stock price to Evergreen s common stock price over various periods, as well as current industry, economic and market conditions;

the net asset value per share of the common stock of both Evergreen and Pioneer; and

the results of business, legal and financial due diligence investigations of Evergreen conducted by Pioneer s management and legal and financial advisors.

Each of these factors favored Pioneer s board of directors conclusion that the merger is advisable and in the best interests of the Pioneer stockholders. The board of directors relied on Pioneer and Evergreen management teams to provide accurate and complete financial information, projections and assumptions as the starting point for its analysis.

Pioneer s board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the transactions contemplated by it, including the merger. These factors included:

the fact that there are significant risks inherent in combining and integrating two companies, including that the companies may not be successfully integrated, and that successful integration of the companies will require the dedication of significant management resources, which will temporarily detract attention from the day-to-day businesses of the combined company;

the fact that a large portion of the total merger consideration is expected to be allocated to Evergreen s unproved acreage, and there is always uncertainty in successfully developing such acreage into proved reserves;

the effects on net asset value, cash flows from operations and other financial measures under some modeling assumptions, and the uncertainties in timing with respect to some anticipated benefits of the merger;

the risk of changes in commodity prices from those used to evaluate the merger;

the increased level of indebtedness that Pioneer would have to incur in order to finance the merger;

the fact that the capital requirements necessary to achieve the expected growth of the combined company s businesses will be significant, and the fact that the combined company would have had total long-term debt of $2.6 billion on a pro forma basis as of March 31, 2004; and

the fact that the merger might not be completed as a result of a failure to satisfy the conditions contained in the merger agreement.

This discussion of the information and factors considered by Pioneer s board of directors in reaching its conclusions and recommendations includes all of the material factors considered by Pioneer s board of directors but is not intended to be exhaustive. In view of the wide variety of factors considered by Pioneer s board of directors in evaluating the merger agreement and the transactions contemplated by it, including the merger, and the complexity of these matters, Pioneer s board of directors did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weight to those factors. In addition, different members of Pioneer s board of directors may have given different weight to different factors.

The foregoing description of Pioneer s considerations relating to the merger is forward-looking in nature. This information should be read in light of the factors discussed in Cautionary Statement Concerning Forward-Looking Statements on page 38.

Recommendation of Evergreen s Board of Directors and Reasons for the Merger

At its meeting on May 3, 2004, after due consideration, the Evergreen board of directors unanimously, except for Scott Sheffield, who recused himself from voting and did not participate in the meeting in which such vote was taken, adopted resolutions (i) determining that the merger agreement, the merger in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Evergreen and its stockholders, (ii) approving and adopting the merger agreement and the merger and the other transactions contemplated by the merger agreement, and (iii) recommending that the Evergreen stockholders vote FOR the approval of the merger agreement.

In reaching its decision to recommend approval of the merger agreement and approval of the merger to the Evergreen board of directors, the Transactions Committee considered, and in reaching its determination, the Evergreen board of directors considered, several factors, including:

- the oral opinion delivered by Citigroup on May 3, 2004, subsequently confirmed in writing, that, as of that date and based on and subject to the matters set forth in the opinion, the merger consideration to be received by holders of Evergreen common stock in the merger was fair from a financial point of view to the holders of Evergreen common stock;

- the fact that the strategic merger afforded the opportunity for Evergreen stockholders to realize a substantial portion of the value of Evergreen s long-lived assets while providing Evergreen stockholders with access to Pioneer s high-impact projects;

- the fact that the corporate cultures of Evergreen and Pioneer were similar and would, in the Transactions Committee s opinion, allow Evergreen s stockholders to continue to participate in the value creation fostered by the Evergreen employees in the past;

- the fact that, in the Transactions Committee s view, the market had already put an acquisition premium on Evergreen s stock trading value reflecting the recently announced Tom Brown Inc. and Westport Resources Corporation proposed acquisitions by EnCana Corporation and Kerr-McGee Corporation, respectively;

- the fact that for Evergreen to grow as rapidly as in the past, it might be required to expand its resources, staff and expertise into other areas, including international operations, at a time when attractive properties are becoming harder to find and also considering the prior difficulties Evergreen experienced in expanding internationally;

- the fact that increasing regulation applicable to public companies had placed a burden on Evergreen with its relatively lean corporate staff;

- the terms of the merger agreement that permit the board of directors and the Transactions Committee to explore under certain circumstances an unsolicited acquisition proposal that the board of directors or the Transactions Committee concludes is, or is reasonably likely to result in, a superior offer from a financial point of view to Evergreen stockholders;

- the terms of the merger agreement that permit the board of directors to change or withdraw its recommendation to Evergreen stockholders of the merger or to terminate the merger agreement if the board of directors determines that an unsolicited acquisition proposal is deemed a superior offer for Evergreen from a financial point of view;

- the fact that the $35 million termination fee is less than 2% of Evergreen s enterprise value, which in the opinion of the Transactions Committee and the board of directors is not too high a hurdle to discourage a seriously interested acquiror;

- the fact that Pioneer has agreed to hire substantially all of Evergreen s employees other than the top three executive officers and that equivalent employee benefits will be substantially continued; and

- the availability of appraisal rights under Colorado law to holders of Evergreen common stock who dissent from the merger, which provides stockholders who dispute the fairness of the merger with an opportunity to have a court determine the fair value of their shares.

Each of these factors favored the Transactions Committee s conclusion that the merger is advisable and in the best interests of the Evergreen stockholders.

The Transactions Committee, as well as the Evergreen board of directors, relied on Evergreen and Pioneer management teams to provide accurate and complete financial information, projections and assumptions as the starting point for its analysis.

The Transactions Committee also considered a variety of risks and other potentially negative factors concerning the merger agreement and the transactions contemplated by it, including the merger. These factors included:

- the fact that the valuation of the consideration in the strategic merger based on current stock market prices reflected no premium to the current market valuation of shares of Evergreen common stock;

- the fact that approximately half of the consideration to Evergreen stockholders would be cash and that the future participation of such stockholders to any benefit associated with potentially higher energy prices will be diminished;

- the fact that certain management stockholders may have interests that are different from those of the remaining stockholders as described under Interests of Evergreen s Directors and Management in the Merger;

- the fact that the board of directors had decided not to conduct an open auction process;

- the fact that the merger agreement imposed limitations on the ability of Evergreen to solicit other offers as well as the possibility that Evergreen could be required to pay a termination fee of $35 million to accept a higher offer;

- the fact that for U.S. federal income tax purposes, the cash portion of the merger consideration would be taxable to stockholders to the extent they receive cash;

- the possibility that if the price of Pioneer common stock fell significantly before the closing of the merger, the entire consideration received by Evergreen stockholders could be taxable; and

- other matters described under the caption Risk Factors.

In the Transactions Committee s view, the principal advantage of Evergreen continuing as a public company would be to allow its stockholders to continue to participate in any growth in the value of Evergreen s equity. However, the Transactions Committee concluded that under all of the relevant circumstances, the value to stockholders that would be achieved by continuing as a public company was not likely to be as great as under the merger and, accordingly, rejected that alternative.

This discussion of the information and factors considered by the Transactions Committee in reaching its conclusions and recommendations includes all of the material factors considered by the Transactions Committee but is not intended to be exhaustive. In view of the wide variety of factors considered by the Transactions Committee in evaluating the merger agreement and the transactions contemplated by it, including the merger, and the complexity of these matters, the Transactions Committee did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weight to those factors. In addition, different members of the Transactions Committee may have given different weight to different factors.

Table of Contents

The Transactions Committee believes that sufficient procedural safeguards were and are present to ensure the fairness of the merger and to permit the Transactions Committee to represent effectively the interests of Evergreen stockholders. These procedural safeguards include the following:

the Transactions Committee s active and intense negotiations with Pioneer regarding the merger consideration and the other aspects of the merger and the merger agreement;

other than the indemnification rights under the merger agreement and the acceleration of restricted stock awards and options under the terms of Evergreen s benefit plans, no member of the Transactions Committee, except Mr. Lundquist (who will be joining Pioneer s board), has an interest in the merger different from that of Evergreen s stockholders and any stock options or awards of restricted stock members of the Transactions Committee hold will receive the same consideration in the merger as Evergreen stockholders;

the continuation of Messrs. Sexton and Lundquist as directors of Pioneer following the merger, which the Transactions Committee believed would help foster the continuing consideration of the interests of former Evergreen stockholders;

the Transactions Committee excluded Mr. Sexton from active participation in the negotiations of material business points and was informed by Pioneer and believed that Pioneer excluded Scott Sheffield, Chairman of the Board, President and Chief Executive Officer of Pioneer, from active participation in the negotiations on material business points, in each case, because of the friendship of Mr. Sexton and Mr. Sheffield and the fact that Mr. Sheffield was a director of Evergreen, which created the appearance of a potential conflict of interest;

Mr. Ryan s position as holder of a total of 1,329,080 shares of Evergreen common stock, including shares issuable under stock option agreements (approximately 3% of outstanding shares), which aligns his interests with other stockholders;

Evergreen retained on behalf of the Transactions Committee, and the Transactions Committee received the advice and assistance of, Citigroup as the Transactions Committee s financial advisor and Baker Botts as the Transactions Committee s legal advisor, and the Transactions Committee requested and received from Citigroup an opinion as to the fairness, from a financial point of view, to the holders of Evergreen common stock of the merger consideration to be received by the holders of Evergreen common stock in the merger. Each of these advisors has extensive experience in transactions similar to the merger;

the recognition by the Transactions Committee that it had no obligation to recommend the approval of the merger or any other transaction;

the recognition by the Transactions Committee that it may consider superior proposals; and

the availability of appraisal rights under Colorado law for Evergreen s stockholders who oppose the merger, which rights are described under Dissenters Rights of Appraisal of Evergreen Stockholders.

The foregoing description of Evergreen s considerations relating to the merger is forward-looking in nature. This information should be read in light of the factors discussed Cautionary Statement Concerning Forward-Looking Statements.

Opinion of Pioneer s Financial Advisor

Pioneer retained JPMorgan as its exclusive financial advisor in connection with the merger and to render an opinion to the Pioneer board of directors as to the fairness, from a financial point of view, to Pioneer of the aggregate consideration to be paid by Pioneer in the merger. JPMorgan was selected by the Pioneer board of directors based on JPMorgan s qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions, in general, and oil and gas transactions in particular. JPMorgan rendered its oral opinion to the Pioneer board of directors on May 3,

2004 (as subsequently confirmed in writing in an opinion dated May 4, 2004) that, as of that date, the aggregate consideration to be paid by Pioneer in the merger was fair, from a financial point of view, to Pioneer. The amount of the merger consideration was determined through arm s length negotiations between Pioneer and Evergreen and not as a result of recommendations by JPMorgan.

The full text of JPMorgan s opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan. The opinion is attached as Annex B and is incorporated by reference in this joint proxy statement/ prospectus. JPMorgan s opinion is directed only to the fairness, from a financial point of view, to Pioneer of the merger consideration and does not address any other aspect of the merger or any related transaction. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to Pioneer or the underlying business decision of Pioneer to engage in the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to any matters relating to the merger. Pioneer did not provide specific instructions to, or place any limitations on, JPMorgan with respect to the procedures to be followed or factors to be considered by it in performing its analyses or providing its opinion. You are urged to read this opinion carefully in its entirety. The summary of JPMorgan s opinion below is qualified in its entirety by reference to the full text of JPMorgan s opinion.

In furnishing its opinion, JPMorgan did not admit that it is an expert within the meaning of the term expert as used in the Securities Act, nor did it admit that its opinion constitutes a report or valuation within the meaning of the Securities Act.

In connection with its review of the merger, and in arriving at its opinion, JPMorgan, among other things:

reviewed a draft dated May 3, 2004 of the Agreement and Plan of Merger;

reviewed certain publicly available business and financial information concerning Pioneer and Evergreen and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain similar transactions involving companies JPMorgan deemed relevant and the consideration received for such companies;

compared the financial and operating performance of Pioneer and Evergreen with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of Pioneer common stock and Evergreen common stock and certain publicly-traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by the managements of Pioneer and Evergreen relating to their respective businesses, as well as reviewed the estimated amount and timing of cost savings and related expenses and synergies expected to result from the merger (the Synergies) supplied by the management of Pioneer;

reviewed oil and gas reserve reports for Pioneer and Evergreen prepared by Pioneer and Evergreen and audited by independent petroleum engineers (the Reserve Reports); and

performed such other financial studies and analyses and considered such other information as JPMorgan deemed appropriate for the purposes of the opinion.

In addition, JPMorgan held discussions with certain members of the management of Pioneer and Evergreen with respect to certain aspects of the merger, the past and current business operations of Pioneer and Evergreen, the financial condition and future prospects and operations of Pioneer and Evergreen, the effects of the merger on the financial condition and future prospects of the combined company and certain other matters JPMorgan believed necessary or appropriate to its inquiry.

In giving its opinion, JPMorgan relied upon and assumed, without independent verification, the accuracy and completeness of all information that was publicly available or was furnished to it by Pioneer

and Evergreen or otherwise reviewed by it and JPMorgan did not assume any responsibility or liability therefor. JPMorgan did not conduct any valuation or appraisal of any assets or liabilities, nor were any such valuations or appraisals provided to JPMorgan other than the Reserve Reports.

In relying on financial analyses and forecasts provided to JPMorgan, including the Synergies, JPMorgan assumed that they had been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Pioneer and Evergreen to which such analyses or forecasts related. JPMorgan assumed that the merger would qualify as a tax-free reorganization for United States federal income tax purposes, and that the other transactions contemplated by the merger agreement would be consummated as described in the merger agreement. JPMorgan relied as to all legal matters relevant to rendering its opinion upon the advice of counsel. JPMorgan also assumed that the definitive merger agreement would not differ in any material respects from the draft thereof furnished to it. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any adverse effect on Pioneer or Evergreen or on the contemplated benefits of the merger.

JPMorgan s opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. It should be understood that subsequent developments may affect JPMorgan s opinion and JPMorgan does not have any obligation to update, revise or reaffirm its opinion. JPMorgan expresses no opinion as to the price at which the Pioneer common stock or the Evergreen common stock will trade at any future time.

Summary of Financial Analyses of Pioneer s Financial Advisor

In connection with rendering its opinion to the Pioneer board of directors, JPMorgan performed a variety of financial and comparative analyses, including those described below. The preparation of a fairness opinion is a complex process and involves various judgments and determinations as to the most appropriate and relevant assumptions and financial analyses and the application of these methods to the particular circumstances involved. Fairness opinions are therefore not necessarily susceptible to partial analysis or summary description.

Accordingly, JPMorgan believes that the analyses it performed and the summary set forth below must be considered as a whole and that selecting portions of its analyses and factors, or focusing on information in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying the analyses performed by JPMorgan in connection with its opinion. In arriving at its opinion, JPMorgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, JPMorgan arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole, and believes that the totality of the factors considered and analyses it performed in connection with its opinion operated collectively to support its determination as to the fairness of the merger consideration from a financial point of view.

In performing its analysis, JPMorgan considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Pioneer and Evergreen. The analyses performed by JPMorgan are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by the analyses. The analyses were prepared solely as part of JPMorgan s analysis of the fairness, from a financial point of view, to Pioneer of the merger consideration. Additionally, the analyses performed by JPMorgan relating to the values of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be acquired or sold.

JPMorgan s opinion and financial analyses were only one of many factors considered by the Pioneer board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the Pioneer board of directors or management with respect to the merger or the merger consideration.

Table of Contents

The following is a summary of the material financial analyses performed by JPMorgan in connection with providing its oral opinion to the Pioneer board of directors on May 3, 2004. Some of the summaries of the financial analyses include information presented in tabular format. To fully understand the financial analyses, the tables should be read together with the text of each summary. Considering the data set forth in the tables without considering the narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses.

Historical exchange ratio analysis

JPMorgan carried out a historical exchange ratio analysis to examine how the ratio of the respective Pioneer and Evergreen share prices had changed over the course of the previous six months. JPMorgan calculated the exchange ratio by dividing Evergreen s closing share price by Pioneer s closing share price on a daily basis.

JPMorgan calculated average exchange ratios for particular time periods.

	Average Exchange Ratio
Current	1.212x
One week	1.219x
1-month	1.152x
3-month	1.081x
6-month	1.058x
High	1.227x
Low	0.980x

Based on JPMorgan s six-month exchange ratio analysis, the exchange ratio varied from a low of 0.980x to a high of 1.227x. JPMorgan noted that the merger exchange ratio of 1.1635x and the implied exchange ratio based on the total merger consideration of 1.1739x fall within this range.

Precedent corporate transaction analysis

Using publicly available information, JPMorgan examined selected precedent corporate transactions. JPMorgan calculated the purchase price in the selected transactions as a multiple of one-year forward cash flow for the target in each selected transaction. JPMorgan also calculated the transaction value in the selected transactions as multiples of one-year forward EBITDAX defined as earnings before interest, taxes, depletion, depreciation, amortization, and exploration expense and current proved reserves as of the latest fiscal year-end for the target in each selected transaction. In performing its analyses, JPMorgan considered First Call consensus estimates (Street Consensus) and management estimates adjusted to reflect consensus commodity prices (Management Street Pricing) for cash flow and EBITDAX. Proved reserves for Evergreen and Pioneer were based on the latest fiscal year-end.

Among other factors, JPMorgan noted that the merger and acquisition transaction environment varies over time because of macroeconomic conditions such as fluctuations in interest rates, commodity prices, equity markets, industry results and growth expectations.

The precedent transactions examined with respect to Evergreen s valuation were as follows: EnCana/Tom Brown, Kerr-McGee/Westport Resources, Evergreen Resources/Carbon Energy, Kerr-McGee/HS Resources, Williams/Barrett Resources, and Marathon/Pennaco.

The precedent transactions examined with respect to Pioneer s valuation were as follows: EnCana/Tom Brown, Kerr-McGee/Westport Resources, Unocal/Pure Resources, Dominion/Louis Dreyfus Natural Gas, Devon Energy/Mitchell Energy, Kerr-McGee/HS Resources, Williams/Barrett Resources, Devon Energy/Santa Fe, and Anadarko Petroleum/Union Pacific Resources.

Table of Contents

JPMorgan reviewed the multiples obtained from these groups of transactions and applied its judgment to estimate valuation multiple reference ranges for Pioneer and Evergreen. JPMorgan noted that none of the selected precedent transactions is either identical or directly comparable to the proposed transaction and that any analysis of selected precedent transactions necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition values of the companies concerned.

The tables below include reference multiple ranges selected by JPMorgan based on a review of the comparable transaction multiples.

Evergreen

			Equity Value/ Share			
	Reference Range		Street Consensus		Management Street Pricing	
	Low	High	Low	High	Low	High
Equity value/ 2004E cash flow	9.0x	12.0x	$37.36	$49.69	$35.95	$47.81
Firm value/ 2004E EBITDAX	9.0x	11.0x	$36.55	$45.27	$34.90	$43.24
Firm value/ Proved reserves (mcfe)	$1.30	$1.50	$36.92	$43.00	$36.92	$43.00
Selected value range			**$37.00**	**$46.00**	**$36.00**	**$45.00**

Pioneer

			Equity Value/ Share			
	Reference Range		Street Consensus		Management Street Pricing	
	Low	High	Low	High	Low	High
Equity value/ 2004E cash flow	3.75x	4.75x	$32.95	$41.60	$31.26	$47.81
Firm value/ 2004E EBITDAX	4.75x	5.75x	$33.63	$43.06	$33.15	$43.24
Firm value/ Proved reserves (mcfe)	$1.15	$1.40	$33.11	$38.88	$33.11	$38.88
Selected value range			**$33.00**	**$41.00**	**$33.00**	**$40.00**

By applying the above multiples to the indicated financial and operational metrics, JPMorgan calculated a selected range of implied equity values per share for both Evergreen and Pioneer and used these equity values per share to determine a range of implied exchange ratios. The low end of the implied exchange ratio range is calculated by taking the low end of Evergreen s selected value range and dividing it by the high end of Pioneer s selected value range. The high end of the implied exchange ratio range is calculated by dividing the high end of Evergreen s selected value range by the low end of Pioneer s selected value range. The resulting implied exchange ratio range for the Street Consensus case is equal to 0.902x 1.394x and the resulting implied exchange ratio range for the Management Street Pricing case is equal to 0.900x 1.364x. JPMorgan noted that the merger exchange ratio of 1.1635x and the implied exchange ratio based on the total merger consideration of 1.1739x fall within both of these ranges.

Public market comparables analysis

JPMorgan compared financial, operating and stock market data of Evergreen to corresponding data of the following publicly-traded companies in the oil and gas exploration and production industry: Patina Oil & Gas, Prima Energy, Quicksilver Resources, and Ultra Petroleum. JPMorgan also compared financial, operating and stock market data of Pioneer to corresponding data of the following publicly traded companies in the oil and gas exploration and production industry: Unocal, Kerr-McGee, XTO Energy, EOG Resources, Noble Energy, Newfield Exploration, Pogo Producing, and Forest Oil.

JPMorgan has noted that none of the selected companies is either identical or directly comparable to Pioneer or Evergreen and that any analysis of selected companies necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that

Table of Contents

could affect the public trading of the selected companies. JPMorgan reviewed multiples of estimated cash flow and EBITDAX, and proved reserves obtained from these groups of companies and applied its judgment to estimate valuation multiple reference ranges for Pioneer and Evergreen. JPMorgan considered Street Consensus estimates and Management Street Pricing estimates for cash flow and EBITDAX. Proved reserves for Evergreen and Pioneer were based on the latest fiscal year-end.

Evergreen

			Equity Value/ Share			
	Reference Range		Street Consensus		Management Street Pricing	
	Low	High	Low	High	Low	High
Equity value/ 2004E cash flow	9.0x	11.0x	$37.36	$45.58	$35.95	$43.86
Equity value/ 2005E cash flow	7.5x	9.5x	$36.74	$46.44	$31.21	$39.44
Firm value/ 2004E EBITDAX	9.0x	11.0x	$36.55	$45.27	$34.90	$43.24
Firm value/ 2005E EBITDAX	7.5x	9.5x	$36.07	$46.39	$33.70	$43.40
Firm value/ Proved reserves (mcfe)	$1.30	$1.50	$36.92	$43.00	$36.92	$43.00
Selected value range			**$37.00**	**$45.00**	**$35.00**	**$43.00**

Pioneer

			Equity Value/ Share			
	Reference range		Street Consensus		Management Street Pricing	
	Low	High	Low	High	Low	High
Equity value/ 2004E cash flow	3.75x	4.75x	$32.95	$41.60	$31.26	$39.47
Equity value/ 2005E cash flow	3.75x	4.75x	$33.38	$42.16	$27.11	$34.21
Firm value/ 2004E EBITDAX	4.25x	5.25x	$28.92	$38.34	$28.48	$37.81
Firm value/ 2005E EBITDAX	4.25x	5.25x	$30.36	$40.13	$22.56	$30.49
Firm value/ Proved reserves (mcfe)	$1.15	$1.30	$33.11	$38.88	$33.11	$38.88
Selected value range			**$32.00**	**$40.00**	**$29.00**	**$36.00**

By applying the above multiples to the indicated financial and operational metrics, JPMorgan calculated a selected range of implied equity values per share for both Pioneer and Evergreen and used these equity values per share to determine a range of implied exchange ratios. The low end of the implied exchange ratio range is calculated by taking the low end of Evergreen s selected value range and dividing it by the high end of Pioneer s selected value range. The high end of the implied exchange ratio range is calculated by dividing the high end of Evergreen s selected value range by the low end of Pioneer s selected value range. The resulting implied exchange ratio range for the Street Consensus case is equal to 0.925x 1.406x and the resulting implied exchange ratio range for the Management Street Pricing case is equal to 0.972x 1.483x. JPMorgan noted that the merger exchange ratio of 1.1635x and the implied exchange ratio based on the total merger consideration of 1.1739x fall within both of these ranges.

Net asset valuation analysis

JPMorgan conducted an after-tax net asset valuation analysis of both Pioneer and Evergreen to estimate the net asset value per share for each company. JPMorgan performed its analysis based on a variety of data sources provided by the management of each respective company and certain other publicly available information. JPMorgan relied on the respective reserve reports and economic models provided by the respective managements to generate the estimated cash flows for each respective company. JPMorgan also considered other assets and liabilities including acreage, other tangible assets and working capital.

For Evergreen, JPMorgan used discount rates ranging from 7% to 9% to estimate a range of present values for the future pre-tax cash flows generated by its reserve reports and economic models. Based on

Table of Contents

discussions with Pioneer management, JPMorgan then estimated a value for Evergreen s undeveloped net acreage and other tangible assets. JPMorgan deducted the present value estimates of the future costs of cash taxes, general and administrative expenses, and derivatives contracts using discount rates ranging from 7% to 9%. JPMorgan then deducted the net debt as well as other estimated liabilities and divided by the current diluted shares outstanding. As a result of the calculations described above, JPMorgan estimated the net asset value of Evergreen to range from approximately $1.8 billion to $2.1 billion or $36.00 to $42.00 per share.

For Pioneer, JPMorgan used discount rates ranging from 8% to 10% to estimate a range of present values for the future pre-tax cash flows generated by its reserve reports and economic models. Based on discussions with Pioneer management, JPMorgan then estimated a value for Pioneer s undeveloped net acreage and other tangible assets. JPMorgan deducted the present value estimates of the future costs of cash taxes, general and administrative expenses, and derivatives contracts using discount rates ranging from 8% to 10%. JPMorgan then deducted the net debt as well as other estimated liabilities and divided by the current diluted shares outstanding. As a result of the calculations described above, JPMorgan estimated the net asset value of Pioneer to range from approximately $3.9 billion to $4.5 billion or $31.00 to $36.00 per share.

JPMorgan then used these respective net asset value ranges to estimate a range of implied exchange ratios. The low end of the implied exchange ratio range is calculated by taking the low end of Evergreen s net asset value per share range and dividing it by the high end of Pioneer s net asset value per share range. The high end of the implied exchange ratio range is calculated by dividing the high end of Evergreen s net asset value per share range by the low end of Pioneer s net asset value per share range. The resulting implied exchange ratio range is equal to 1.000x 1.355x. JPMorgan noted that the merger exchange ratio of 1.1635x and the implied exchange ratio based on the total merger consideration of 1.1739x fall within this range.

Merger consequences

In its review of the transaction, JPMorgan considered the financial impact of the transaction to Pioneer. JPMorgan analyzed the proposed transaction with Evergreen and the projected pro forma cash flow per share impact under a variety of scenarios as compared to Pioneer s current standalone operating cash flow per share statistics. JPMorgan also analyzed the pro forma projected balance sheet and credit statistics at the estimated transaction closing date as compared to Pioneer s current balance sheet and credit statistics. In performing its analysis, JPMorgan considered two financial cases: 1) the case provided by Pioneer management based on Pioneer management s estimates adjusted to reflect the then-current NYMEX commodity strip prices (Management NYMEX Pricing) and 2) the Street Consensus case. In performing its analysis, JPMorgan relied on information provided by Pioneer to make the appropriate pro forma merger adjustments for certain assumptions including the pro forma depletion, depreciation, and amortization which is referred to as DD&A rate , the pro forma tax rates and the expected Synergies. JPMorgan also analyzed the financial impact of hedging incremental production on the Street Consensus case. In performing this analysis, JPMorgan considered the financial impact of hedging Evergreen s 2005 gas production at NYMEX strip gas pricing. For the Management Case NYMEX Pricing, JPMorgan assumed that the current Pioneer hedges, provided by Pioneer, remained in place and did not assume incremental hedging. The merger consequences analysis assumes a September 30, 2004 transaction completion date for illustrative purposes and showed that the merger was slightly dilutive to Pioneer s 2004 estimated cash flow per share in each of the Management Case NYMEX Pricing and the Street Consensus case. With respect to Pioneer s 2005 estimated cash flow per share, the analysis showed that the merger was slightly accretive in each of the Management Case NYMEX Pricing and the Street Consensus case.

Miscellaneous

JPMorgan has acted as exclusive financial advisor to Pioneer with respect to the merger. Under the terms of its engagement, Pioneer has agreed to pay JPMorgan customary compensation for its financial

advisory services in connection with the merger. Pioneer has also agreed to reimburse JPMorgan for the reasonable fees of its counsel and other professional advisors, and to indemnify JPMorgan against liabilities, including liabilities under the federal securities laws, relating to or arising out of its engagement as exclusive financial advisor to Pioneer.

JPMorgan, as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

JPMorgan and its affiliates have performed, in the past, certain investment banking and commercial banking services for Pioneer, including acting as joint lead manager in connection with Pioneer s $215 million common equity offering and joint book runner in connection with Pioneer s senior notes offering in April 2002, all for customary compensation. In addition, JPMorgan currently provides commodity trading services to Pioneer, and JPMorgan Chase Bank, one of JPMorgan s affiliates, currently acts as agent bank under Pioneer s $700 million revolving credit facility, all for customary compensation. JPMorgan and its affiliates also expect to provide financing and commodity hedging services to Pioneer in connection with the merger for customary fees. In the ordinary course of its business, JPMorgan and its affiliates may actively trade the debt and equity securities of Pioneer or Evergreen for its own account or for the account of JPMorgan s customers and, accordingly, JPMorgan or its affiliates may at any time hold long or short positions in such securities. JPMorgan also provides research coverage for Pioneer.

Opinion of Evergreen s Financial Advisor

Citigroup was retained to act as financial advisor to the Transactions Committee in connection with the merger. Pursuant to Citigroup s engagement letter agreement with Evergreen, Citigroup rendered to the Transactions Committee and the Evergreen board of directors on May 3, 2004 an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion, to the effect that, as of the date of the opinion and based upon and subject to the considerations and limitations set forth in the opinion, Citigroup s work described below and other factors it deemed relevant, the merger consideration to be received by the holders of Evergreen common stock in the merger was fair, from a financial point of view, to the holders of Evergreen common stock.

The full text of Citigroup s opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex C to this document. The summary of Citigroup s opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **Holders of Evergreen common stock are urged to read Citigroup s opinion carefully and in its entirety.**

Citigroup s opinion was limited solely to the fairness of the merger consideration to be received by the holders of Evergreen common stock in the merger from a financial point of view as of the date of the opinion. Neither Citigroup s opinion nor its related analyses constituted a recommendation of the proposed merger to the Transactions Committee or the Evergreen board of directors. Citigroup makes no recommendation to any stockholder regarding how such stockholder should vote on any matters relating to the merger.

In arriving at its opinion, Citigroup reviewed a draft of the merger agreement, dated May 3, 2004, and held discussions with senior officers, directors and other representatives and advisors of Evergreen and senior officers and other representatives of Pioneer concerning the business, operations and prospects of Evergreen and Pioneer. Citigroup examined publicly available business and financial information relating to Evergreen and Pioneer, as well as financial forecasts and other information and data relating to Evergreen and Pioneer which were provided to or otherwise reviewed by or discussed with Citigroup by the respective managements of Evergreen and Pioneer, including information relating to the potential strategic implications and operational benefits anticipated by the managements of Evergreen and Pioneer to result from the merger. Citigroup also reviewed oil and gas reserve reports for Evergreen prepared by the management of Evergreen and audited by their independent reserve engineers and discussed with

Evergreen management, following Evergreen management s thorough review of, the oil and gas reserve reports for Pioneer prepared by Pioneer and audited by their independent reserve engineers. Citigroup also discussed with the management of Evergreen their estimates of the projected financial performance of the Kansas assets, an analysis of the capital that has been invested in the Kansas assets and other information regarding the Kansas assets prepared by the management of Evergreen. Citigroup reviewed the financial terms of the merger as set forth in the draft merger agreement in relation to, among other things:

- current and historical market prices and trading volumes of Evergreen common stock and Pioneer common stock;
- the historical and projected earnings and other operating data of Evergreen and Pioneer; and
- the capitalization and financial condition of Evergreen and Pioneer.

Citigroup considered, to the extent publicly available, the financial terms of other transactions effected that Citigroup considered relevant in evaluating the merger and analyzed financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Evergreen and Pioneer. Citigroup also evaluated the pro forma financial effects of the merger. In addition to the foregoing, Citigroup conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it. With respect to financial forecasts and other information and data relating to Evergreen and Pioneer provided to or otherwise reviewed by or discussed with it, Citigroup was advised by the respective managements of Evergreen and Pioneer that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Evergreen and Pioneer as to the future financial performance of Evergreen and Pioneer, the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated to result from the merger and the other matters covered thereby and assumed, with the consent of the Evergreen board of directors, that the financial results reflected in such forecasts and other information and data will be realized in the amounts and at the times projected. Citigroup assumed, with the consent of the Evergreen board of directors, that the merger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Evergreen or Pioneer or the contemplated benefits of the merger. Representatives of Evergreen advised Citigroup, and Citigroup assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft reviewed by it. Citigroup also assumed, with the consent of the Evergreen board of directors, that the merger will be treated as a tax-free reorganization for federal income tax purposes.

Citigroup did not express any opinion as to what the value of the Pioneer common stock actually will be when issued pursuant to the merger or the price at which the Pioneer common stock will trade at any time. Citigroup did not make and, other than the reserve reports, was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Evergreen, including the Kansas assets, or Pioneer, nor did Citigroup make any physical inspection of the properties or assets of Evergreen or Pioneer.

Citigroup in the past engaged, on behalf of Evergreen, in discussions with a third party regarding the possible acquisition of Evergreen and Citigroup took such discussions into consideration in its opinion. However, in connection with rendering its opinion, Citigroup was not requested to, and did not, solicit third party indications of interest in the possible acquisition of all or a part of Evergreen, nor was it requested to consider, and its opinion did not address, the relative merits of the merger as compared to any alternative business strategies or transactions that might exist for Evergreen or the effect of any other

Table of Contents

transaction in which Evergreen might engage. Citigroup s opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of its opinion.

In connection with rendering its opinion, Citigroup made a presentation to the Transactions Committee and the Evergreen board of directors on May 3, 2004 with respect to the material financial analyses performed by Citigroup in evaluating the fairness of the merger consideration to holders of Evergreen common stock as of the date of Citigroup s opinion. The following is a summary of that presentation. The summary includes information presented in tabular format. **In order to understand fully the financial analyses used by Citigroup, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.** The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to May 3, 2004, and is not necessarily indicative of current or future market conditions.

Summary of Financial Analyses of Evergreen s Financial Advisor

Based on the closing price of Pioneer common stock on the day prior to announcement of the merger ($33.52), and taking into account the cash payment and cash dividend to be received by holders of Evergreen common stock in the merger, Citigroup calculated the implied value of the merger consideration as of May 3, 2004 to be $39.35 per share of Evergreen common stock without taking into consideration any potential proceeds from the sale of the Kansas assets. Citigroup then compared this implied value to ranges of values of a share of Evergreen common stock derived using four different valuation metrics: a historical stock price analysis, a comparable companies analysis, a precedent transactions analysis and a net asset valuation analysis. The following is a brief description of these analyses.

Historical Stock Price Analysis

Citigroup compared the implied value of the merger consideration ($39.35) with the closing price per share of Evergreen common stock for each day in the one-year period preceding the announcement of the merger. In addition, for reference purposes, Citigroup calculated the premium (or discount) of the implied value of the merger consideration over:

- the average closing price per share of Evergreen common stock for the ten trading-day and thirty trading-day periods prior to the announcement of the merger on May 4, 2004; and

- the closing price per share of Evergreen common stock on May 3, 2004 (the last trading day prior to the announcement date), April 20, 2004 (ten trading days prior to the announcement date), April 14, 2004 (the last trading day prior to the announcement of the EnCana/ Tom Brown merger agreement) and March 22, 2004 (thirty trading days prior to the announcement date).

The following table sets forth the results on this analysis.

	Merger Premium
Average Trading Data:	
(a) Ten trading days	(3)%
(b) Thirty trading days	7 %
Historical Closing Data:	
(a) May 3	(3)%
(b) April 20	(1)%
(c) April 14	12 %
(d) March 22	19 %

Table of Contents

Citigroup noted for reference purposes that approximately 95% of the shares of Evergreen s common stock traded since December 31, 2002 traded at or below the implied value of the merger consideration ($39.35).

Comparable Companies Analysis

Citigroup compared the implied value of the merger consideration ($39.35) with a range of values derived from financial, operating and stock market data and forecasted financial information for selected publicly-traded companies that Citigroup deemed appropriate to similar information for Evergreen. The comparable companies considered by Citigroup were:

XTO Energy Inc.

Ultra Petroleum Corp.

Patina Oil & Gas Corporation

Western Gas Resources, Inc.

Quicksilver Resources Inc.

Prima Energy Corporation

The forecasted financial information used by Citigroup for Evergreen and the selected comparable companies in the course of this analysis was based on information published by certain investment banking firms and First Call Corporation. First Call Corporation compiles summaries of financial forecasts published by various investment banking firms.

For each of the selected comparable companies, Citigroup derived and compared, among other things:

the ratio of closing price per common share of each company as of May 3, 2004 to its estimated cash flow for each of calendar years 2004 and 2005;

the ratio of each company s firm value as of May 3, 2004 to its estimated earnings before interest expense, taxes, depletion, depreciation, amortization and exploration expense (EBITDAX) for each of calendar years 2004 and 2005; and

the ratio of each company s firm value as of May 3, 2004, to the estimated value of its proved reserves as of the end of 2003.

Firm value was calculated as the sum of the value of:

all shares of common stock (or all ordinary shares), assuming the exercise of all in-the-money options, warrants and convertible securities, less the proceeds from such exercise; plus

non-convertible indebtedness; plus

non-convertible preferred stock; plus

minority interests; plus

out-of-the-money convertible securities; minus

investments in unconsolidated affiliates and cash.

The following tables set forth the results of this analysis.

	Comparable Companies at May 3, 2004 Closing Price	
	Range	Median
Ratio of Price to:		
(a) Estimated Cash Flow for Calendar Year 2004	6.3x - 19.6x	9.2x
(b) Estimated Cash Flow for Calendar Year 2005	6.1x - 14.7x	8.5x
Ratio of Firm Value to:		
(a) Estimated EBITDAX for Calendar Year 2004	7.0x - 18.9x	8.3x
(b) Estimated EBITDAX for Calendar Year 2005	6.7x - 16.1x	7.6x
(c) Proved Reserves ($/Mcfe)	$ 1.61 - $3.37	$ 1.87

Based on this analysis, Citigroup derived a reference range for the implied equity value of a share of Evergreen common stock of $37.00 to $41.00. Citigroup noted that the implied value of the merger consideration ($39.35) was within this range.

Precedent Transactions Analysis

Citigroup compared the implied value of the merger consideration ($39.35) with a range of values derived from publicly available information for six key merger or acquisition transactions and twenty-one other merger or acquisition transactions announced since December 22, 2000 and June 29, 1998, respectively, that Citigroup deemed appropriate in analyzing the merger. The precedent transactions considered by Citigroup were the following:

Key Transactions

Announcement Date	Acquirer	Target
4/15/2004	EnCana Corporation	Tom Brown, Inc.
4/7/2004	Kerr-McGee Corporation	Westport Resources Corporation
5/14/2003	Tom Brown, Inc.	Matador Petroleum Corporation
5/14/2001	Kerr-McGee Corporation	HS Resources Inc.
5/7/2001	The Williams Companies, Inc.	Barrett Resources Corporation
12/22/2000	Marathon Oil Corporation	Pennaco Energy, Inc.

Other Transactions

Announcement Date	Acquirer	Target
3/31/2003	Evergreen Resources, Inc.	Carbon Energy Corporation
2/24/2003	Devon Energy Corporation	Ocean Energy, Inc.
1/27/2002	EnCana Corporation/PanCanadian Energy Corporation	Alberta Energy Company Ltd.
9/10/2001	Dominion Resources, Inc.	Louis Dreyfus Natural Gas Corp.
9/4/2001	Devon Energy Corporation	Anderson Exploration Ltd.
8/14/2001	Devon Energy Corporation	Mitchell Energy & Development Corp.
6/21/2001	Cabot Oil & Gas Corporation	Cody Company/ Cody Energy LLC
6/19/2001	Hunt Oil Company	Chieftain International, Inc.
6/11/2001	Westport Resources Corporation	Belco Oil & Gas Corp.
3/30/2001	Pure Resources, Inc.	Hallwood Energy Corporation
11/20/2000	Pogo Producing Company	North Central Oil Corporation
10/30/2000	Stone Energy Corporation	Basin Exploration, Inc.
7/10/2000	Forest Oil Corporation	Forcenergy Inc
5/26/2000	Devon Energy Corporation	Santa Fe Snyder Corporation
4/3/2000	Anadarko Petroleum Corporation	Union Pacific Resources Group, Inc.
8/16/1999	Burlington Resources Inc.	Poco Petroleums Ltd.
5/20/1999	Devon Energy Corporation	PennzEnergy Company
1/13/1999	Santa Fe Energy Resources, Inc.	Snyder Oil Corporation
11/24/1998	Ocean Energy, Inc.	Seagull Energy Corporation
10/15/1998	Kerr-McGee Corporation	Oryx Energy Company
6/29/1998	Devon Energy Corporation	Northstar Energy Corporation

With respect to the financial information for the precedent transactions and the companies involved therein, Citigroup relied on information available in public documents. For each precedent transaction, Citigroup derived and compared, among other things, the ratio of the firm value of the acquired company based on the consideration paid or proposed to be paid in the transaction (the transaction value) to:

- the proved reserves of the target company; and
- the EBITDAX of the target company for the last twelve-month period prior to the announcement for which financials results were available.

The following table sets forth the results of this analysis:

	Range	Median
Key Transactions		
Ratio of Transaction Value to:		
(a) Proved Reserves ($/Mcfe)	$1.41-$2.56	$1.74
(b) EBITDAX for last twelve-month period prior to announcement	6.7x-9.5x	9.0x
Other Transactions		
Ratio of Transaction Value to:		
(a) Proved Reserves ($/Mcfe)	$0.91-$2.24	$1.32
(b) EBITDAX for last twelve-month period prior to announcement	4.3x-13.7x	6.4x

Based on the ratios derived for the precedent transactions, Citigroup derived a reference range for the implied equity value of a share of Evergreen common stock of $36.00 to $41.00. Citigroup noted that the implied value of the merger consideration ($39.35) was within this range.

Net Asset Valuation Analysis

Citigroup compared the implied value of the merger consideration ($39.35) with a range of values derived from a valuation of the net assets of Evergreen. The analysis was performed using estimated information for Evergreen, all as provided by Evergreen management. Citigroup calculated net asset values based on three different discount rates and performed them under two future commodity pricing scenarios; the first based on published Wall Street estimates and the second based on published NYMEX Strip estimates. Citigroup performed this analysis both with and without a conversion of the $100 million convertible note.

The following table sets forth the results of this analysis:

	Discount Rate (Weighted Average Cost of Capital)		
	7.5%	**8.5%**	**9.5%**
Wall Street Consensus:			
(a) Conversion	$39.23	$36.32	$33.68
(b) No Conversion	$40.51	$37.33	$34.46
NYMEX Strip:			
(a) Conversion	$52.10	$48.18	$44.64
(b) No Conversion	$54.53	$50.26	$46.40

Based on the net asset valuation analysis, Citigroup derived a reference range for the implied equity value per share of Evergreen common stock assuming conversion of the $100 million note of $34.00 to $39.00. Citigroup noted that the implied value of the merger consideration ($39.35) was above the upper end of this range.

Valuation of Pioneer Common Stock

Citigroup compared the closing price of a share of Pioneer common stock on the day prior to announcement of the merger ($33.52) to ranges of values of a share of Pioneer common stock derived using two different valuation metrics: a comparable companies analysis and a net asset valuation analysis. In addition, Citigroup compared the closing price of the Pioneer common stock on May 3, 2004 to the high and low closing prices of Pioneer common stock in the one-year period prior to the announcement. The following is a brief description of the comparable companies analysis and net asset valuation analysis they undertook.

Comparable Companies Analysis

Citigroup compared the closing price of a share of Pioneer common stock on the day prior to the announcement of the merger ($33.52) with a range of values derived from financial, operating and stock market data and forecasted financial information for selected publicly-traded companies that Citigroup deemed appropriate to similar information for Pioneer. The comparable companies considered by Citigroup were:

Devon Energy Corporation

Anadarko Petroleum Corporation

Apache Corporation

Burlington Resources Inc.

Kerr-McGee Corporation

XTO Energy Inc.

EOG Resources, Inc.

Table of Contents

Chesapeake Energy Corporation

Noble Energy, Inc.

Newfield Exploration Company

Pogo Producing Company

The forecasted financial information used by Citigroup for Pioneer and the selected comparable companies in the course of this analysis was based on information published by certain investment banking firms and First Call Corporation.

For each of the selected comparable companies, Citigroup derived and compared, among other things:

the ratio of closing price per common share of each company as of May 3, 2004, to its estimated cash flow for each of calendar years 2004 and 2005;

the ratio of each company s firm value as of May 3, 2004, to its estimated EBITDAX for each of calendar years 2004 and 2005; and

the ratio of each company s firm value as of May 3, 2004, to the estimated value of its proved reserves as of the end of 2003.

The following tables set forth the results of these analyses:

	Comparable Companies at May 3, 2004 Closing Price	
	Range	**Median**
Ratio of Price to:		
(a) Estimated Cash Flow for Calendar Year 2004	3.5x-6.5x	4.6x
(b) Estimated Cash Flow for Calendar Year 2005	3.6x-6.2x	4.7x
Ratio of Firm Value to:		
(a) Estimated EBITDAX for Calendar Year 2004	4.2x-7.0x	5.0x
(b) Estimated EBITDAX for Calendar Year 2005	4.4x-7.0x	5.3x
(c) Proved Reserves ($/Mcfe)	$1.20-2.80	$1.67

Based on this information, Citigroup derived a reference range for the implied equity value of a share of Pioneer common stock of $33.00 to $42.50. Citigroup noted that the closing price of a share of Pioneer common stock on the day prior to the announcement of the merger ($33.52) was within this range.

Net Asset Valuation Analysis

Citigroup compared the closing price of Pioneer common stock on the day prior to the announcement ($33.52) with a range of values derived from a valuation of the net assets of Pioneer. This analysis was performed using estimated information for Pioneer, all as provided by Pioneer management. Citigroup calculated net asset values based on three different discount rates and performed them under two future commodity pricing scenarios; the first based on published Wall Street estimates and the second based on published NYMEX Strip estimates. Citigroup performed this analysis making certain assumptions regarding the reinvestment of cash flow.

Table of Contents

The following table sets forth the results of this analysis:

	Discount Rate (Weighted Average Cost of Capital)		
	7.5%	**8.5%**	**9.5%**
Wall Street Consensus:			
(a) 5-Yr Free Cash Flow Reinvestment	$35.08	$32.38	$29.94
(b) No 5-Yr Free Cash Flow Reinvestment	$25.98	$23.92	$22.07
NYMEX Strip:			
(a) 5-Yr Free Cash Flow Reinvestment	$46.76	$43.30	$40.19
(b) No 5-Yr Free Cash Flow Reinvestment	$32.51	$30.02	$27.80

Based on the net asset valuation analysis, Citigroup derived a reference range for the implied equity value per share of Pioneer common stock of $30.00 to $35.00. Citigroup noted that the closing price of a share of Pioneer common stock on the day prior to the announcement of the merger ($33.52) was within this range.

Based on the analyses conducted for both Evergreen and Pioneer described above, Citigroup determined that the merger consideration was fair, from a financial point of view, to the holders of Evergreen common stock.

Citigroup s advisory services and opinion were provided for the information of the Transactions Committee and the Evergreen board of directors in their evaluation of the proposed merger and did not constitute a recommendation of the merger to the Transactions Committee or the Evergreen board of directors or a recommendation to any stockholder regarding how such stockholder should vote on any matters relating to the merger.

The preceding discussion is a summary of the material financial analyses furnished by Citigroup to the Transactions Committee and the Evergreen board of directors, but it does not purport to be a complete description of the analyses performed by Citigroup or of its presentation to the Transactions Committee and the Evergreen board of directors. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Citigroup made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give its fairness opinion as described above. Accordingly, Citigroup believes that its analyses, and the summary set forth above, must be considered as a whole, and that selecting portions of the analyses and of the factors considered by Citigroup, without considering all of the analyses and factors, could create a misleading or incomplete view of the processes underlying the analyses conducted by Citigroup and its opinion. With regard to the comparable companies and precedent transactions analyses summarized above, Citigroup selected comparable public companies and precedent transactions on the basis of various factors, including size and similarity of the line of business of the relevant entities; however, no company utilized in these analyses is identical to Evergreen or Pioneer and no precedent transaction is identical to the merger. As a result, these analyses are not purely mathematical, but also take into account differences in financial and operating characteristics of the subject companies and other factors that could affect the merger or public trading value of the subject companies to which Evergreen and Pioneer are being compared.

In its analyses, Citigroup made numerous assumptions with respect to Evergreen, Pioneer, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Evergreen and Pioneer. Any estimates contained in Citigroup s analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Estimates of values of companies do not purport to be appraisals or necessarily to reflect the prices at which companies may actually be sold. Because these estimates are inherently subject to uncertainty, none of Evergreen, Pioneer,

Table of Contents

the Evergreen board of directors, the Pioneer board of directors, Citigroup or any other person assumes responsibility if future results or actual values differ materially from the estimates.

Citigroup s analyses were prepared solely as part of Citigroup s analysis of the fairness of the merger consideration in the merger and were provided to the Transactions Committee and the Evergreen board of directors in that connection. The opinion of Citigroup was only one of the factors taken into consideration by the Evergreen board of directors in making its determination to approve the merger agreement and the merger. See Recommendation of Evergreen s Board of Directors and Reasons for the Merger.

Citigroup is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Evergreen selected Citigroup to act as financial advisor to the Transactions Committee in connection with the merger on the basis of Citigroup s international reputation and Citigroup s familiarity with Evergreen.

Pursuant to its engagement letter with Evergreen, Citigroup will receive a fee for such services, a significant portion of which is contingent upon the consummation of the merger. Citigroup also received a fee in connection with the delivery of its opinion. Citigroup and its affiliates in the past have provided, and are currently providing, services to Evergreen and Pioneer unrelated to the merger, for which services Citigroup and its affiliates have received and expect to receive compensation. In the ordinary course of its business, Citigroup and its affiliates may actively trade or hold the securities of Evergreen and Pioneer for its own account or for the account of its customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citigroup and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Evergreen, Pioneer and their respective affiliates.

Funding Related to the Merger

Pioneer has entered into a commitment agreement with JPMorgan Chase Bank pursuant to which JPMorgan Chase Bank has agreed, subject to execution of a definitive credit agreement and certain other conditions, to advance up to $900 million to Pioneer to fund the cash portion of the merger consideration. It is expected that JPMorgan Chase Bank will syndicate a part of the credit facility to a group of financial institutions. The credit facility will be a senior unsecured revolving credit facility with a one-year term and with other terms and conditions similar to Pioneer s existing $700 million credit facility, except as noted below. It is expected that the loan will bear interest at a rate per annum equal to the London Interbank Offered Rate (2.43% per annum as of June 11, 2004) plus 75 basis points. In addition, there is a commitment fee for the loan equal to 25 basis points.

Until June 2004, Pioneer s credit facility and all senior notes issued by Pioneer have been guaranteed by its subsidiary, Pioneer Natural Resources USA, Inc. By their terms, all these guarantees were released in June 2004 when the lenders under Pioneer s credit facility released Pioneer and Pioneer Natural Resources USA, Inc. from the requirement that Pioneer Natural Resources USA, Inc. guarantee the credit facility.

Interests of Pioneer s Directors and Management in the Merger

In considering the recommendations of the Pioneer board of directors, you should be aware that Scott Sheffield, the Chairman of the Board, President and Chief Executive Officer of Pioneer, has interests in the transaction that are or may be different from, or in addition to, your interests as a Pioneer stockholder. In particular, Mr. Sheffield is a member of Evergreen s board of directors and owes fiduciary duties to Evergreen and its stockholders. Mr. Sheffield also owns 6,400 shares of Evergreen common stock, options to purchase 4,800 shares of Evergreen common stock that are fully exercisable, options to purchase 19,200 shares of Evergreen common stock that are not fully exercisable and a restricted stock award for 9,600 shares of Evergreen common stock. The lapsing of the restrictions applicable to Mr. Sheffield s Evergreen restricted stock award will be accelerated as of the effective time, and all of Mr. Sheffield s unvested options will become fully exercisable as of the effective time. Mr. Sheffield also beneficially owns

Table of Contents

579,917 shares of Pioneer common stock, including 272,000 shares subject to options that are currently exercisable and 133,350 unvested shares of restricted stock.

Interests of Evergreen s Directors and Management in the Merger

In considering the recommendation of the Evergreen board of directors to approve the merger agreement, stockholders of Evergreen should be aware that certain directors and officers of Evergreen, including some officers who are also directors, have certain interests in the merger that are different from, or in addition to, the interests of the stockholders of Evergreen in general.

Acceleration of Vesting of Evergreen Stock Options and Restricted Stock Awards

All outstanding options to purchase shares of Evergreen common stock held by current or former employees, directors or independent contractors of Evergreen will be fully exercisable as of the effective time of the merger. For each Evergreen restricted stock award granted effective as of April 30, 2004, the restrictions applicable to one-third of the shares issuable pursuant to each restricted stock award will lapse at the effective time. For each Evergreen restricted stock award granted prior to April 30, 2004, the lapsing of restrictions applicable to each restricted stock award will accelerate by one year at the effective time. The schedule for lapsing of restrictions applicable to each restricted stock award granted after April 30, 2004, will not change. For each Evergreen restricted stock award to Mark Sexton, President and Chief Executive Officer of Evergreen, Dennis Carlton, Executive Vice President Exploration and Chief Operating Officer of Evergreen, Kevin Collins, Executive Vice President Finance, Chief Financial Officer, Treasurer and Secretary of Evergreen, and the non-employee directors of Evergreen, the restrictions applicable to each restricted stock award will lapse completely as of the effective time. As a result of these provisions, the independent directors will have an aggregate of 134,400 shares subject to options and 67,200 shares issuable pursuant to restricted stock awards whose vesting will be accelerated under the merger agreement. Officers and other employees not covered by change of control agreements will have, in the aggregate, 309,250 shares subject to options accelerated under the merger agreement, 126,297 shares issuable pursuant to restricted stock awards that will become vested at the effective time and 216,719 shares issuable pursuant to restricted stock awards that will remain unvested at the effective time. See Security Ownership of Certain Beneficial Owners and Management Evergreen on page 105.

Consulting and Non-Competition Agreements

In connection with the merger agreement, Pioneer entered into a non-competition agreement with Mark Sexton and consulting and non-competition agreements with Dennis Carlton and Kevin Collins. All three agreements prohibit these individuals from competing against Pioneer in the Raton Basin for a period of one year after the merger. The consulting and non-competition agreements also provide for specified fees to be paid for a period of time following the closing of the merger.

Mr. Carlton is obligated to provide full-time consulting services for six months following the merger, provided that Pioneer may extend the agreement for an additional six months. The compensation for Mr. Carlton is $64,000 per month (which is equal to one-twelfth of his current salary plus his bonus for 2003 paid in 2004). During the initial six-month period, he will be paid even if he is terminated prior to the end of the term.

Mr. Collins is obligated to provide full time consulting services for three months following the merger, provided that Pioneer may extend the agreement for an additional three months. The compensation for Mr. Collins is $59,416 per month (which is one-twelfth of his current salary plus his bonus for 2003 paid in 2004). During the initial three-month period, he will be paid even if he is terminated prior to the end of the term.

Mr. Sexton s non-competition agreement was an inducement for Pioneer to enter into the merger agreement and he will receive no additional compensation under the agreement.

Change in Control Agreements

Effective March 1, 2002, Evergreen entered into change in control agreements with Dennis Carlton, Kevin Collins and Mark Sexton. The terms and conditions of the change in control agreements are identical. Each change in control agreement will continue in effect until the earliest of (i) December 31, 2004 if no change in control has occurred, subject to automatic renewal for additional one-year periods unless Evergreen gives notice to the officer that it does not wish to extend the agreement; (ii) the termination of the officer s employment with Evergreen for any reason prior to the change in control; or (iii) the end of a two-year period following a change in control and the fulfillment by Evergreen and the officer of all obligations under the change in control agreement. Under the terms of each change in control agreement, if a change in control of Evergreen occurs while the officer is an employee of Evergreen, and a qualifying termination of his employment with Evergreen occurs within the 24-month period following the change in control, then the officer is entitled to certain compensation payments and benefits. A qualifying termination means Evergreen s termination of the officer s employment for a reason other than death, disability, retirement or cause (as defined in the agreement), or the officer s termination of his employment for good reason (which includes a material reduction in duties and responsibilities or salary, the failure of Evergreen to continue certain benefits and certain relocations). A change in control is deemed to have taken place upon the occurrence of certain events, including the acquisition by a person or entity of 50% or more of the outstanding common stock of Evergreen, the merger or consolidation of Evergreen with or into another corporation where Evergreen is not the surviving corporation, the sale of all or substantially all of the assets of Evergreen or a change in a majority of the board of directors of Evergreen within a 12-month period. The proposed merger of Evergreen with a wholly-owned subsidiary of Pioneer and related transactions will qualify as a change in control with respect to the change in control agreements.

The change in control agreements provide that, upon a qualifying termination after a change in control, Evergreen will pay a lump-sum cash severance benefit in an amount equal to the sum of (i) three times the executive s average base salary (as defined in the agreement) during two years in the three-year period before termination plus (ii) three times the average annual incentive bonus earned under any incentive bonus plan of Evergreen during two out of the last three years before termination. The change in control agreements also provide that, in the event of a qualifying termination after a change in control, the officer will receive a lump-sum cash amount equal to accrued salary and earned bonus payments, a pro rata portion of the annual bonus for the year of termination and any accrued vacation pay.

In addition, the agreements provide that upon a qualifying termination after a change in control, all Evergreen stock options, stock appreciation rights or similar stock-based awards held by the officer will be accelerated and exercisable in full, and all restrictions on any restricted stock, performance stock or similar stock-based awards granted by Evergreen will be removed and such awards will be fully vested. The officers will also be entitled to receive gross-up payments equal to the amount of excise taxes, income taxes, interest and penalties if payments owed under a change in control agreement are deemed excess parachute payments for federal income tax purposes.

The change in control agreements also provide that Evergreen will continue to provide for two years the same level of medical, dental, vision, accident, disability and life insurance benefits upon substantially the same terms and conditions as existed prior to termination and will provide the officer with two additional years of service credit under all non-qualified retirement plans and excess benefits plans in which the officer participated at termination. The change in control agreements also provide that the officers are subject to certain confidentiality, non-solicitation and non-competition provisions. In the event the officer fails to comply with any of these provisions, he will not be entitled to receive any payment or benefits under the change in control agreement.

As of June 14, 2004, a dispute exists concerning the amounts that would be payable to Messrs. Carlton, Collins and Sexton pursuant to their change in control agreements upon completion of the merger. Pioneer believes the aggregate amount that would be payable is $7.7 million based on Pioneer s analysis of the historical cash salaries and cash bonuses and estimated tax gross-ups for the three

Table of Contents

Evergreen executives. Messrs. Carlton, Collins and Sexton have asserted that the change of control payments annual bonus calculation must also take into account the executives restricted stock awards granted when their annual compensation was set and that the aggregate cash payable to them would be up to $30.0 million, depending on the value attributed to Evergreen common stock for purposes of the calculation. Pioneer disagrees with the methodology and stock valuations Messrs. Carlton, Collins and Sexton are using to calculate the cash amount that would be payable to them. Pioneer and the three Evergreen executives have had discussions to attempt to resolve the disagreement, but resolution has not been reached. The change in control agreements provide that any disputes will be resolved through mediation or arbitration, and on June 4, 2004, Messrs. Carlton, Collins and Sexton made a written request to Evergreen and Pioneer to submit the matter to arbitration. Evergreen s board of directors and compensation committee have taken no position on the disagreement. Mr. Sheffield, a member of Evergreen s board of directors and compensation committee, did not participate in, and was not present at, any meetings at which the Evergreen board of directors and compensation committee discussed the change in control payments in the context of the merger.

Directors

Members of the Transactions Committee are entitled to the following additional compensation for their service in 2004: Mr. Ryan, $35,000; Mr. Lundquist, $35,000; Mr. Clark (Vice Chairman), $40,000; and Mr. Smith (Chairman), $50,000. The merger agreement provides that Mr. Sexton will be designated to the class of directors of Pioneer whose term expires at Pioneer s 2007 annual stockholders meeting and Mr. Lundquist will be designated to the class of directors of Pioneer whose term expires at Pioneer s 2006 annual stockholders meeting.

Material United States Federal Income Tax Consequences of the Merger

The following discussion is a summary of the anticipated material U.S. federal income tax consequences of the merger and subsequent merger to Pioneer, BC Merger Sub, Evergreen and holders of shares of Evergreen common stock. A holder of Evergreen restricted stock awards is urged to consult its own tax advisor. The legal conclusions set forth in the following discussion with respect to the U.S. federal income tax consequences of the merger to the stockholders of Evergreen are the opinion of Baker Botts L.L.P.

This summary applies only to Evergreen stockholders that are U.S. holders. For purposes of this discussion, a U.S. holder means:

a citizen or resident of the United States,

a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any of its political subdivisions,

a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust, or

an estate that is subject to U.S. federal income tax on its income, regardless of its source.

This discussion is based upon the Internal Revenue Code, Treasury regulations, administrative rulings and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect. The discussion applies only to Evergreen stockholders that hold their Evergreen common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, the discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular Evergreen stockholder in light of his, her or its personal investment circumstances or to Evergreen stockholders subject to special treatment under the U.S. federal income tax laws, including:

insurance companies,

tax-exempt organizations,

dealers in securities or foreign currency,

traders in securities that elect to mark to market,

financial institutions,

mutual funds,

persons that hold their Evergreen common stock as part of a straddle, a hedge against currency risk or a constructive sale or conversion transaction,

persons that have a functional currency other than the U.S. dollar,

stockholders who acquired their Evergreen stock through the exercise of options, or otherwise as compensation or through a tax-qualified retirement plan, or

holders of options granted under any Evergreen benefit plan.

The following discussion is not binding on the IRS. Neither Pioneer nor Evergreen has requested a ruling from the IRS with respect to any of the U.S. federal income tax consequences of the transactions contemplated by the merger agreement and, as a result, there can be no assurance that the IRS will agree with and not challenge any of the conclusions described below. Special rules, not discussed in this document, may apply to persons investing through entities treated for U.S. federal income tax purposes as partnerships, and those persons should consult their own tax advisors in that regard.

The following does not address any non-income tax or any foreign, state or local tax consequences of the merger, nor does it address the tax consequences of any transaction other than the merger and the subsequent merger. Accordingly, each Evergreen stockholder is urged to consult with a tax advisor to determine the particular federal, state, local or foreign income or other tax consequences of the merger and the subsequent merger to it.

Immediately after the merger occurs, Pioneer will cause the surviving corporation in the merger to merge, in a second merger we refer to as the subsequent merger , with and into a newly created limited liability company wholly owned by Pioneer. See Summary The Merger on page 13. The U.S. federal income tax characterization of the merger and the subsequent merger will depend on whether those transactions qualify as a reorganization under U.S. federal income tax laws.

The transactions contemplated by the merger agreement, that is, the merger and subsequent merger, will qualify as a reorganization for U.S. federal income tax purposes under Section 368(a) of the Internal Revenue Code if, when the merger occurs, the aggregate fair market value of the Pioneer common stock delivered as consideration in the merger in exchange for shares of Evergreen common stock (other than Pioneer common stock delivered in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter) is 40% or more of the sum of (1) the aggregate fair market value and (2) the aggregate amount of cash paid in the merger in exchange for shares of Evergreen common stock (including any cash paid to dissenting stockholders but excluding any cash paid in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter), provided also that certain matters that are identified in the opinion of Baker Botts L.L.P. that is filed as an exhibit to the registration statement of which this document is a part are true when the merger occurs (Pioneer and Evergreen expect those matters to be true at that time). The aggregate values of the Pioneer common stock and cash delivered in the merger will depend, under the administrative practice of the IRS, upon the value of a share of Pioneer common stock when the merger occurs and upon other matters such as the amount of cash that is paid to dissenters and in respect of the Kansas properties, none of which can be determined or predicted at this time. As an illustration of the interaction of the relevant variables, if (i) no shares dissent from the merger and (ii) the consideration paid in respect of the Kansas properties is $0.35 for each share of Evergreen common stock, then based on Evergreen s estimates of the number of shares of Evergreen common stock that will be outstanding when the merger occurs and the number of those shares of Evergreen common

stock that are issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter, there should be sufficient value in the Pioneer common stock that is delivered in the merger to qualify the transactions as a reorganization if the fair market value of a share of Pioneer common stock when the merger closes is $23.19 or more. As an alternative illustration, if (i) the number of shares dissenting from the merger is the maximum number that is permitted by the merger agreement, (ii) the consideration paid in respect of the Kansas properties is $1.00, in the aggregate, for each non-dissenting Evergreen share of common stock, and (iii) each dissenting share of Evergreen common stock is paid an amount of cash that is equal to the fair market value when the merger occurs of 0.58175 shares of Pioneer common stock and $20.50 in cash, then based on Evergreen s estimates described in the previous sentence, there should be sufficient value in the Pioneer common stock that is delivered in the merger to qualify the transactions as a reorganization if the fair market value of a share of Pioneer common stock when the merger closes is $26.16 or more.

Qualification of the merger and the subsequent merger as a reorganization is not a condition to the closing of the merger, and no assurance can be given that the merger and the subsequent merger will so qualify. It will not be known at the time of the stockholders meeting or at the time you elect which form of consideration you wish to receive whether the transactions contemplated by the merger agreement will qualify as a reorganization under U.S. federal income tax laws. We intend to make a public announcement on, or soon after, the effective date of the merger indicating whether we intend to treat the merger and the subsequent merger as qualifying as a reorganization.

Tax Consequences to Evergreen Stockholders if the Transactions Contemplated by the Merger Agreement Qualify as a Reorganization

The following U.S. federal income tax consequences to Evergreen stockholders would result if the transactions contemplated by the merger agreement qualify as a reorganization under federal income tax laws. In that event, the U.S. federal income tax consequences to you will depend on whether you receive solely cash or a combination of Pioneer common shares and cash in the merger. Qualification of the merger and the subsequent merger as a reorganization is not a condition to the closing of the merger, and no assurance can be given that the merger and the subsequent merger will so qualify. It will not be known at the time of the stockholders meeting or at the time you elect which form of consideration you wish to receive whether the transactions contemplated by the merger agreement will qualify as a reorganization under U.S. federal income tax laws. We intend to make a public announcement on, or soon after, the effective date of the merger indicating whether we intend to treat the merger and the subsequent merger as qualifying as a reorganization.

Exchange for Pioneer Common Stock and Cash. If you are an Evergreen common stockholder that exchanges its Evergreen common stock for a combination of Pioneer common stock and cash, you will recognize gain (but not loss) in an amount equal to the lesser of:

- the excess, if any, of:
  - the sum of the amount of cash and the fair market value when the merger occurs of the Pioneer common stock you receive in the merger; over
  - your adjusted tax basis in the Evergreen common stock you surrender; or
- the amount of cash you receive in the merger.

For this purpose, the Pioneer common stock and cash received will be allocated proportionately among your shares of Evergreen common stock surrendered in the exchange. The amount of gain or loss must be calculated separately for each identifiable block of shares of Evergreen common stock surrendered in the exchange, and a loss realized on one block of shares may not be claimed as a deduction or used to offset a gain realized on another block of shares. Evergreen stockholders are urged to consult their tax advisors regarding the manner in which gain or loss should be calculated among different blocks of Evergreen common stock surrendered in the merger. Any recognized gain will be capital gain unless, and to the extent, the receipt of cash has the effect of the distribution of a dividend for federal income tax

purposes, in which case it will be treated as dividend income to the extent of Evergreen s accumulated earnings and profits that are allocated to that block of shares. Any capital gain that is recognized upon the surrender of shares of Evergreen common stock in the merger will be a long-term capital gain if your holding period in the shares of Evergreen common stock is more than one year when the merger occurs.

In general, the determination of whether the gain recognized in the merger will be treated as capital gain or dividend income will depend upon whether and to what extent the exchange in the merger reduces the Evergreen stockholder s deemed percentage share ownership interest in Pioneer. For purposes of this determination, an Evergreen stockholder will be treated as if it first exchanged all of its Evergreen common stock solely for Pioneer common stock and then Pioneer immediately redeemed a portion of those shares of Evergreen common stock in exchange for the cash that the Evergreen stockholder actually received. In determining whether the receipt of cash has the effect of a distribution of a dividend, the constructive ownership rules of Section 318(a) of the Internal Revenue Code must be taken into account. The IRS has indicated in a published ruling that any reduction in the interest of a minority stockholder that owns a small number of shares in a publicly and widely-held corporation and that exercises no control over corporate affairs would result in capital gain as opposed to dividend treatment. An Evergreen stockholder that might be subject to these rules is urged to consult its own tax advisor.

Exchange Solely for Cash. If you are an Evergreen common stockholder that exchanges all of its Evergreen common stock solely for cash, you will recognize gain or loss in an amount equal to the difference between the amount of cash received in the merger and your adjusted tax basis in your Evergreen common stock surrendered, which gain or loss generally will be long-term capital gain or loss if your holding period with respect to the Evergreen common stock surrendered is more than one year when the merger occurs. All or a portion of the cash received by an Evergreen common stockholder who receives solely cash in the merger might, however, be treated as a dividend if the stockholder either constructively owns Evergreen common stock immediately prior to the merger that is not converted in the merger into cash or actually or constructively owns Pioneer common stock immediately after the merger. An Evergreen stockholder that might be subject to the rule in the preceding sentence is urged to consult its own tax advisor.

Tax Basis for Pioneer Shares. The aggregate tax basis of any Pioneer common stock you receive in the merger (including fractional shares of Pioneer common stock for which cash is received) will be equal to the aggregate adjusted tax basis of the shares of Evergreen common stock you surrender in the merger, reduced by the amount of any cash you receive in the merger (excluding any cash received instead of a fractional share of Pioneer common stock) and increased by the amount of any gain you recognize in the merger (including any portion of the gain that is treated as a dividend as described above, but excluding any gain resulting from the receipt of cash instead of a fractional share). Each holder of Evergreen common stock should consult with its own tax advisor as to how the aggregate basis is divided among the shares of Pioneer common stock so received.

Holding Period for Pioneer Shares. The holding period of any Pioneer common stock you receive in the merger (including fractional shares of Pioneer common stock for which cash is received) will include the holding period of the shares of Evergreen common stock you surrender in the merger. Each holder of Evergreen common stock who holds blocks of Evergreen common stock with different holding periods should consult with its tax advisor as to the holding period of the Pioneer common stock that it receives in the merger.

Cash Received Instead of a Fractional Share. If you receive cash instead of a fractional share of Pioneer common stock, you will generally be treated as having received a fractional share and then as having received cash in exchange for that fractional share. Capital gain or loss generally will be recognized based on the difference between the amount of cash received in exchange for the fractional share and the portion of your aggregate adjusted tax basis allocable to the fractional share. This gain or loss generally will be long-term capital gain or loss if the holding period for your Evergreen shares is more than one year when the merger occurs.

Dissenting Stockholders. Evergreen common stockholders who dissent with respect to the merger as discussed in Dissenters Rights of Appraisal of Evergreen Stockholders beginning on page 80, and who receive cash in respect of their Evergreen shares generally will recognize capital gain or loss equal to the difference between the amount of cash received and their aggregate tax basis in their shares. This gain or loss generally will be long-term capital gain or loss if the holding period for the Evergreen shares is more than one year when the merger occurs. All or a portion of the cash received by such an Evergreen common stockholder might, however, be treated as a dividend if the stockholder either constructively owns Evergreen common stock immediately prior to the merger that is not converted in the merger into cash or actually or constructively owns Pioneer common stock immediately after the merger. An Evergreen stockholder that might be subject to the rule in the preceding sentence is urged to consult its own tax advisor.

Treatment of Capital Gains and Losses and Qualified Dividends. Capital gain of a non-corporate U.S. holder will generally be subject to a maximum tax rate of 15% if the Evergreen shares were held for more than one year when the merger occurs. The deduction of any capital loss is subject to limitations.

Any portion of gain recognized in the merger by a non-corporate stockholder which is treated as a dividend will be taxable at a maximum 15% rate applicable to qualified dividend income if certain holding period and other requirements are met.

Tax Consequences to Evergreen Stockholders if the Transactions Contemplated by the Merger Agreement Do Not Qualify as a Reorganization.

The following U.S. federal income tax consequences to the Evergreen stockholders would result if the transactions contemplated by the merger agreement do not qualify as a reorganization under U.S. federal income tax laws. The transactions contemplated by the merger agreement may be a reorganization in circumstances other than those that are described herein.

You will recognize capital gain or loss equal to the difference between the amount of cash and the fair market value of any Pioneer common stock you receive in the merger, determined when the merger occurs, and your basis in the Evergreen stock you surrender. The gain or loss generally will be long-term capital gain or loss if the holding period for your Evergreen common stock is more than one year at the effective time of the merger. Long-term capital gain of a non-corporate U.S. holder will generally be subject to a maximum rate of 15%. The deduction of any capital loss is subject to limitations.

The aggregate basis for U.S. federal income tax purposes in any Pioneer common stock that you receive in the merger will be equal to the fair market value of the Pioneer common stock you receive, determined when the merger occurs. Your holding period in the Pioneer common stock will begin on the day after the merger occurs.

There will be uncertainty as to whether the transactions contemplated by the merger agreement will qualify as a reorganization or will be fully taxable if the aggregate fair market value of the Pioneer common stock delivered as consideration in the merger in exchange for shares of Evergreen common stock (other than Pioneer common stock delivered in exchange for shares of Evergreen common stock issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter) is less than 40% of the sum of (1) that aggregate fair market value and (2) the aggregate amount of cash paid in the merger in exchange for shares of Evergreen common stock (including any cash paid to dissenting stockholders but excluding any cash paid in exchange for shares of Evergreen common stock that are issuable pursuant to restricted stock awards for which the applicable restrictions lapse upon the effective time of the merger or thereafter). Moreover, in that event it is possible that the IRS may take inconsistent positions. In particular, the IRS may assert that the transactions are taxable in connection with the audit of a tax return in which gain was deferred on the theory that the transactions are a reorganization and may, at the same time, take the position that the transactions are a reorganization in connection with the audit of another tax return in which a loss was recognized on the theory that the transactions are taxable.

Information Reporting and Backup Withholding

In general, proceeds from the disposition of Evergreen shares in the merger (including cash received instead of a fractional share of Pioneer common stock) will be subject to information reporting requirements and will also be subject to backup withholding tax for a non-corporate U.S. holder that fails to provide an accurate taxpayer identification number, or is notified by the IRS regarding a failure to report all interest or dividends required to be shown on its federal income tax returns, or in certain circumstances, fails to comply with applicable certification requirements.

Tax Consequences to Pioneer and Evergreen

As discussed in The Merger Agreement Conditions to the Completion of the Merger beginning on page 96, completion of the merger is conditioned upon the receipt by Pioneer of a written opinion of Vinson & Elkins L.L.P., counsel to Pioneer, to the effect that no gain will be recognized by Pioneer, BC Merger Sub or Evergreen as a consequence of the merger or the subsequent merger. Completion of the merger is also conditioned upon the receipt by Evergreen of a written opinion of Baker Botts L.L.P., counsel to Evergreen, to the effect that no gain will be recognized by Pioneer, BC Merger Sub or Evergreen as a consequence of the merger or the subsequent merger. These opinions will be based on customary assumptions and representations. Each of Pioneer and Evergreen expects to receive an opinion that satisfies these requirements. If either Pioneer or Evergreen fails to receive an opinion that satisfies these requirements or agrees to waive the condition relating to the receipt of a tax opinion, the applicable company would circulate revised materials to its stockholders and would resolicit proxies from its stockholders if the U.S. federal income tax consequences of the merger and subsequent merger are materially different from those described above.

Accounting Treatment

Pioneer intends to account for the merger under the purchase method for business combinations with Pioneer being deemed to have acquired Evergreen. This means that the assets and liabilities of Evergreen will be recorded, as of the completion of the merger, at their fair values and added to those of Pioneer.

Dissenters Rights of Appraisal of Evergreen Stockholders

Evergreen stockholders have a statutory right to dissent from the merger by following the specific procedures set forth below. If the merger is approved by the stockholders and consummated, any stockholder who properly perfects his dissenters rights will be entitled to receive an amount of cash equal to the fair value of his shares of stock rather than being required to receive the consideration established by the merger agreement. The following summary is not a complete statement of the statutory dissenters rights of appraisal, and such summary is qualified by reference to the applicable provisions of the Colorado Business Corporation Act, which we refer to as the CBCA, which are reproduced in full in Annex D to this joint proxy statement/prospectus. You must follow the exact procedure required by the CBCA in order to properly exercise your dissenter s rights of appraisal and avoid waiver of those rights.

Any stockholder who desires to dissent from the merger must file a written objection to the merger prior to the Evergreen special meeting on **[ ]**, 2004 with the Corporate Secretary of Evergreen. The written notice must state that the stockholder will demand payment for his shares if the merger is completed. A vote against the merger alone is not sufficient to perfect a stockholder s statutory right to dissent from the merger. If the merger is completed, each stockholder who timely and properly filed a written objection to the merger and who did not vote in favor of the merger will be deemed to have dissented from the merger. We refer to stockholders who have satisfied these requirements as dissenting stockholders. Failure to vote against the merger will not constitute a waiver of the dissenters rights of appraisal; however, a vote in favor of the merger will constitute a waiver of these rights.

As the parent of the company surviving the merger and related transactions, Pioneer will be liable for any payments to dissenting stockholders and, within ten days of the effective date of the merger, must notify the dissenting stockholders in writing that the merger has occurred. Each dissenting stockholder so

notified must, within thirty days of the delivery or mailing of such notice, or such other time as specified in the notice, make a written demand on Pioneer for payment of the fair value of the dissenting stockholder s shares and deposit the stockholder s certificates. The demand for payment and deposit of certificates is irrevocable except under limited circumstances set forth in the CBCA. Shares that are held in street name need not be deposited, but a demand for payment must be received within the required time frame. Failure to follow this procedure will constitute a waiver of that stockholder s dissenters rights of appraisal. The fair value of the shares shall be the value thereof as of the date immediately preceding the effective date of the merger, excluding any appreciation or depreciation in anticipation of the merger except to the extent that exclusion would be inequitable. Dissenting stockholders who fail to make a written demand within the period specified in the notice will be bound by the merger and lose their rights to dissent. In accordance with the terms of the notice, the dissenting stockholder must submit his stock certificates for notation thereon that a demand has been made. Dissenting stockholders who have made a demand for payment of their shares will not thereafter be entitled to vote or exercise any other rights of a stockholder except the right to receive payment for their shares pursuant to the provisions of the CBCA and the right to maintain an appropriate action to obtain relief on the basis of fraud.

Upon the effective date of the merger, or upon receipt of a payment demand, whichever is later, Pioneer will pay to each dissenting stockholder who complied with the CBCA, the amount Pioneer estimates to be the fair value of the dissenting stockholder s shares plus accrued interest.

If the dissenting stockholder believes the amount paid by Pioneer is less than the fair value of the shares, the dissenting stockholder may give written notice to Pioneer of the dissenting stockholder s estimate of fair value of the dissenting stockholder s shares and may demand payment of that estimate, less any payment already made by Pioneer. The demand must be received by the corporation within thirty (30) days after Pioneer made or offered payment for the dissenting stockholder s share. The dissenting stockholder may also give this notice to Pioneer if Pioneer fails to make any payment to the dissenting stockholder within sixty days after the date set by Pioneer by which Pioneer must receive the payment demand.

If the dissenting stockholder and Pioneer cannot agree on the fair value of the shares, Pioneer may, within sixty days after requiring the payment demand, file a petition (Petition) in the district court for the city and county of Denver, Colorado for Evergreen stockholders requesting a finding and determination of the fair value of the dissenting stockholder s shares. Pioneer shall make all dissenting stockholders whose demands remain unresolved parties to the proceeding and all parties will be served with a copy of the petition. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The parties in the proceeding are entitled to the same discovery rights as parties in other civil proceedings. Each dissenting stockholder made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of the dissenting stockholder s shares, plus interest, exceeds the amount paid by Pioneer, or for the fair value, plus interest, of the dissenting stockholder s shares for which Pioneer elected to withhold payment under the relevant provisions of the CBCA.

If Pioneer does not commence the proceeding within sixty days after receiving the payment demand, it shall pay to each dissenting stockholder whose demand remains unresolved the amount demanded.

The costs of the proceeding, including reasonable compensation and expenses of appraisers appointed by the court, shall be paid by Pioneer. However, to the extent the court finds the dissenting stockholders acted arbitrarily, vexatiously, or not in good faith in demanding payment under the CBCA, the court may assess costs against some or all of the dissenting stockholders. Fees and expenses of legal counsel and experts shall be paid by each party, unless the court finds this a result inequitable and assesses such fees in another manner consistent with the CBCA.

If a dissenting stockholder withdraws the stockholder s demand, or if the stockholder is otherwise unsuccessful in asserting the stockholder s dissenters rights of appraisal, the dissenting stockholder will be bound by the merger and his status as a former stockholder will be restored without prejudice to any corporate proceedings, dividends, or distributions which may have occurred during the interim.

Table of Contents

In the absence of fraud in the transaction, a dissenting stockholder s statutory right to appraisal is the exclusive remedy for the recovery of the value of the stockholder s shares or money damages to the dissenting stockholder with respect to the merger. See Annex D.

The foregoing is your notice of dissenters rights in accordance with Section 7-113-201(1) of the Colorado Revised Statutes.

Regulatory Filings and Approvals Required to Complete the Merger

The merger is subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, which prevents transactions subject to its requirements from being completed until the required notification forms and attachments are furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and certain waiting periods expire or are terminated. The required filings with the Department of Justice and the Federal Trade Commission were completed on **[ ]**, 2004 and the waiting period expired on **[ ]**, 2004.

The Department of Justice or the Federal Trade Commission, however, are not legally precluded from challenging the merger on antitrust grounds either before or after expiration of the HSR Act waiting period. Accordingly, at any time before or after the completion of the merger, either the Department of Justice or the Federal Trade Commission could bring an action under the antitrust laws, including an injunction action, if deemed necessary to protect competition in any relevant market. Moreover, at any time before or after the completion of the merger, notwithstanding that the applicable waiting period may have expired or been terminated, any state or private party could challenge the merger under the antitrust laws, although a private plaintiff would need to establish that it had the requisite antitrust standing. There can be no assurance that a governmental or private challenge to the merger will not be made or that, if a challenge is made, the parties would prevail.

In addition, exemptions are required from the registration and prospectus requirements of the securities laws of those Canadian provinces where residents will be receiving shares or other securities of Pioneer pursuant to the merger. To the extent statutory exemptions are not available in any Canadian local jurisdiction, Pioneer will apply for and obtain exemptive relief prior to the closing of the merger.

We are not aware of any other material governmental or regulatory approval required for completion of the merger, other than compliance with the applicable corporate law of the State of Delaware and the State of Colorado.

Stockholder Litigation

On May 13, 2004, a lawsuit was filed in the District Court of the State of Colorado County of Denver on behalf of a purported class of public stockholders of Evergreen relating to the announcement of Pioneer and Evergreen that they had entered into the merger agreement to effect the merger described in this joint proxy statement/prospectus. The lawsuit is captioned *Joan Ferrari vs. Evergreen Resources, Inc., et al.*, Case No. 04CV3599. The lawsuit names as defendants Evergreen and the members of the Evergreen board of directors, and generally alleges that the consideration Pioneer is offering to Evergreen s public stockholders in the merger is unfair and inadequate and that the individual defendants breached their fiduciary duties to Evergreen s public stockholders in formulating and agreeing to the terms of the merger without fully informing themselves of Evergreen s market value. The lawsuit seeks to proceed on behalf of a class of Evergreen stockholders other than the defendants, seeks preliminary and permanent injunctive relief against the completion of the merger, seeks monetary damages in an unspecified amount and seek recovery of plaintiffs costs and attorneys fees. The lawsuit is in its very early stages. Pioneer and Evergreen believe that the allegations are without merit and intend to defend against them vigorously.

Table of Contents

Effective Time of the Merger

The merger will become effective upon the date on which the articles of merger or other appropriate documents are filed with the Secretary of State of the State of Colorado or at such later time as Pioneer and Evergreen will agree and specify in the articles of merger.

New York Stock Exchange Listing of Pioneer Common Stock to be Issued in the Merger

Pioneer common stock currently is listed on the New York Stock Exchange under the symbol PXD. Pioneer has agreed in the merger agreement that it will use its commercially reasonable efforts to cause the Pioneer common stock issuable in the merger to be approved for listing on the New York Stock Exchange prior to the effective time of the merger. Listing of the shares of Pioneer common stock, subject to official notice of issuance, is a condition to closing the merger.

Delisting and Deregistration of Evergreen Common Stock

Upon completion of the merger, shares of Evergreen common stock will be delisted from the New York Stock Exchange and deregistered under the Exchange Act.

Resale of Pioneer Common Stock

Pioneer common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares issued to any Evergreen stockholder who may be deemed to be an affiliate of Evergreen or Pioneer for purposes of Rule 145 under the Securities Act. It is expected that each of these affiliates will agree not to transfer any Pioneer common stock received in the merger except in compliance with the resale provisions of Rule 144 or 145 under the Securities Act or as otherwise permitted under the Securities Act. The merger agreement requires Evergreen to use commercially reasonable efforts to cause its affiliates to enter into these agreements. This joint proxy statement/ prospectus does not cover resales of Pioneer common stock received by any person upon completion of the merger, and no person is authorized to make any use of this joint proxy statement/ prospectus in connection with any resale.

Table of Contents

THE MERGER AGREEMENT

The following description summarizes the material terms of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/ prospectus and incorporated by reference. You should refer to the full text of the merger agreement for details of the merger and the terms and conditions of the merger agreement.

The Merger; Post-Closing Merger

At the effective time, BC Merger Sub, a wholly-owned subsidiary of Pioneer, will merge with and into Evergreen with Evergreen surviving the merger as a wholly-owned subsidiary of Pioneer. The merger will become effective when we file articles of merger or other appropriate documents with respect to the merger with the Secretary of State of the State of Colorado; however, Pioneer and Evergreen may agree to a later time for completion of the merger and specify that time in the articles of merger. We will file the articles of merger as soon as practicable after the satisfaction or, where permissible, waiver of the closing conditions in the merger agreement.

Immediately after the merger, Evergreen, as the surviving corporation of the merger, will merge with and into a wholly-owned limited liability company subsidiary of Pioneer. The limited liability company will survive the post-closing merger and will continue its existence under the laws of Delaware as a wholly-owned subsidiary of Pioneer. The merger will become effective when we file articles of merger or other appropriate documents with respect to the post-closing merger with the Secretary of State of the State of Delaware; however, Pioneer and Evergreen may agree to a later time for completion of the merger and specify that time in the articles of merger. After the completion of the post-closing merger, the separate corporate existence of Evergreen will terminate.

Closing

The closing of the merger will occur no later than the fifth business day after satisfaction or, where permissible, waiver of the conditions set forth in the merger agreement (other than any such conditions which by their nature cannot be satisfied until the closing date, which will be required to be satisfied or, where permissible, waived on the closing date), unless Pioneer and Evergreen agree to a different date or time in writing. The closing of the post-closing merger will occur on the same date as the closing of the merger and immediately thereafter. We expect to complete the merger and the post-closing merger promptly after the Pioneer and Evergreen special meetings.

Merger Consideration

Base Merger Consideration

At the effective time, each outstanding share of Evergreen common stock not held by Pioneer, Evergreen or Evergreen dissenting stockholders, including shares subject to restricted stock awards as to which the applicable restrictions lapse as of the effective time, but excluding shares subject to restricted stock awards as to which the applicable forfeiture restrictions do not lapse as of the effective time, will be converted into the right to receive base merger consideration consisting of either:

- 1.1635 of a share of Pioneer common stock, subject to allocation and proration as described below;
- $39.00 in cash, subject to allocation and proration as described below; or
- $19.50 in cash and 0.58175 of a share of Pioneer common stock.

The allocation of cash and common stock consideration for any individual Evergreen stockholder will depend on the elections made and deemed made by other Evergreen stockholders and may result in a stockholder that elects all stock or all cash receiving a combination of stock and cash. See Merger Consideration Allocation Procedures. Shares of Pioneer common stock issued in the merger will be

accompanied by the requisite number of rights under Pioneer s stockholder rights agreement. See Description of Pioneer Capital Stock Rights Agreement on page 124.

Kansas Properties Consideration

In addition to the base merger consideration, each outstanding share of Evergreen common stock will be entitled to receive a cash payment with respect to Evergreen s properties located in Kansas which Evergreen has the right to sell prior to the closing of the merger if it obtains a sale price generating more than $15 million of net proceeds. See Other Covenants and Agreements Kansas Properties on page 96. This cash payment will be an amount per share equal to $0.35 in cash plus an amount equal to the quotient of:

- the difference of:
  - the gross cash proceeds received by Evergreen from the sale, if any, of the Kansas properties; minus
  - expenses incurred by Evergreen in the sale, if any, of the Kansas properties; minus
  - $15 million; divided by
- the sum of:
  - 49,889,446, determined based on the number of outstanding shares of Evergreen common stock, shares of Evergreen common stock subject to options outstanding on the date of the merger agreement, shares of Evergreen common stock issuable pursuant to restricted stock awards and securities convertible or exchangeable into Evergreen common stock outstanding on the date of the merger agreement; plus
  - the number of shares of Evergreen common stock issuable pursuant to restricted stock awards granted after the date of the merger agreement and prior to the effective time; plus
  - the number of shares of Evergreen common stock and securities convertible or exchangeable into or exerciseable for Evergreen common stock outstanding on the date of the merger agreement that are not included in the 49,889,446 shares determined on the date of the merger.

Effect on Evergreen Stock Options and Restricted Stock Awards

Each outstanding option to purchase Evergreen common stock will be assumed by Pioneer and will become an option to purchase shares of Pioneer common stock. The number of shares of Pioneer common stock that will be subject to each Evergreen stock option will be equal to the number of shares of Evergreen common stock that were subject to the option multiplied by 1.1635. Additionally, each holder of an Evergreen stock option, upon exercise, will be entitled to receive per share of Evergreen common stock subject to such option an amount of cash equal to the consideration per share to be paid to holders of Evergreen common stock for the Kansas properties. See Merger Consideration Kansas Properties Consideration above.

Each Evergreen stock option will be exercisable on the terms of the original option award by Evergreen, except that:

- all stock options will become fully exercisable at the effective time of the merger;
- the exercise price for each option will be equal to the quotient of the original exercise price divided by 1.1635;
- in the case of any Evergreen stock options that are qualified stock options under Sections 422-424 of the Internal Revenue Code, the exercise price, the number of shares purchasable pursuant to the option and the terms and conditions of exercise will be determined in order to comply with Section 424(a) of the Internal Revenue Code;

Table of Contents

- in the event that the exercise of any Evergreen stock option would result in the issuance of a fractional share, and the option is subject to an Evergreen stock plan that addresses the treatment of fractional shares, such fractional share will be treated in accordance with the terms of such Evergreen stock plan; and

- in the event that the exercise of any Evergreen stock option would result in the issuance of a fractional share, and the applicable Evergreen stock plan does not address the treatment of fractional shares, then the option holder will receive a cash payment for each fractional share based on the last reported sales price per share of Pioneer common stock on the trading day immediately prior to the date of exercise.

Each Evergreen restricted stock award as to which the applicable forfeiture restrictions do not lapse as of the effective time will be assumed by Pioneer. For each share of Evergreen common stock issuable pursuant to a restricted stock award assumed by Pioneer, the restricted stock award will be converted into the right to receive, upon lapsing of the applicable restrictions:

- 1.1635 shares of restricted Pioneer common stock; and

- the consideration per share to be paid to holders of Evergreen common stock for the Kansas properties.

Additionally, for each Evergreen restricted stock award granted effective as of April 30, 2004, the restrictions will lapse in accordance with the applicable Evergreen stock plan, except that:

- the restrictions applicable to one-third of the shares issuable pursuant to each restricted stock award will lapse at the effective time; and

- with respect to any employee with at least two years of service with Evergreen as of April 30, 2004, the restrictions applicable to an additional one-third of the shares issuable pursuant to each restricted stock award will lapse in the event of the employee s termination within one year after the effective time by the employee for good reason or by Pioneer without cause.

For each Evergreen restricted stock award granted prior to April 30, 2004, the restrictions will lapse as follows:

- the lapsing of restrictions applicable to each restricted stock award will accelerate by one year at the effective time; and

- the restrictions applicable to each restricted stock award will lapse completely in the event of the employee s termination within one year after the effective time by the employee for good reason or by Pioneer without cause.

For each Evergreen restricted stock award granted after April 30, 2004, the restrictions will lapse in accordance with the applicable terms of grant.

For each Evergreen restricted stock award to non-employee directors of Evergreen, the restrictions applicable to each restricted stock award will lapse completely as of the effective time. In addition, for each Evergreen restricted stock award to Mark Sexton, President and Chief Executive Officer of Evergreen, Dennis Carlton, Executive Vice President Exploration and Chief Operating Officer of Evergreen, and Kevin Collins, Executive Vice President Finance, Chief Financial Officer, Treasurer and Secretary of Evergreen, the restrictions applicable to each restricted stock award will lapse completely as of the effective time.

Each share of Evergreen common stock issuable pursuant to a restricted stock award for which the restrictions have lapsed as of the effective time will have the option to receive one of the three forms of merger consideration described in Merger Consideration Base Merger Consideration on page 84.

In the event that any shares of Evergreen common stock issuable pursuant to restricted stock awards would be converted into fractional shares of Pioneer common stock when the applicable restrictions lapse, any fractional shares will be aggregated and the holder of the restricted stock award will receive a cash

payment for each fractional share based on the last reported sale price per share of Pioneer common stock on the trading day immediately prior to the date that the restrictions lapse.

Pioneer has agreed to cause the shares of Pioneer common stock issuable upon the exercise of Evergreen stock options or upon the lapsing after the effective time of restrictions in Evergreen restricted stock awards that will be assumed by Pioneer to be registered on Form S-8 promulgated by the SEC, and has agreed to use its commercially reasonable efforts to maintain the effectiveness of the registration statement as long as any options or restricted stock awards remain outstanding.

Election Procedures for Base Merger Consideration

Regarding the merger consideration other than the cash payment with respect to Evergreen s Kansas properties, each record holder of Evergreen common stock, other than Evergreen dissenting stockholders, is entitled to elect to receive, in exchange for all of that holder s shares of Evergreen common stock and subject to the allocation procedures described below, per share consideration in the form of either cash, stock or a combination of cash and stock in the amounts described above under Merger Consideration Base Merger Consideration. Each electing holder of Evergreen common stock must make the same election with respect to all of that holder s Evergreen common stock. Record holders of Evergreen common stock on **[ ]**, 2004, will receive, together with this joint proxy statement/ prospectus, a letter of transmittal, an election form on which to make an election, and a form of instruction by which beneficial owners may instruct the record holder as to the beneficial owner s election as described below in Exchange of Shares; Fractional Shares. For an election form to be effective, the election form, together with certificates representing all of the holder s shares of Evergreen common stock, duly endorsed or otherwise in a form acceptable for transfer, must be received by Continental Stock Transfer & Trust Company, the exchange agent, and not withdrawn, by 5:00 p.m., Eastern time, on **[ ]**, 2004. The exchange agent will not accept guarantee of delivery of certificates in lieu of physical delivery of certificates. A white self-addressed envelope is enclosed with this joint proxy statement/ prospectus for submitting the election form and certificates to the exchange agent. Record holders who hold shares as nominees, trustees or in other representative capacities may submit multiple election forms as long as the record holder certifies that each election form covers all the shares of Evergreen common stock held for a particular beneficial owner.

A stockholder may revoke an election by sending written notice of revocation to the exchange agent and submitting to the exchange agent a new, properly completed and signed election form prior to the election deadline. If a stockholder fails to make a valid election by submitting a properly completed and signed election form and certificates representing all of his or her shares of Evergreen common stock prior to the election deadline, that stockholder will be deemed to have made an election to receive $19.50 in cash and 0.58175 of a share of Pioneer common stock for each share of Evergreen common stock held. Pioneer has the discretion, which it may delegate to the exchange agent, to determine if an election form has been properly completed, signed and submitted or revoked. Pioneer, or if delegated to the exchange agent, the exchange agent, has the authority to disregard immaterial defects in election forms.

Maximum Aggregate Consideration

The maximum number of shares of Pioneer common stock that will be issued to Evergreen stockholders as part of the total merger consideration, is a number of shares equal to:

1.1635; multiplied by

50% of the difference of:

the number of shares of Evergreen common stock outstanding immediately prior to the effective time (including shares issuable pursuant to restricted stock awards as to which the applicable restrictions lapse as of the effective time, but excluding shares issuable pursuant to restricted stock awards as to which the applicable forfeiture restrictions do not lapse as of the effective time); minus

the number of shares of Evergreen common stock held by Pioneer, Evergreen and Evergreen dissenting stockholders.

The maximum amount of cash to be paid to Evergreen stockholders as part of the total merger consideration, excluding the cash payment for the Kansas properties described above, is equal to:

$39.00 multiplied by 50% of the difference of:

the number of shares of Evergreen common stock outstanding immediately prior to the effective time (including shares issuable pursuant to restricted stock awards as to which the applicable restrictions lapse as of the effective time, but excluding shares issuable pursuant to restricted stock awards as to which the applicable forfeiture restrictions do not lapse as of the effective time); minus

the number of shares of Evergreen common stock held by Pioneer, Evergreen and Evergreen dissenting stockholders.

Allocation Procedures

If Evergreen stockholders elect or are deemed to have elected, in the aggregate, to receive more than the maximum number of shares described above in Merger Consideration Maximum Aggregate Consideration, then:

each share covered by an election to receive all cash will be converted into the right to receive $39.00 plus the cash payment with respect to the Kansas properties;

each share covered by an election to receive a combination of cash and stock or for which no valid election was made will be converted into the right to receive a cash payment equal to $19.50 plus the payment with respect to the Kansas properties and 0.58175 of a share of Pioneer common stock, and

each share covered by an election to receive all stock will be converted into the right to receive, in addition to the cash payment for the Kansas properties:

a number of shares of Pioneer common stock equal to the quotient of:

the difference of the maximum number of shares of Pioneer common stock that may be issued in the merger minus the number of shares of Pioneer common stock to be issued to Evergreen stockholders making or being deemed to have made an election for stock and cash; divided by

the number of shares of Evergreen common stock subject to a stock election; and

an amount of cash equal to the quotient of:

the difference of the maximum amount of cash that may be paid in the merger minus the sum of:

the amount of cash, other than the consideration for the Kansas properties, to be paid to Evergreen stockholders making a cash election; plus

the amount of cash, other than the consideration for the Kansas properties, to be paid to Evergreen stockholders making or being deemed to have made an election for stock and cash; divided by

the number of shares of Evergreen common stock subject to a stock election.

If Evergreen stockholders elect, in the aggregate, to receive more than the maximum amount of cash described above in Merger Consideration Maximum Aggregate Consideration, then:

each share covered by an election to receive all stock will be converted into the right to receive 1.1635 shares of Pioneer common stock plus the cash payment with respect to the Kansas properties,

each share covered by an election to receive a combination of cash and stock or for which no valid election was made will be converted into the right to receive a cash payment equal to $19.50 plus the payment with respect to the Kansas properties and 0.58175 of a share of Pioneer common stock, and

each share covered by an election to receive all cash will be converted into the right to receive, in addition to the cash payment for the Kansas properties:

an amount of cash equal to the quotient of:

the difference of the maximum amount of cash that may be paid in the merger minus the amount of cash, other than the consideration for the Kansas properties, to be issued to Evergreen stockholders making or being deemed to have made an election for stock and cash; divided by

the number of shares of Evergreen common stock subject to a cash election; and

a number of shares of Pioneer common stock equal to the quotient of:

the difference of the maximum number of shares of Pioneer common stock that may be issued in the merger, minus the sum of

the number of shares of Pioneer common stock to be issued to Evergreen stockholders making a stock election; plus

the number of shares to be issued to Evergreen stockholders making or being deemed to have made an election for stock and cash; divided by

the number of shares of Evergreen common stock subject to a cash election.

Exchange of Shares; Fractional Shares

As of the effective time, Pioneer will deposit with its transfer agent or another bank or trust company reasonably acceptable to Evergreen, which we refer to as the exchange agent, certificates representing the maximum number of shares of Pioneer common stock that may be issued in the merger, together with cash in an amount equal to the maximum amount of cash that may be paid in the merger plus the cash to be paid to Evergreen stockholders for the Kansas properties. From time to time, Pioneer will deposit with the exchange agent cash to be paid for fractional shares and any other dividends or distributions to be made with respect to Pioneer common stock.

As soon as reasonably practicable after the effective time of the merger and not less than five business days after the effective time, Pioneer will mail to record holders of Evergreen common stock (other than to any holder that previously submitted a properly completed and signed election form accompanied by the certificates as to which the election was made) transmittal materials and instructions explaining how to surrender their stock certificates to the exchange agent. The exchange agent will not accept guarantee of delivery of certificates in lieu of physical delivery of certificates.

Upon surrender of stock certificates to the exchange agent, together with a properly completed and signed letter of transmittal and any other documents required by the instructions to the letter of transmittal, the holders of record of Evergreen common stock represented by the certificates will be entitled to receive the merger consideration and each certificate surrendered will be canceled.

Holders of certificates representing unexchanged Evergreen common stock will not receive any dividends or other distributions made by Pioneer with a record date after the effective time until their stock certificates are surrendered. Upon surrender, however, and subject to applicable laws, holders will receive all dividends and distributions made on the related shares of Pioneer common stock subsequent to the merger, without interest, together with, if applicable, cash in lieu of fractional shares.

Table of Contents

In connection with any meeting of stockholders of Pioneer, the exchange agent will be directed to cause shares of Pioneer common stock held by the exchange agent to be present and counted for purposes of determining the presence of a quorum, and the exchange agent will be directed to cause such shares to be voted for, voted against, abstained and not voted in the same proportion as the shares of Pioneer common stock outstanding and not held by the exchange agent.

No fractional shares of Pioneer common stock will be issued in the merger. In lieu of fractional shares, Pioneer may instruct the exchange agent to pay cash to each Evergreen stockholder that would otherwise be entitled to fractional shares in one of two alternatives. First, Pioneer may instruct the exchange agent to pay to each stockholder an amount equal to:

- the fractional part of a share; multiplied by
- the average of the closing prices per share of Pioneer common stock on the New York Stock Exchange for the twenty consecutive trading days ending on the close of trading on the third trading day prior to the date of the closing of the merger.

Second, Pioneer may instruct the exchange agent to:

- determine the aggregate number of fractional shares of Pioneer common stock that would be issued to Evergreen stockholders if fractional shares were permitted to be issued;
- sell that number of shares at then-prevailing prices on the New York Stock Exchange, in round lot executions to the extent practicable, with Pioneer to pay all commissions, transfer taxes and other expenses;
- hold the proceeds of all sales made in this manner in trust for the Evergreen stockholders otherwise entitled to fractional shares;
- determine the proportionate amount of cash to be allocated to each Evergreen stockholder otherwise entitled to fractional shares from the proceeds of the sales; and
- make available that amount of cash to each applicable Evergreen stockholder that has surrendered its stock certificates as soon as practicable after the exchange agent s determination of the amount.

No interest will be paid in connection with the exchange of fractional shares.

Pioneer stockholders should send completed proxy cards to Continental Stock Transfer & Trust Company in the enclosed, self-addressed green envelope. Evergreen stockholders should send completed proxy cards to Computershare Trust Company, Inc. in the enclosed, self-addressed green envelope. Evergreen stockholders should send completed election forms and common stock certificates to Continental Stock Transfer & Trust Company in the separate enclosed, self-addressed white envelope. Please do not send your election form or common stock certificates together with your proxy card in one envelope. It is important that the materials be returned in separate envelopes as instructed.

Representations and Warranties

The merger agreement contains customary representations and warranties relating to, among other things:

- the corporate organization and similar corporate matters of each of Pioneer, Evergreen and BC Merger Sub;
- the capital structure of each of Pioneer, Evergreen and BC Merger Sub;
- the authorization, execution, delivery, performance and enforceability of, and required consents, approvals, orders and authorizations of governmental authorities relating to, the merger agreement and related matters of each of Pioneer, Evergreen and BC Merger Sub;
- the subsidiaries of Pioneer and Evergreen;

the documents filed by each of Pioneer and Evergreen with the SEC and the accuracy of information contained in these documents;

the accuracy of information supplied by each of Pioneer and Evergreen in connection with this joint proxy statement/prospectus and the registration statement of which it is a part;

the absence of material adverse changes or events concerning each of Pioneer and Evergreen;

the absence of undisclosed liabilities of each of Pioneer and Evergreen;

the absence of defaults or violations of the terms, conditions and provisions of the charter documents and other agreements of each of Pioneer and Evergreen;

the compliance by each of Pioneer and Evergreen with applicable laws;

outstanding and pending material litigation of each of Pioneer and Evergreen;

the filing of tax returns and payment of taxes by Pioneer and Evergreen;

matters relating to the Employee Retirement Income Security Act for Pioneer and Evergreen and other employee benefit matters;

matters relating to labor relations and other related matters for Pioneer and Evergreen;

title to and condition of properties of Pioneer and Evergreen;

the compliance by Pioneer and Evergreen with environmental laws;

the insurance policies held by Pioneer and Evergreen;

the receipt of opinions of financial advisors to each of Pioneer and Evergreen;

the approval of the merger agreement and the merger by the board of directors of Evergreen and the recommendation to Evergreen stockholders to vote for approval of the merger agreement and the merger;

the approval of the merger agreement and the merger by the board of directors of Pioneer and the recommendation to Pioneer stockholders to vote in favor of the issuance of shares of Pioneer common stock in the merger;

the ownership by Pioneer and Evergreen of the other party s common stock;

the absence of fees or commissions payable by Pioneer and Evergreen to brokers other than their respective financial advisors;

the amendment to the stockholder rights agreement of Evergreen;

the compliance by Pioneer and Evergreen with corporate governance laws and maintenance of books and records;

classification of Pioneer and Evergreen under the Investment Company Act of 1940;

the estimates of and reports relating to the oil and gas reserves of each of Pioneer and Evergreen;

the outstanding hydrocarbon and financial hedging positions of each of Pioneer and Evergreen;

the compliance with the Natural Gas Act by Pioneer and Evergreen;

contracts and arrangements to which each of Pioneer and Evergreen is a party; and

the taking of any action or knowledge of any fact, agreement, plan or circumstance by Pioneer and Evergreen that could reasonably be expected to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a)(1) of the Code.

Table of Contents

Conduct of Business Pending the Merger

Evergreen agrees that, prior to completion of the merger, except as expressly contemplated by the merger agreement or consented to in writing by Pioneer, it will carry on its businesses in the usual, regular and ordinary course in substantially the same manner as conducted prior to execution of the merger agreement. Evergreen also agrees to use all commercially reasonable efforts to preserve intact its present business organizations, keep available the services of its current officers and employees, and endeavor to preserve its relationships with customers, suppliers and others having business dealings with it to the end that its goodwill and ongoing business will not be impaired in any material respect at the effective time.

In addition to these agreements regarding the conduct of the business generally, subject to specified exceptions, Evergreen has agreed to restrictions relating to the following:

declaring or paying dividends;

splitting, combining or reclassifying capital stock;

issuing or authorizing or proposing the issuance of securities in respect of, in lieu of or in substitution for, shares of Evergreen s capital stock;

repurchasing, redeeming or otherwise acquiring shares of its capital stock;

issuing, delivering or selling shares of its capital stock, voting debt or other voting securities;

amending its articles of incorporation or bylaws;

acquiring material assets or other entities or entering into or consummating business combinations;

disposing of material assets;

liquidating or dissolving Evergreen or any of its significant subsidiaries;

changing accounting methods;

entering into transactions with officers, directors or other affiliates of Evergreen;

maintaining insurance;

making tax elections, settling or compromising tax claims, controversies, audits or proceedings or changing tax reporting methods;

granting increases in the compensation of any of its directors, officers or employees;

paying any material pension, retirement allowance or other employee benefit;

materially amending or modifying, or receiving assets from, pension plans or employee benefit plans;

entering into any new or amending any existing material employment, severance or termination agreements with directors, officers or employees;

granting stock options or awards under stock plans;

implementing new employee benefit plans or materially enhancing benefits under existing employee benefit plans;

modifying existing indebtedness for borrowed money, incurring or guaranteeing indebtedness for borrowed money, or issuing or selling debt securities, warrants or other rights to acquire debt securities;

entering into material leases or creating material mortgages, liens, security interests or encumbrances;

making or committing to any capital expenditures;

settling litigation;

- entering into or terminating certain hydrocarbon gas agreements;
- writing off accounts or notes receivable;
- entering into non-competition agreements;
- terminating any existing gas purchase, exchange or transportation contract or entering into any new contract for the supply, transportation, storage or exchange of gas or renewing or extending or negotiating any existing contract pertaining to such matters;
- making or assuming hedge contracts; and
- taking actions inconsistent with the restrictions on the actions identified above.

Pioneer has agreed to specific restrictions relating to the following:

- amending its articles of incorporation or bylaws;
- declaring or paying dividends;
- liquidating or dissolving Pioneer;
- acquiring material assets or other entities or entering into or consummating business combinations, in each case, not related to the exploration, development or production of oil, gas or other minerals; and
- taking actions inconsistent with the restrictions on the actions identified above.

Acquisition Proposals

The merger agreement provides that Evergreen will not, and will not permit its directors and officers, and will use all reasonable efforts to cause its employees, agents and representatives not, to:

- solicit, initiate, encourage, facilitate or induce any inquiry, proposal or offer with respect to an acquisition proposal;
- participate in any discussions or negotiations regarding, provide nonpublic information with respect to, or otherwise facilitate any acquisition proposal;
- engage in discussions with respect to an acquisition proposal;
- approve, endorse or recommend an acquisition proposal, except as provided in the merger agreement; or
- enter into any agreement related to any acquisition proposal, except as provided by the merger agreement.

When we refer to an acquisition proposal we mean any inquiry, offer or proposal for a transaction or series of related transactions involving any of the following:

- any purchase by any person, entity or group, as defined in Section 13(d) of the Exchange Act, of more than 15% of the total outstanding voting securities of Evergreen;
- any tender or exchange offer that would result in any person, entity or group, as defined in Section 13(d) of the Exchange Act, owning 15% or more of the total outstanding voting securities of Evergreen;
- any merger, consolidation, business combination or similar transaction involving Evergreen;
- any sale, exchange, transfer, acquisition or disposition, or any lease or license outside of the ordinary course of business, of more than 15% of Evergreen s assets; or

any liquidation of dissolution of Evergreen.

As of the date the merger agreement was executed, Evergreen agreed to immediately cease and terminate any existing discussions or negotiations with respect to any acquisition proposal.

In the event that Evergreen receives an acquisition proposal or any request for nonpublic information or inquiry that it reasonably believes could lead to an acquisition proposal, Evergreen agrees to:

- notify Pioneer orally and in writing of the material terms of the acquisition proposal, request or inquiry;
- identify to Pioneer the person making the acquisition proposal, request or inquiry;
- furnish to Pioneer copies of all written materials provided in connection with the acquisition proposal or inquiry;
- provide to Pioneer as promptly as practicable, both orally and in writing, all information reasonably necessary to keep Pioneer informed in all material respects of the status and details of the acquisition proposal, request or inquiry, including providing copies of written materials received from and provided to the third party making the acquisition proposal, request or inquiry; and
- provide Pioneer 48 hours prior notice of any meeting of Evergreen s board of directors at which it will consider an acquisition proposal, unless shorter notice is provided to the board of directors, in which case Pioneer is to be provided the same notice.

Notwithstanding the foregoing, Evergreen s board of directors may provide nonpublic information to, and engage in negotiations with, a third party in response to an unsolicited, bona fide acquisition proposal with respect to Evergreen, if:

- Evergreen has complied with all of its non-solicitation and notification obligations;
- in the good faith judgment of Evergreen s special committee of the board of directors appointed to consider the merger, the acquisition proposal is a superior offer or is reasonably likely to result in a superior offer;
- concurrently with furnishing any nonpublic information, Evergreen notifies Pioneer in writing of its intention to furnish nonpublic information and furnishes the same nonpublic information to Pioneer;
- concurrently with engaging in negotiations with the third party, Evergreen notifies Pioneer in writing of its intent to enter into negotiations with the third party; and
- Evergreen executes a customary confidentiality agreement with the third party with terms at least as restrictive as the confidentiality agreement between Pioneer and Evergreen.

When we refer to a superior offer we mean an unsolicited bona fide written proposal made by a third party to acquire, directly or indirectly, pursuant to a tender or exchange offer, merger, consolidation or other business combination, all or substantially all of the assets of Evergreen or substantially all of the total outstanding voting securities of Evergreen. The superior offer must be on terms that the Evergreen board of directors has in good faith concluded, after receiving advice of its legal counsel and financial adviser and taking into account all legal, financial, regulatory and other aspects of the offer and the third party offeror, to be more favorable, from a financial point of view, to Evergreen s stockholders than the terms of the merger and to be reasonably capable of being consummated.

If Evergreen receives a superior offer and that superior offer has not been withdrawn, Evergreen s board of directors is permitted to change its recommendation that the Evergreen stockholders approve the merger and the merger agreement if:

- Evergreen stockholders have not already approved the merger and the merger agreement;
- Evergreen notifies Pioneer in writing:
  - that it has received a superior offer;
  - of the terms and conditions of the superior offer;

of the identity of the third party making the superior offer; and

that it intends to change its recommendation and the manner in which it intends to do so;

Evergreen provides Pioneer with copies of all written materials delivered by Evergreen to the third party making the superior offer that have not previously been provided to Pioneer, and Evergreen has otherwise made available to Pioneer all materials and information made available to the third party; and

Evergreen has not breached any of the provisions of the merger agreement relating to acquisition proposals and superior offers.

Subject to complying with its fiduciary duties under applicable law, Evergreen s obligation to call, give notice of, convene and hold its stockholders meeting regarding approval of the merger agreement will not be limited or otherwise affected by the commencement, disclosure, announcement or submission to it of any acquisition proposal unless the merger agreement is terminated. Prior to termination of the merger agreement, Evergreen will not submit to the vote of its stockholders any acquisition proposal other than the merger or enter into any agreement, agreement-in-principle or letter of intent with respect to or accept any acquisition proposal other than the merger.

In addition, notwithstanding the foregoing, Evergreen and its board of directors may take a position, and disclose to its stockholders that position, with respect to a tender or exchange offer by a third party in compliance with Rule 14d-9 or Rule 14e-2 of the Exchange Act to the extent required by applicable law. The content of any document disclosing the position of the Evergreen board of directors to Evergreen stockholders will be governed by the provisions of the merger agreement. The Evergreen board of directors may not recommend that Evergreen stockholders tender or exchange their Evergreen common stock unless the Evergreen board of directors determines in good faith, after receiving advice of its legal counsel and financial adviser, that the acquisition proposal is a superior offer.

Employee Benefit Matters

After completion of the merger, substantially all former employees of Evergreen, other than Mark Sexton, Dennis Carlton, and Kevin Collins, will be employed by Pioneer on an at-will basis. Pioneer will assume the obligations of Evergreen under the change in control agreements described in The Merger Interests of Evergreen s Directors and Management in the Merger Change in Control Agreements.

The employees of Evergreen prior to the effective time will be provided with employee benefit plans and programs which, in the aggregate, are generally comparable to those made available to similarly situated employees of Pioneer. Pioneer will have satisfied this obligation if Evergreen employees continue to participate in the employee benefit plans and programs, other than Evergreen stock-based programs, that were made available by Evergreen prior to the closing of the merger. For eligibility and vesting purposes, but generally not benefit accrual purposes, in all benefits provided by Pioneer to Evergreen employees, Evergreen employees will be credited with their years of service with Evergreen and prior employers to the extent that service with Pioneer and prior employers is taken into account under the employee benefit plans and programs of Pioneer. Evergreen employees are not entitled to participate in Pioneer severance plans to the extent they become entitled to benefits under Evergreen s existing change in control and severance policy. The eligibility of any Evergreen employee to participate in Pioneer s welfare benefit plans or programs will not be subject to exclusions for any pre-existing conditions if the individual has met the participation requirements of similar employee benefit plans and programs of Evergreen. All individuals eligible to participate in any of the plans or arrangements described above will be immediately eligible to participate in the similar plan or arrangement maintained by Pioneer, or the same plan or arrangement if it is still maintained. Amounts paid before the effective time by employees of Evergreen under any health plans of Evergreen will, after the effective time, be taken into account in applying deductible and out-of-pocket limits applicable under the health plans of Pioneer provided as of the effective time to the same extent as if those amounts had been paid under those health plans to Pioneer.

Table of Contents

In the event that, within one year after the effective time, any person who is an Evergreen employee immediately prior to the effective time voluntarily terminates his or her employment with Pioneer for good reason, as defined in Evergreen s change in control and severance policy, or is discharged without cause by Pioneer, then Pioneer will pay severance to that person in accordance with Evergreen s change in control and severance policy.

Other Covenants and Agreements

In addition to the agreements described above under Conduct of Business Pending the Merger and Acquisition Proposals, other agreements of Pioneer and Evergreen in the merger agreement include:

Directors and Officers Insurance

Pioneer has agreed to continue directors and officers liability insurance for Evergreen s officers and directors for a period of six years after the effective time with respect to claims arising from facts and circumstances that occurred prior to the effective time, except to the extent that premium payments exceed 200% of the annual premium for Evergreen s insurance policy in effect on the date of execution of the merger agreement or 1,200% of the premium for a full six-year policy. If the amount of premiums necessary to procure such insurance coverage exceeds the maximum premium amounts, Pioneer will maintain the most advantageous policies of directors and officers liability insurance obtainable for a premium equal to the maximum amount.

Board of Directors

Pioneer has agreed to cause Mark Sexton and Andrew Lundquist to be appointed to Pioneer s board of directors as of or promptly after the effective time. Mr. Sexton s term of office will expire at Pioneer s annual meeting in 2007 and Mr. Lundquist s term will expire at the annual meeting in 2006.

Evergreen 4.75% Senior Convertible Notes

Pioneer has agreed to directly assume Evergreen s 4.75% Senior Convertible Notes due 2021.

Evergreen 5.875% Senior Subordinated Notes due 2012

If Pioneer requests, Evergreen has agreed to use its commercially reasonable efforts to solicit consents from the holders of Evergreen s 5.875% Senior Subordinated Notes due 2012 for an amendment to either eliminate or amend any restrictive covenants relating to the notes identified by Pioneer, with such amendment to be effective as of the effective time of the merger. In exchange, Pioneer would cause the elimination of the subordination provisions of the notes and assume the notes directly. Pioneer would pay the expenses of any such consent solicitation.

Kansas Properties

Evergreen has agreed not to take any action in connection with the sale of Evergreen s Kansas properties that would delay the closing of the merger or prevent or delay the satisfaction of the conditions to the closing of the merger. Evergreen has agreed not to sell the Kansas properties except for cash consideration generating more than $15 million of net proceeds.

Conditions to the Completion of the Merger

The obligations of Evergreen and Pioneer to complete the merger are each subject to the fulfillment or waiver, if applicable, of specified conditions before completion of the merger, including the following:

the approval of the merger agreement by the affirmative vote of the holders of a majority of the outstanding shares of Evergreen common stock entitled to vote, which approval may not be waived;

the approval of the issuance of shares of Pioneer common stock in the merger by the affirmative vote of a majority of votes cast by holders of Pioneer common stock by proxy or in person and entitled to vote at the Pioneer special meeting, with the total vote cast representing over 50% of all shares of Pioneer common stock issued and outstanding and entitled to vote at the Pioneer special meeting, which condition may not be waived;

the approval for listing by the New York Stock Exchange of the shares of Pioneer common stock to be issued, or reserved for issuance, in connection with the merger, subject to official notice of issuance;

the expiration or termination of the required waiting period under the HSR Act, which condition may not be waived;

the declaration of effectiveness of the registration statement on Form S-4, of which this joint proxy statement/ prospectus is a part, by the SEC, and the absence of any stop order or proceedings seeking a stop order, and the receipt of all necessary approvals under applicable state and federal securities laws relating to the issuance or trading of shares of Pioneer common stock issuable in the merger, which condition may not be waived; and

the absence of any temporary restraining order, preliminary or permanent injunction, order or other legal restraint preventing or making illegal the completion of the merger, which condition may not be waived.

Pioneer s obligation to complete the merger is subject to the satisfaction or waiver of the following additional conditions before completion of the merger:

Evergreen s representations and warranties contained in the merger agreement must be true and correct (without regard to qualifications as to materiality or material adverse effect) as of the date the merger is completed, except for:

failures that individually or in the aggregate would not reasonably be expected to have a material adverse effect on Evergreen;

representations and warranties that address matters as of a specific date, which must be true and correct as of that specific date; and

changes expressly permitted by the merger agreement;

Evergreen must have performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;

Evergreen must have delivered certified copies of resolutions of Evergreen s board of directors and stockholders approving the merger and the merger agreement and all other transactions contemplated by the merger agreement;

there must not have been any material adverse effect on Evergreen from the date of the merger agreement through the closing date of the merger;

the consulting and non-competition agreements entered into with Dennis Carlton and Kevin Collins must remain in full force and effect as of the closing date of the merger other than as a result of death;

the non-competition agreement with Mark Sexton must remain in full force and effect as of the closing date of the merger other than as a result of death;

the aggregate number of shares of Evergreen common stock entitled to vote at the Evergreen special meeting and held by persons or entities that exercise their dissenters rights must not exceed 5% of the total number of issued and outstanding shares of Evergreen common stock; and

- Pioneer must have received from Vinson & Elkins L.L.P., counsel to Pioneer, a written opinion, dated as of the closing date, to the effect that, for U.S. federal income tax purposes, no gain will be recognized by Pioneer, BC Merger Sub or Evergreen as a consequence of either of the mergers.

Evergreen s obligation to complete the merger is subject to the satisfaction or waiver of the following additional conditions before completion of the merger:

- Pioneer s representations and warranties contained in the merger agreement must be true and correct (without regard to qualifications as to materiality or material adverse effect) as of the date the merger is completed, except for:
  - failures that individually or in the aggregate would not reasonably be expected to have a material adverse effect on Pioneer;
  - representations and warranties that address matters as of a specific date, which must be true and correct as of that specific date; and
  - changes expressly permitted by the merger agreement;
- Pioneer must have performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;
- Pioneer must have delivered certified copies of resolutions of Pioneer s board of directors approving the merger and the merger agreement, the issuance of Pioneer common stock in the merger, and all other transactions contemplated by the merger agreement, and resolutions of Pioneer s stockholders approving the issuance of Pioneer common stock in the merger;
- there shall not have been any material adverse effect on Pioneer from the date of the merger agreement through the closing date of the merger; and
- Evergreen must have received from Baker Botts L.L.P., counsel to Evergreen, a written opinion, dated as of the closing date, to the effect that, for U.S. federal income tax purposes, no gain will be recognized by Pioneer, BC Merger Sub or Evergreen as a consequence of either of the mergers.

Termination

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger, whether before or after the merger agreement has been approved by the Evergreen common stockholders, in the following events:

- by mutual consent of Pioneer and Evergreen, or by mutual action of their respective board of directors;
- by Pioneer or Evergreen, if any governmental entity takes any action permanently prohibiting the completion of the merger that has become final and nonappealable;
- by Pioneer or Evergreen, if any required stockholder approval has not been obtained due to the failure to obtain the required vote upon a vote held at a duly held meeting of stockholders; provided that a party may not terminate the merger agreement if the failure to obtain the required approval is caused by, in the case of Pioneer, a material breach of the covenants or agreements contained in the merger agreement, or, in the case of Evergreen, a breach of provisions of the merger agreement relating to acquisition proposals or a material breach of any other covenant or agreement contained in the merger agreement;
- by Pioneer or Evergreen, if the merger is not completed by December 31, 2004, as this date may be extended by mutual agreement of Pioneer and Evergreen; provided that a party may not terminate the merger agreement if the failure of the merger to occur before that date is the result of that party s breach of any representation or warranty or failure to fulfill any covenant or agreement under the merger agreement;

Table of Contents

by Pioneer, if Evergreen fails to comply with the provisions of the merger agreement relating to acquisition proposals or fails to comply in any material respect with any other covenant or agreement contained in the merger agreement and the breach has not been cured within 30 days after receipt of notice of the breach;

by Pioneer, if any representation or warranty of Evergreen is not true in all material respects when made or at the time of termination as if made on the date of termination and the breach is not cured within 30 days following receipt of notice of the breach;

by Pioneer, if there is a material adverse effect on Evergreen;

by Evergreen, if Pioneer fails to comply in any material respect with any covenant or agreement contained in the merger agreement and the breach has not been cured within 30 days after receipt of notice of the breach;

by Evergreen, if any representation or warranty of Pioneer is not true in all material respects when made or at the time of termination as if made on the date of termination and the breach is not cured within 30 days following receipt of notice of the breach;

by Evergreen, if there is a material adverse effect on Pioneer;

by Pioneer, if the Evergreen board of directors:

fails to reaffirm publicly its approval of the merger as soon as reasonably practicable, and in no event later than three business days, after request by Pioneer, or resolves not to reaffirm the merger;

fails to include in this joint proxy statement/ prospectus its recommendation, without modification or qualification, that Evergreen stockholders approve the merger agreement;

withholds, withdraws, amends or modifies its recommendation that Evergreen stockholders approve the merger agreement, or proposes publicly to do so, in a manner adverse to Pioneer;

changes its recommendation that Evergreen stockholders approve the merger; or

within ten days after commencement, fails to recommend against acceptance of any tender or exchange offer for shares of Evergreen common stock or takes no position with respect to any tender or exchange offer;

by Evergreen, if the Evergreen board of directors changes its recommendation that Evergreen stockholders approve the merger in order to accept a superior offer; provided that

Evergreen is not in breach of the provisions of the merger agreement relating to acquisition proposals or in material breach of any other covenant or agreement contained in the merger agreement and has not breached any of its representations and warranties contained in the merger agreement in any material respect;

Pioneer has not made an offer that is at least as favorable as the superior offer within three business days after Pioneer receives written notice of the superior offer;

the Evergreen board of directors authorizes Evergreen to enter into a binding written agreement with respect to the superior offer and notifies Pioneer of its intent to do so and provides a copy of the most current version of the agreement; and

Evergreen pays the termination fee;

by Pioneer, in the event that the total number of shares of Evergreen common stock held by persons who exercise their dissenters rights exceeds 5% of the total number of issued and outstanding shares of Evergreen common stock; and

by Evergreen, if the Pioneer board of directors

fails to reaffirm publicly its approval of the issuance of shares of Pioneer common stock in connection with the merger as soon as reasonably practicable, and in no event later than three business days, after request by Evergreen, or resolves not to reaffirm the issuance of shares of Pioneer common stock in connection with the merger;

fails to include in this joint proxy statement/ prospectus its recommendation, without modification or qualification, that Pioneer stockholders approve the issuance of shares of Pioneer common stock in connection with the merger; or

withholds, withdraws, amends or modifies its recommendation that Pioneer stockholders approve the issuance of Pioneer common stock in connection with the merger, or proposes publicly to do so, in a manner adverse to Evergreen.

Termination Fee

Evergreen has agreed to pay a termination fee of $35 million to Pioneer if:

Pioneer terminates the merger agreement, in accordance with the applicable termination provisions of the merger agreement, because the Evergreen board of directors:

fails to reaffirm publicly its approval of the merger as soon as reasonably practicable, and in no event later than three business days, after request by Pioneer, or resolves not to reaffirm the merger;

fails to include in this joint proxy statement/ prospectus its recommendation, without modification or qualification, that Evergreen stockholders approve the merger agreement;

withholds, withdraws, amends or modifies its recommendation that Evergreen stockholders approve the merger agreement, or proposes publicly to do so, in a manner adverse to Pioneer;

changes its recommendation that Evergreen stockholders approve the merger; or

within ten days after commencement, fails to recommend against acceptance of any tender or exchange offer for shares of Evergreen common stock or takes no position with respect to any such tender or exchange offer; or

Evergreen terminates the merger agreement because its board of directors makes a change of recommendation in order to approve and permit Evergreen to accept a superior offer.

Additionally, Evergreen must pay the $35 million termination fee if:

an acquisition proposal has been publicly announced prior to termination;

the merger agreement is terminated, in accordance with the applicable termination provisions of the merger agreement:

by Pioneer or Evergreen, because the required stockholder approval for Evergreen has not been obtained due to the failure to obtain the required vote upon a vote held at a duly held meeting of stockholders;

by Pioneer or Evergreen, because the merger is not completed by December 31, 2004, as may be extended by mutual agreement of Pioneer and Evergreen; or

by Pioneer, because Evergreen fails to comply with the provisions of the merger agreement relating to acquisition proposals or fails to comply in any material respect with any other covenant or agreement contained in the merger agreement; and

Table of Contents

within 12 months after the date of termination:

Evergreen completes any acquisition proposal with a third party; or

Evergreen enters into an agreement or recommends approval of any acquisition proposal that is subsequently completed.

Pioneer has agreed to pay a termination fee of $35 million to Evergreen if the merger agreement is terminated in accordance with the applicable termination provisions of the merger agreement because the Pioneer board of directors:

fails to reaffirm publicly its approval of the issuance of shares of Pioneer common stock in connection with the merger as soon as reasonably practicable, and in no event later than three business days, after request by Evergreen, or resolves not to reaffirm the issuance of shares of Pioneer common stock in connection with the merger;

fails to include in this joint proxy statement/ prospectus its recommendation, without modification or qualification, that Pioneer stockholders approve the issuance of shares of Pioneer common stock in connection with the merger; or

withholds, withdraws, amends or modifies its recommendation that Pioneer stockholders approve the issuance of shares of Pioneer common stock in connection with the merger, or proposes publicly to do so, in a manner adverse to Evergreen.

Expenses

Pioneer and Evergreen are each required to pay all costs and expenses incurred by them in connection with the merger agreement and all related transactions, including any termination fees, whether or not the mergers are consummated, except that the filing fees with respect to this joint proxy statement/ prospectus and the registration statement of which it is a part and under the HSR Act will be shared equally by the parties.

Amendment; Waiver

The merger agreement may be amended by Pioneer, Evergreen and BC Merger Sub, by action taken or authorized by their respective boards of directors, at any time before or after the approval of the issuance of Pioneer common stock by stockholders of Pioneer or approval of the merger agreement by the stockholders of Evergreen, but, after stockholder approvals have been obtained, no amendment may be made that by law requires further approval by the stockholders of Pioneer or Evergreen without first obtaining that approval.

At any time prior to the effective time, Pioneer, Evergreen and BC Merger Sub, by action taken or authorized by their respective boards of directors, may, to the extent legally allowed:

extend the time for the performance of any of the obligations or other acts of the other parties thereto;

waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or

waive compliance with any of the agreements or conditions contained in the merger agreement.

OTHER AGREEMENTS

Non-Competition Agreement

Pioneer has entered into a non-competition agreement with Mark Sexton pursuant to which Mr. Sexton may not compete with Pioneer in the oil and gas business in the Raton Basin in southern Colorado for a period of one year from the closing date of the merger. Mr. Sexton also must deliver all confidential information in his possession to Pioneer, and keep confidential all information relating to Evergreen and its oil and gas interests for a period of one year from the closing date of the merger.

Consulting and Non-Competition Agreements

Pioneer has entered into a consulting and non-competition agreement with Dennis Carlton pursuant to which Mr. Carlton will provide consulting and advisory services to Pioneer for a period of six months after the closing date of the merger. Pioneer may extend the consulting period for an additional six months at its option. Mr. Carlton will be paid $64,000 per calendar month for consulting services provided to Pioneer, and will be reimbursed for out-of-pocket expenses incurred in rendering the consulting services.

The consulting arrangement may be terminated by Pioneer at any time for any reason, will terminate automatically upon the death of Mr. Carlton and will terminate automatically at the end of the six-month period unless Pioneer extends the consulting period. Mr. Carlton may terminate the consulting arrangement if Pioneer breaches its obligations under the agreement. If the consulting arrangement is terminated, neither party will have any further obligation related to consulting services.

Additionally, Mr. Carlton may not compete with Pioneer in the oil and gas business in the Raton Basin in southern Colorado for a period of one year from the closing date of the merger. Mr. Carlton also agrees to deliver all confidential information in his possession to Pioneer, and keep confidential all information relating to Evergreen and its oil and gas interests for a period of one year from the closing date of the merger.

Pioneer has entered into a consulting and non-competition agreement with Kevin Collins, with terms identical to those of the agreement with Mr. Carlton except the term of the consulting period is three months with a three-month extension at Pioneer s option, and Mr. Collins will be paid a consulting fee of $59,416 per calendar month.

Evergreen Rights Agreement Amendment

In connection with entering into the merger agreement, Evergreen entered into an amendment to its rights agreement with Computershare Trust Company, Inc. so as to render the rights agreement inapplicable (i) to Pioneer and BC Merger Sub and (ii) to the merger agreement and the merger. As a result of this amendment, the execution of the merger agreement and the consummation of the merger will not result in Pioneer or BC Merger Sub being deemed an acquiring person under the rights agreement or in the rights becoming exercisable under the rights agreement.

DIRECTORS AND MANAGEMENT FOLLOWING THE MERGER

Directors of Pioneer

After the merger, the board of directors of Pioneer will consist of 11 members to be comprised of the nine current directors of Pioneer, and Mark Sexton and Andrew Lundquist, who are current directors of Evergreen. Mr. Sexton and Mr. Lundquist will be appointed to the board of directors of Pioneer as of or promptly after the effective time of the merger.

Pioneer has classified its board of directors into three classes. Directors in each class are elected to serve for three-year terms and until either reelected or their successors are elected and qualified. Each year, the directors of one class stand for reelection as their terms of office expire. Messrs. Gardner and

102

Houghton and Mrs. Lawson are designated as Class I Directors and their terms of office expire at the 2007 annual stockholders meeting. Messrs. Baroffio, Buchanan and Sheffield are designated as Class II Directors and their terms of office expire at the 2005 annual stockholders meeting. Messrs. Jones, Ramsey and Solberg are designated as Class III Directors and their terms of office expire at the 2006 annual stockholders meeting. Mr. Sexton will be designated as a Class I Director and Mr. Lundquist will be designated as a Class III Director.

Committees of the Board of Directors of Pioneer

The board of directors of Pioneer has an audit committee, a compensation and management development committee and a nominating and corporate governance committee. In addition, the board of directors may designate other committees.

Compensation of Directors of Pioneer

Each non-employee director of Pioneer receives an annual base retainer fee of $40,000 and an annual fee of $10,000 for service on one or more committees. Each director, following the initial three years of service as a director, will receive an annual equity award of $60,000 equivalent value. For 2004, the annual equity award will be in the form of restricted stock. Audit committee members receive an additional $7,500 annual fee. Dr. Baroffio, in his role as geosciences advisor to the board of directors, receives an additional $7,500 annual fee, the lead director receives an additional $15,000 annual fee, the chairman of the audit committee receives an additional $7,500 annual fee and other committee chairmen receive an additional $2,500 annual fee. Each non-employee director is also reimbursed for travel expenses to attend meetings of the board of directors or its committees. No additional fees will be paid for attendance at board of directors or committee meetings. Pioneer s Chief Executive Officer, President and Chairman of the Board, Mr. Sheffield, does not receive additional compensation for serving on the board of directors.

Management of Pioneer

Upon completion of the merger, Mr. Scott Sheffield will continue to serve as Chairman of the Board, President and Chief Executive Officer of Pioneer, and Mr. Timothy Dove will continue to serve as Executive Vice President and Chief Financial Officer of Pioneer.

Directors of Evergreen and BC Merger Sub

After the effective time of the merger, the directors of Evergreen will be Timothy Dove and Mark Withrow, who are the current directors of BC Merger Sub, and also serve as officers of Pioneer. Mr. Dove and Mr. Withrow will continue to be the directors of the limited liability company subsidiary after the post-closing merger.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Pioneer

The following table and the notes thereto set forth certain information regarding the beneficial ownership of common stock as of June 9, 2004, by (i) each person who is known by Pioneer to own beneficially more than five percent of the outstanding shares of common stock, (ii) each current director of Pioneer, (iii) certain executive officers of Pioneer and (iv) all directors and executive officers of Pioneer as a group. Unless otherwise indicated, all stockholders set forth below have the same principal business address as Pioneer.

Pioneer has determined beneficial ownership in accordance with the rules of the SEC. The number of shares beneficially owned by a person includes shares of Pioneer common stock that are subject to stock options that are either currently exercisable or exercisable within 60 days after the Pioneer record date. These shares are also deemed outstanding for the purpose of computing the percentage of outstanding

Table of Contents

shares owned by the person. These shares are not deemed outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, to Pioneer s knowledge, each stockholder has sole voting and dispositive power with respect to the securities beneficially owned by the stockholder. As of June 9, 2004 there were 119,814,987 shares of Pioneer common stock outstanding.

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
Southeastern Asset Management, Inc.	15,529,800(1)	13.0%
Longleaf Partners Fund		
O. Mason Hawkins		
6410 Poplar Avenue, Suite 900		
Memphis, Tennessee 38119		
Scott D. Sheffield	579,917(2)(3)(5)	*
Chris J. Cheatwood	117,512(2)(4)(5)(6)	*
Timothy L. Dove	188,897(2)(5)(6)	*
Danny L. Kellum	87,286(2)(5)(6)	*
Mark L. Withrow	217,909(2)(5)(6)	*
James R. Baroffio	50,577(2)(5)(7)	*
Edison C. Buchanan	10,898(5)	*
R. Hartwell Gardner	76,537(2)(5)	*
James L. Houghton	32,543(2)(5)(8)	*
Jerry P. Jones	37,464(2)(5)	*
Linda K. Lawson	6,781(5)(9)	*
Charles E. Ramsey, Jr.	39,219(2)(5)	*
Robert A. Solberg	9,413(5)	*
All directors and executive officers as a group (14 persons)	1,566,487(5)(10)	1.3%

* less than one percent

(1) The Schedule 13G/ A filed with the SEC on February 10, 2004, which is a joint statement on Schedule 13G/ A filed by Southeastern Asset Management, Inc. (Southeastern), Longleaf Partners Fund and O. Mason Hawkins (Hawkins), states that the statement is being filed by Southeastern as a registered investment adviser, and that all of the securities covered by the statement are owned legally by Southeastern s investment advisory clients and none are owned directly or indirectly by Southeastern. The Schedule 13G/ A further states that the statement is also being filed by Hawkins, chairman of the board and CEO of Southeastern, in the event he could be deemed to be a controlling person of that firm as the result of his official positions with or ownership of its voting securities. The existence of such control is expressly disclaimed. Hawkins does not own directly or indirectly any securities covered by the Schedule 13G/ A for his own account.

(2) Includes the following number of shares subject to stock options that were exercisable at or within 60 days after June 9, 2004: Mr. Sheffield, 272,000; Mr. Cheatwood, 65,001; Mr. Dove, 112,833; Mr. Kellum, 31,000; Mr. Withrow, 118,666; Dr. Baroffio, 37,912; Mr. Gardner, 57,991; Mr. Houghton, 20,000; Mr. Jones, 20,000 and Mr. Ramsey, 28,307.

(3) Includes 5,000 shares held in Mr. Sheffield s investment retirement account and 10,271 shares held in Mr. Sheffield s 401(k) account.

(4) Includes 2,000 shares held in Mr. Cheatwood s investment retirement account.

(5) Includes the following number of unvested restricted shares: Mr. Sheffield, 133,350; Mr. Cheatwood, 43,750; Mr. Dove, 44,800; Mr. Kellum, 43,750; Mr. Withrow, 43,750; Dr. Baroffio, 1,912; Mr. Buchanan, 3,366; Mr. Gardner, 3,744; Mr. Houghton, 1,912; Mr. Jones, 1,912; Mrs. Lawson, 1,693; Mr. Ramsey, 1,912; Mr. Solberg, 3,525; and all directors and executive officers as a group, 362,126.

(6) Includes the following number of shares held in each respective officer s 401(k) account: Mr. Cheatwood, 503; Mr. Dove, 339; Mr. Kellum, 516 and Mr. Withrow, 11,116.

(7) Includes 10,753 shares held in trust that are shares beneficially owned by Dr. Baroffio.

(8) Includes 8,631 shares held by two trusts of which Mr. Houghton is a trustee and over which shares he has sole voting and investment power and 2,000 shares held in Mr. Houghton s investment retirement account.

(9) Includes 1,700 shares held in Mrs. Lawson s investment retirement accounts.

(10) Includes 837,005 shares of common stock subject to stock options that were exercisable at or within 60 days after June 9, 2004. Including outstanding option awards to directors and executive officers for an additional 424,329 shares of common stock which do not become exercisable within 60 days after June 9, 2004, directors and executive officers as a group own 1.64 percent of class.

Evergreen

The following table and the notes thereto set forth certain information regarding the beneficial ownership of common stock as of June 9, 2004, by (i) each current director of Evergreen; (ii) certain executive officers of Evergreen; and (iii) all directors and executive officers of Evergreen as a group. No stockholder was known to Evergreen to be the beneficial owner of more than five percent of the outstanding common stock as of June 9, 2004. Unless otherwise indicated, all stockholders set forth below have the same principal business address as Evergreen.

Evergreen has determined beneficial ownership in accordance with the rules of the SEC. The number of shares beneficially owned by a person includes shares issuable pursuant to restricted stock awards for which restrictions may lapse within 60 days of the Evergreen record date, and shares of Evergreen common stock that are subject to stock options that are either currently exercisable or exercisable within 60 days after the Evergreen record date. These shares are also deemed outstanding for the purpose of computing the percentage of outstanding shares owned by the person. These shares are not deemed outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, to Evergreen s knowledge, each stockholder has sole voting and dispositive power with respect to the securities beneficially owned by the stockholder. As of June 9, 2004 there were

Table of Contents

43,152,133 shares of Evergreen common stock outstanding. The share numbers reflect Evergreen s two-for-one stock split on September 16, 2003.

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
Alain G. Blanchard	98,952(1)	*
Dennis R. Carlton	423,598(2)	*
Robert J. Clark	11,114(3)	*
Kevin R. Collins	456,296(4)	1.0%
Larry D. Estridge	38,483(5)	*
Andrew D. Lundquist	8,202(6)	*
John J. Ryan III	1,329,080(7)	3.0%
Mark S. Sexton	683,321(8)	1.6%
Scott D. Sheffield	11,200(9)	*
Arthur L. Smith	7,200(10)	*
J. Scott Zimmerman	5,000(11)	*
All Directors and Executive Officers As a Group (11 Persons)	3,072,446(12)	6.9%

* less than one percent

(1) Includes 4,800 shares issuable pursuant to stock options.

(2) Includes 328,000 shares issuable pursuant to stock options and 10,000 shares issuable pursuant to a restricted stock award.

(3) Includes 8,406 shares issuable pursuant to stock options.

(4) Includes 405,000 shares issuable pursuant to stock options and 10,000 shares issuable pursuant to a restricted stock award.

(5) Includes (i) 12,560 shares issuable pursuant to stock options that are beneficially owned by Mr. Estridge; and (ii) 4,540 shares of common stock held by The Estridge Education Trust, for which Mr. Estridge and his former spouse serve as co-trustees and who share equally the investment and dispositive power with respect to the shares of common stock.

(6) Includes 4,800 shares issuable pursuant to stock options.

(7) Includes 4,800 shares issuable pursuant to stock options.

(8) Includes 432,578 shares issuable pursuant to stock options and 10,000 shares issuable pursuant to a restricted stock award.

(9) Includes 4,800 shares issuable pursuant to stock options.

(10) Includes 4,800 shares issuable pursuant to stock options.

(11) Represents 5,000 shares issuable pursuant to a restricted stock award.

(12) Includes 1,210,544 shares issuable pursuant to stock options and 35,000 shares issuable pursuant to restricted stock awards.

Table of Contents

COMPARATIVE STOCK PRICES AND DIVIDENDS

Pioneer

Pioneer s common stock is traded on the New York Stock Exchange under the symbol PXD. The following table sets forth, for the periods indicated, the range of high and low sales prices per share for Pioneer common stock on the New York Stock Exchange composite tape, as well as information concerning quarterly cash dividends declared on such shares. The sales prices are as reported in published financial sources.

During March 2004, Pioneer s board of directors declared a $.10 per common share semiannual dividend, which was paid on April 13, 2004 to stockholders of record on March 29, 2004. If declared by the board of directors, Pioneer s second semiannual dividend will be distributed during October 2004. As a result, the total amount of the semiannual dividend payment after the merger will increase from $12 million to approximately $15 million.

	Pioneer Common Stock		
	High	Low	Dividends Declared Per Share
2002			
First quarter	$22.30	$16.10	$
Second quarter	$26.05	$21.21	$
Third quarter	$26.23	$19.50	$
Fourth quarter	$27.50	$21.70	$
2003			
First quarter	$27.44	$23.27	$
Second quarter	$28.44	$22.85	$
Third quarter	$26.52	$22.76	$
Fourth quarter	$32.90	$25.00	$
2004			
First quarter	$34.68	$29.60	$.10
Second quarter (through June 10, 2004)	$34.93	$29.27	$

On May 3, 2004, the last full trading day before the public announcement of the merger, the high and low prices for Pioneer common stock were $33.67 and $32.57 per share, respectively, and the closing sales price on that day was $33.52 per share. On June 10, 2004, the last trading day before the date of this joint proxy statement/ prospectus, the closing sales price for Pioneer common stock was $32.30 per share. You are urged to obtain current market quotations for Pioneer common stock before making any decision with respect to the merger.

Evergreen

Evergreen s common stock is traded on the New York Stock Exchange under the symbol EVG. The following table sets forth, for the periods indicated, the range of high and low sales prices per share for Evergreen common stock on the New York Stock Exchange composite tape. The sales prices are reported in published financial sources. The sales prices per share give effect to the two-for-one split of

Table of Contents

Evergreen s common stock effective September 16, 2003 for all periods presented. The board of directors of Evergreen has elected not to pay dividends, preferring to reinvest such funds in drilling activities.

	Evergreen Common Stock	
	High	**Low**
2002		
First quarter	$21.83	$16.51
Second quarter	$22.70	$19.63
Third quarter	$21.26	$15.45
Fourth quarter	$23.50	$18.88
2003		
First quarter	$23.25	$20.65
Second quarter	$28.50	$22.30
Third quarter	$28.35	$24.49
Fourth quarter	$33.75	$26.60
2004		
First quarter	$35.84	$30.70
Second quarter (through June 10, 2004)	$42.47	$33.42

On May 3, 2004, the last full trading day before the public announcement of the merger, the high and low prices for Evergreen common stock were $40.98 and $39.93 per share, respectively, and the closing sale price on that day was $40.63 per share. On June 10, 2004, the last trading day before the date of the joint proxy statement/ prospectus, the closing sale price for Evergreen common stock was $38.69 per share. You are urged to obtain current market quotations for Evergreen common stock before making any decision with respect to the merger.

Table of Contents

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On May 3, 2004, Pioneer entered into the merger agreement with Evergreen, a publicly traded independent oil and gas company primarily engaged in the operation, development, production, exploration and acquisition of North American unconventional gas. Evergreen is based in Denver, Colorado and is one of the leading developers of coal bed methane reserves in the United States. Evergreen s operations are principally focused on developing and expanding its coal bed methane project located in the Raton Basin in southern Colorado and producing properties acquired in the Piceance Basin in western Colorado, the Uintah Basin in eastern Utah and the Western Canada Sedimentary Basin as a result of Evergreen s acquisition of Carbon Energy Corporation (Carbon) on October 29, 2003. The merger agreement provides for a merger by which Evergreen will become a subsidiary of Pioneer.

In accordance with the merger agreement, holders of shares of Evergreen common stock will have the right to receive an aggregate of approximately 25.3 million shares of Pioneer common stock (with related stockholders rights) and a total of approximately $865 million in cash, excluding any net cash proceeds received from Evergreen s sale of its Kansas properties in excess of $15 million, if that sale occurs. This represents a price per Evergreen share of $39.00 (based on Pioneer s last reported sale price on May 3, 2004 of $33.52 per share). Holders of Evergreen common stock will have the option to elect among three types of consideration for a share of Evergreen common stock: (1) 1.1635 shares of Pioneer common stock, subject to allocation and proration; (2) $39.00 in cash, subject to allocation and proration; or (3) 0.58175 shares of Pioneer common stock and $19.50 in cash. Evergreen stockholders who do not make an election will receive 0.58175 shares of Pioneer common stock and $19.50 in cash per share of Evergreen common stock. Each share issuable pursuant to a restricted stock award under Evergreen s stock-based employee plans as to which the applicable forfeiture restrictions do not lapse as of the effective time will be converted into the right to receive, upon lapsing of the restrictions, 1.1635 shares of Pioneer common stock. Holders who elect all stock consideration or all cash consideration (other than holders of restricted stock awards as to which the applicable forfeiture restrictions do not lapse as of the effective time) will be subject to allocation of the stock and cash so that the aggregate amounts of stock and cash will not exceed maximum limits on the aggregate stock consideration and aggregate cash consideration (other than cash paid with respect to the Kansas properties, as described below) as calculated in accordance with the merger agreement.

In addition, Evergreen will seek to sell its Kansas properties before the closing date of the merger. Evergreen stockholders will receive an additional cash payment equal to the sum of (i) $0.35 per share of Evergreen common stock as consideration from Pioneer for Evergreen s properties located in Kansas; plus (ii) an amount per share of Evergreen common stock equal to a pro rata share of the net proceeds in excess of $15 million from Evergreen s sale, if any, of its Kansas properties to a third party if a sale occurs prior to the closing of the merger. Each share of Evergreen common stock that is issuable pursuant to a restricted stock award will, upon the lapsing of the applicable restrictions, be converted into the right to receive, in addition to 1.1635 shares of Pioneer common stock, its pro rata per share cash consideration with respect to the Kansas properties. Evergreen optionholders also are entitled to receive their pro rata per share cash consideration with respect to the Kansas properties upon exercise of their options following the merger.

The accompanying unaudited pro forma combined financial statements have been prepared to assist investors in their analyses of the financial effects of the merger. This information is based on the historical financial statements of Pioneer and Evergreen and should be read in conjunction with Pioneer s and Evergreen s historical financial statements and related notes, which are incorporated by reference herein.

The accompanying unaudited pro forma combined balance sheet of Pioneer as of March 31, 2004 has been prepared to give effect to the merger as if it had occurred on March 31, 2004.

The accompanying unaudited pro forma combined statements of operations of Pioneer for the three months ended March 31, 2004 and the year ended December 31, 2003 have been prepared to give effect to the merger as if the merger and the Carbon acquisition had each occurred on January 1, 2003.

Table of Contents

These unaudited pro forma combined financial statements have been prepared using the following assumptions: (i) none of Evergreen s 4.75% Senior Convertible Notes due 2021 will convert into Evergreen common stock prior to the closing of the merger; (ii) no options to purchase Evergreen common stock will be exercised between the date of this joint proxy statement/ prospectus and the closing of the merger; and (iii) Evergreen will not sell its Kansas properties to a third party prior to the closing of the merger.

The unaudited pro forma combined financial statements included herein are not necessarily indicative of the results that might have occurred had the transactions taken place on March 31, 2004 or January 1, 2003 and are not intended to be a projection of future results. In addition, future results may vary significantly from the results reflected in the accompanying unaudited pro forma combined financial statements because of normal production declines, changes in commodity prices, future acquisitions and divestitures, future development and exploration activities and other factors.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

As of March 31, 2004

	Pioneer	Evergreen	Pro Forma Adjustments	Pro Forma Combined
		(In thousands)		
ASSETS				
Current assets:				
Cash and cash equivalents	$ 9,022	$ 56,625	$ (56,625)(a)	$ 9,022
Accounts receivable:				
Trade, net	145,733	27,063		172,796
Due from affiliates	406			406
Inventories	17,210			17,210
Prepaid expenses	10,166	1,461		11,627
Deferred income taxes	35,780			35,780
Other current assets:				
Derivatives	179	135		314
Other, net	4,217		300 (a)	4,517
Total current assets	222,713	85,284	(56,325)	251,672
Property, plant and equipment, at cost:				
Oil and gas properties:				
Proved properties	5,069,733	669,733	1,504,820 (a)	7,244,286
Unproved properties	176,580	96,378	323,035 (a)	595,993
Accumulated depletion, depreciation and amortization	(1,808,468)	(82,494)	82,494 (a)	(1,808,468)
Total property, plant and equipment	3,437,845	683,617	1,910,349	6,031,811
Deferred income taxes	198,587		(198,587)(a)	
Goodwill			219,270 (a)	219,270
Other property and equipment, net	28,470	215,143	(211,194)(a)	32,419
Other assets:				
Derivatives	157			157
Other, net	40,512	17,597	(9,101)(a)	49,008
	$ 3,928,284	$ 1,001,641	$ 1,654,412	$ 6,584,337
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable:				
Trade	$ 173,378	$ 32,738	$	$ 206,116
Due to affiliates	2,523			2,523
Interest payable	37,728			37,728
Income taxes payable	8,986	270		9,256
Other current liabilities:				
Derivatives	195,295	26,313		221,608
Other	45,668	20,796		66,464
Total current liabilities	463,578	80,117		543,695

Long-term debt	1,456,695	298,435	827,464 (a)	2,582,594
Derivatives	89,524			89,524
Deferred income taxes	12,832	95,673	413,169 (a)	521,674
Other liabilities	147,828	21,431	76 (a)	169,335
Minority interests		5,218		5,218
Stockholders equity:				
Common stock	1,202	215	41 (a)	1,458
Additional paid-in capital	2,751,454	373,256	549,142 (a)	3,673,852
Treasury stock, at cost	(1,367)			(1,367)
Deferred compensation	(24,164)		(8,184)(a)	(32,348)
Retained earnings (accumulated deficit)	(839,646)	143,512	(143,512)(a)	(839,646)
OCI net deferred hedge losses, net of tax	(158,879)	(16,597)	16,597 (a)	(158,879)
OCI cumulative translation adjustment	29,227	381	(381)(a)	29,227
Total stockholders equity	1,757,827	500,767	413,703	2,672,297
	$ 3,928,284	$ 1,001,641	$ 1,654,412	$ 6,584,337

See accompanying notes to unaudited pro forma combined financial statements.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

For the Three Months Ended March 31, 2004

	Pioneer	Evergreen	Pro Forma Adjustments	Pro Forma Combined
		(In thousands, except per share data)		
Revenues and other income:				
Oil and gas	$446,526	$ 63,899	$ 8,004 (k)	$518,429
Interest and other	1,735	240		1,975
Loss on disposition of assets, net	(13)	(3)		(16)
	448,248	64,136	8,004	520,388
Costs and expenses:				
Oil and gas production	89,211	14,161	8,004 (k)	111,376
Depletion, depreciation and amortization	136,499	9,904	12,858 (b)	159,261
Exploration and abandonments	80,506			80,506
General and administrative	18,329	4,526	1,500 (c)	25,378
			1,023 (j)	
Accretion of discount on asset retirement obligations	1,966	218		2,184
Interest	21,576	2,350	(189)(d)	28,577
			4,840 (e)	
Other	196	717		913
	348,283	31,876	28,036	408,195
Income before income taxes	99,965	32,260	(20,032)	112,193
Income tax provision	(39,777)	(11,847)	7,384 (f)	(44,240)
Net income	$ 60,188	$ 20,413	$(12,648)	$ 67,953
Net income per share:				
Basic	$ .51			$ .47
Diluted	$ .50			$ .46
Weighted average shares outstanding:				
Basic	118,719		25,345 (g)	144,064
Diluted	120,264		28,680 (g)	148,944

See accompanying notes to unaudited pro forma combined financial statements.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2003

	Pioneer	Pro Forma Evergreen	Pro Forma Adjustments	Pro Forma Combined
		(In thousands, except per share data)		
Revenues and other income:				
Oil and gas	$1,314,440	$233,312	$ 28,480 (k)	$1,576,232
Interest and other	12,292	891		13,183
Gain on disposition of assets, net	1,256	3,824		5,080
	1,327,988	238,027	28,480	1,594,495
Costs and expenses:				
Oil and gas production	295,319	50,955	28,480 (k)	374,754
Depreciation, depletion and amortization	390,840	35,891	44,581 (b)	471,312
Impairment of oil and gas properties		1,712	(1,712)(h)	
Exploration and abandonments	132,760		1,712 (h)	134,472
General and administrative	60,545	19,727	10,997 (c)	95,361
			4,092 (j)	
Accretion of discount on asset retirement obligations	5,040	465		5,505
Interest	91,388	8,897	(614)(d)	122,081
			22,410 (e)	
Other	21,320	6,233	300 (i)	27,853
	997,212	123,880	110,246	1,231,338
Income before income taxes	330,776	114,147	(81,766)	363,157
Income tax benefit (provision)	64,403	(41,649)	29,830 (f)	52,584
Income before cumulative effect of change in accounting principle	$ 395,179	$ 72,498	$ (51,936)	$ 415,741
Income per share before cumulative effect of change in accounting principle:				
Basic	$ 3.37			$ 2.91
Diluted	$ 3.33			$ 2.84
Weighted average shares outstanding:				
Basic	117,185		25,345 (g)	142,530
Diluted	118,513		28,680 (g)	147,193

See accompanying notes to unaudited pro forma combined financial statements.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

March 31, 2004 and December 31, 2003

Note 1. Basis of Presentation

The accompanying unaudited pro forma combined balance sheet of Pioneer as of March 31, 2004 has been prepared to give effect to the merger as if it had occurred on March 31, 2004.

The accompanying unaudited pro forma combined statement of operations of Pioneer for the three months ended March 31, 2004 and the year ended December 31, 2003 have been prepared to give effect to the merger as if the merger and the Carbon acquisition had each occurred on January 1, 2003. In accordance with SEC presentation rules, Pioneer s unaudited pro forma combined statement of operations for the year ended December 31, 2003 does not include the cumulative effects of changes in accounting principles, net of tax, recognized during 2003 as a net gain of $15.4 million by Pioneer and a net charge of $0.4 million by Pro Forma Evergreen. These amounts were recorded as a result of each company s adoption of Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations.

These unaudited pro forma combined financial statements have been prepared using the following assumptions: (i) none of Evergreen s 4.75% Senior Convertible Notes due 2021 (the Convertible Notes) convert into Evergreen common stock prior to the closing of the merger; (ii) no options to purchase Evergreen common stock will be exercised between the date of this joint proxy statement/ prospectus and the closing of the merger; and (iii) Evergreen will not sell its Kansas properties to a third party prior to the closing of the merger.

Following are descriptions of the individual columns included in the accompanying unaudited pro forma combined financial statements and notes to unaudited pro forma combined financial statements:

Pioneer Represents the historical consolidated balance sheet of Pioneer as of March 31, 2004 and the historical consolidated results of operations of Pioneer for the three months ended March 31, 2004 and for the year ended December 31, 2003.

Evergreen Represents the historical consolidated balance sheet of Evergreen as of March 31, 2004 and the historical consolidated results of operations of Evergreen for the three months ended March 31, 2004 and for the year ended December 31, 2003.

Pro Forma Evergreen Represents the pro forma combined results of operations of Evergreen for the year ended December 31, 2003, adjusted as if the Carbon acquisition had occurred on January 1, 2003. See Note 3 for additional information regarding the Carbon acquisition.

Carbon Represents the consolidated 2003 results of operations of Carbon prior to its acquisition by Evergreen on October 29, 2003. See Note 3 for additional information regarding the Carbon acquisition.

Note 2. Method of Accounting for the Merger

Pioneer will account for the merger using the purchase method of accounting for business combinations. Pioneer is deemed to be the acquirer of Evergreen for purposes of accounting for the merger. The purchase method of accounting requires Pioneer to record the assets and liabilities of Evergreen at their fair values.

In accordance with the merger agreement, holders of shares of Evergreen common stock, including shares issuable pursuant to Evergreen restricted stock awards for which the applicable restrictions lapse as of the effective time, will have the right to receive an aggregate of approximately 25.3 million shares of Pioneer common stock (with related stockholders rights) and a total of approximately $865 million in cash, excluding any cash received as consideration from the sale of Evergreen s Kansas properties for net

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

proceeds in excess of $15 million. This represents a price per Evergreen share of $39.00 (based on Pioneer s last reported sale price on May 3, 2004 of $33.52 per share). Holders of Evergreen common stock will have the option to elect among three types of consideration for a share of Evergreen common stock: (1) 1.1635 shares of Pioneer common stock, subject to allocation and proration; (2) $39.00 in cash, subject to allocation and proration; or (3) 0.58175 shares of Pioneer common stock and $19.50 in cash. Evergreen stockholders who do not make an election will receive 0.58175 shares of Pioneer common stock and $19.50 in cash per share of Evergreen common stock. Each share issuable pursuant to a restricted stock award under Evergreen s stock-based employee plans as to which the applicable forfeiture restrictions do not lapse as of the effective time will be converted into the right to receive, upon lapsing of the restrictions, 1.1635 shares of Pioneer common stock. Holders who elect all stock consideration or all cash consideration (other than holders of restricted stock awards as to which the applicable forfeiture restrictions do not lapse as of the effective time) will be subject to allocation of the stock and cash so that the aggregate amounts of stock and cash will not exceed maximum limits on the aggregate stock consideration and aggregate cash consideration (other than cash paid with respect to the Kansas properties, as described below) as calculated in accordance with the merger agreement.

In addition, Evergreen will seek to sell its Kansas properties before the closing date of the merger. Evergreen stockholders will receive an additional cash payment equal to the sum of (i) $0.35 per share of Evergreen common stock as consideration from Pioneer for Evergreen s properties located in Kansas; plus (ii) an amount per share of Evergreen common stock equal to a pro rata share of the net proceeds in excess of $15 million from Evergreen s sale, if any, of its Kansas properties to a third party if a sale occurs prior to the closing of the merger. Each share of Evergreen common stock that is issuable pursuant to a restricted stock award will, upon the lapsing of the applicable restrictions, be converted into the right to receive, in addition to 1.1635 shares of Pioneer common stock, its pro rata per share cash consideration with respect to the Kansas properties. Evergreen optionholders also are entitled to receive their pro rata per share cash consideration with respect to the Kansas properties upon exercise of their options following the merger.

The purchase price of Evergreen s net assets acquired in the merger will be based on the total value of the cash consideration and the Pioneer common stock issued to Evergreen stockholders. For accounting purposes, the per share value of the Pioneer common stock issued is $32.578, which represents the average closing price of Pioneer s common stock for a period of five days surrounding the announcement of the merger.

Note 3. The Carbon Acquisition

Evergreen accounted for the Carbon acquisition, which was effective on October 29, 2003, under the purchase method of accounting. Consequently, the historical consolidated results of operations of Evergreen for the year ended December 31, 2003 include the historical results of operations of the Carbon assets for the two months ended December 31, 2003 and exclude the historical results of operations of the Carbon assets for the ten months that preceded the effective date of the Carbon acquisition.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

The following Evergreen Resources, Inc. unaudited pro forma combined statement of operations for the year ended December 31, 2003 has been prepared to give effect to the Carbon acquisition as if it had occurred on January 1, 2003:

EVERGREEN RESOURCES, INC.

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2003

	Evergreen	Carbon	Pro Forma Adjustments	Pro Forma Evergreen
		(In thousands)		
Revenues and other income:				
Oil and gas	$215,460	$17,852	$	$233,312
Interest and other	980	(89)		891
Gain (loss) on disposition of assets, net	3,824			3,824
	220,264	17,763		238,027
Costs and expenses:				
Oil and gas production	46,552	4,403		50,955
Depletion, depreciation and amortization	26,913	4,136	4,842(a)	35,891
Impairment of oil and gas properties	1,712			1,712
General and administrative	14,619	5,108		19,727
Accretion of discount on asset retirement obligations	465			465
Interest	8,251	646		8,897
Other	6,233			6,233
	104,745	14,293	4,842	123,880
Income before income taxes	115,519	3,470	(4,842)	114,147
Income tax provision	(42,178)	(1,311)	1,840(b)	(41,649)
Income before cumulative effect of change in accounting principle	$ 73,341	$ 2,159	$(3,002)	$ 72,498

(a) To adjust Carbon s historical depreciation, depletion and amortization expense for the additional basis allocated to the oil and gas properties acquired by Evergreen on October 29, 2003 and accounted for using the full cost method of accounting.

(b) To record an income tax benefit associated with the Carbon acquisition pro forma adjustments using a 38.0 percent estimated effective tax rate attributable to such adjustments.

Note 4. Pioneer Pro Forma Adjustments

(a) To record the acquisition of Evergreen in accordance with the terms of the merger agreement, including $823.9 million of cash (including estimated merger costs of $8.0 million and net of $56.6 million of purchased cash) to be financed with expected borrowings under a new 364-day credit facility. The allocation of the purchase price to Evergreen s assets and liabilities is preliminary and, therefore, subject to

change. Any future adjustments to the allocation of the purchase price are not anticipated to be material to Pioneer s consolidated financial statements.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

The following table represents the preliminary allocation of the total purchase price of Evergreen to the acquired assets and liabilities of Evergreen. The allocation represents the fair values assigned to each of the assets acquired and liabilities assumed:

	(In Thousands)
Fair value of Evergreen s net assets:	
Net working capital	$ 5,467
Proved oil and gas properties	2,174,553
Unproved oil and gas properties	419,413
Other assets	12,445
Goodwill	219,270
Long-term debt	(302,000)
Net deferred income tax liabilities	(707,429)
Other noncurrent liabilities, including minority interest in subsidiaries	(26,649)
Deferred compensation associated with unvested restricted stock awards	8,184
Additional paid-in capital (excess fair value of convertible debt attributable to equity conversion rights)	(54,000)
	$ 1,749,254
Consideration paid for Evergreen s net assets:	
Pioneer common stock to be issued	$ 825,690
Cash consideration to be paid	872,525
Aggregate purchase consideration issuable to Evergreen stockholders	1,698,215
Plus:	
Pioneer common stock issuable to holders of unvested restricted stock awards upon lapse of restrictions	8,215
Proceeds from the sale of Kansas properties to be paid to holders of unvested restricted stock awards upon lapse of restrictions	76
Exchange of Evergreen employee stock options	34,748
Estimated direct merger costs to be incurred	8,000
Total purchase price	$ 1,749,254

Estimated merger costs include legal and accounting fees, printing fees, investment banking expenses and other merger-related costs. The fair value of Evergreen employee stock options has been included in additional paid-in capital in the accompanying unaudited pro forma combined balance sheet.

(b) To adjust depletion, depreciation and amortization expense for the additional basis allocated to proved oil and gas properties acquired and accounted for using the successful efforts method of accounting.

(c) To reclassify amounts which were capitalized by Evergreen as oil and gas properties in accordance with the full cost method of accounting but that are treated as general and administrative expenses in accordance with the successful efforts method of accounting.

(d) To (i) eliminate Evergreen s interest expense attributable to the amortization of historical debt issuance costs and (ii) amortize the premium (utilizing the effective interest method) associated with Evergreen s 5.875% Senior Subordinated Notes due 2012.

117

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

(e) To record interest expense associated with $823.9 million of net cash used to fund the acquisition, including merger costs, which will be financed under a new 364-day credit facility. The 2.35% and 2.72% interest rates used to determine such interest expense represent Pioneer s average borrowing rates on outstanding bank indebtedness for the three months ended March 31, 2004 and the year ended December 31, 2003, respectively.

(f) To adjust income tax expense to a 36.5 percent estimated United States effective tax rate attributable to Pioneer.

(g) To adjust Pioneer s weighted average basic and diluted common shares outstanding during the three months ended March 31, 2004 and the year ended December 31, 2003 based on the preliminary purchase price allocation of 0.58175 Pioneer common shares to be issued for each Evergreen common share outstanding, as described in Note 2 above. Additionally, diluted common shares outstanding includes the potential shares that would be issued if the Convertible Notes were converted and Evergreen s employee stock options assumed by Pioneer were exercised.

The following table provides the calculation of Pioneer s historical weighted average basic and diluted outstanding shares to Pioneer s pro forma weighted average basic and diluted outstanding shares:

	Quarter Ended March 31, 2004	Year Ended December 31, 2003
	(In thousands)	
Basic:		
Pioneer s historical weighted average shares outstanding	118,719	117,185
Pioneer shares issuable to Evergreen stockholders	25,345	25,345
Pro forma weighted average Pioneer shares outstanding	144,064	142,530
Diluted:		
Pioneer s historical weighted average shares outstanding	120,264	118,513
Pioneer shares issuable to Evergreen stockholders	25,345	25,345
Shares issuable upon conversion of convertible debt	2,327	2,327
Dilutive impact of Evergreen stock options	1,008	1,008
Pro forma weighted average Pioneer shares outstanding	148,944	147,193

The following table provides the reconciliation of Pioneer s pro forma basic earnings to Pioneer s pro forma dilutive earnings:

	Quarter Ended March 31, 2004	Year Ended December 31, 2003
	(In thousands)	
Pioneer s pro forma basic earnings	$67,953	$415,741
Pro forma interest expense on the Convertible Notes, net of tax	423	1,692
Pioneer s pro forma dilutive earnings	$68,376	$417,433

(h) To reclassify Evergreen s abandonment expense in accordance with Pioneer classification practices under the successful efforts method of accounting.

(i) To record amortization expense associated with $300,000 of identified intangible assets acquired with a one-year term.

(j) To record amortization expense associated with $8.2 million of deferred compensation attributable to unvested restricted stock awards. Vesting is assumed to occur ratably over two years.

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

(k) To adjust oil and gas revenues and production costs to reflect gas used in field compression consistent with Pioneer s accounting practices.

Note 5. Goodwill

The preliminary allocation of the purchase price includes $219.3 million of asset value attributable to goodwill. Goodwill has been determined in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations , and represents the amount by which the total purchase price exceeds the aggregate fair values of assets acquired and liabilities assumed in the merger, other than goodwill. In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets , goodwill is tested for impairment on at least an annual basis. If goodwill becomes impaired, its carrying value is reduced to its fair value through an impairment provision that is recorded as a charge to earnings in the period in which impairment is measured.

Note 6. Merger Financing

Pioneer has entered into a commitment agreement with JPMorgan Chase Bank pursuant to which JPMorgan Chase Bank has agreed, subject to execution of a definitive credit agreement and certain other conditions, to advance up to $900 million to Pioneer to fund the cash portion of the merger consideration. It is expected that JPMorgan Chase Bank will syndicate a part of the credit facility to a group of financial institutions. The credit facility will be a senior unsecured revolving credit facility with a one-year term and with other terms and conditions similar to Pioneer s existing $700 million credit facility, except as noted below. It is expected that the loan will bear interest at a rate per annum equal to the London Interbank Offered Rate (2.43% per annum as of June 11, 2004) plus 75 basis points. In addition, there is a commitment fee for the loan equal to 25 basis points.

Until June 2004, Pioneer s credit facility and all senior notes issued by Pioneer have been guaranteed by its subsidiary, Pioneer Natural Resources USA, Inc. By their terms, all these guarantees were released in June 2004 when the lenders under Pioneer s credit facility released Pioneer and Pioneer Natural Resources USA, Inc. from the requirement that Pioneer Natural Resources USA, Inc. guarantee the credit facility.

Note 7. Change in Control Agreements

The cash consideration paid for Evergreen s net assets (as described in Note 4(a) above) includes $7.7 million associated with change in control agreements for three Evergreen executives. The three Evergreen executives are disputing Pioneer s computation under the change in control agreements and, if Pioneer s position is determined to be incorrect, such obligation could total up to $30.0 million.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

Note 8. Supplementary Pro Forma Information for Oil and Gas Producing Activities

The following supplementary pro forma information for oil and gas producing activities is presented pursuant to the disclosure requirements of Statement of Financial Accounting Standards No. 69, Disclosures About Oil and Gas Producing Activities .

Pro Forma Reserve Quantity Information

The following table sets forth the changes in net reserve quantities of oil and NGLs combined, gas and total proved reserves of Pioneer, Pro Forma Evergreen and on a Pro Forma Combined basis for the year ended December 31, 2003:

	Pioneer			Pro Forma Evergreen			Pro Forma Combined		
	Oil & NGLs (MBbls)	Gas (MMcf)	MBOE	Oil & NGLs (MBbls)	Gas (MMcf)	MBOE	Oil & NGLs (MBbls)	Gas (MMcf)	MBOE
Total Proved Reserves:									
UNITED STATES									
Balance at January 1, 2003	337,631	1,483,971	584,960	731	1,413,380	236,294	338,362	2,897,351	821,254
Revisions of previous estimates	36,823	94,759	52,616	(4)	(10,957)	(1,830)	36,819	83,802	50,786
Purchases of minerals-in-place	4,422	57,124	13,942				4,422	57,124	13,942
New discoveries & extensions	250	80,769	13,712		228,480	38,080	250	309,249	51,792
Production	(16,375)	(162,647)	(43,483)	(37)	(51,593)	(8,636)	(16,412)	(214,240)	(52,119)
Balance at December 31, 2003	362,751	1,553,976	621,747	690	1,579,310	263,908	363,441	3,133,286	885,655
ARGENTINA									
Balance at January 1, 2003	31,532	532,081	120,211				31,532	532,081	120,211
Revisions of previous estimates	2,027	44,064	9,372				2,027	44,064	9,372
New discoveries & extensions	3,562	8,068	4,907				3,562	8,068	4,907
Production	(3,652)	(34,357)	(9,378)				(3,652)	(34,357)	(9,378)
Balance at December 31, 2003	33,469	549,856	125,112				33,469	549,856	125,112
CANADA									
Balance at January 1, 2003	2,361	119,328	22,249	819	35,921	6,806	3,180	155,249	29,055
Revisions of previous estimates	344	(14,920)	(2,143)	(18)	(827)	(156)	326	(15,747)	(2,299)
	73	4,630	845				73	4,630	845

New discoveries & extensions									
Production	(371)	(15,209)	(2,906)	(66)	(2,836)	(539)	(437)	(18,045)	(3,445)
Balance at December 31, 2003	2,407	93,829	18,045	735	32,258	6,111	3,142	126,087	24,156
AFRICA									
Balance at January 1, 2003	9,320		9,320				9,320		9,320
Revisions of previous estimates	(1,817)		(1,817)				(1,817)		(1,817)
New discoveries & extensions	17,374		17,374				17,374		17,374
Production	(723)		(723)				(723)		(723)
Balance at December 31, 2003	24,154		24,154				24,154		24,154
TOTAL									
Balance at January 1, 2003	380,844	2,135,380	736,740	1,550	1,449,301	243,100	382,394	3,584,681	979,840
Revisions of previous estimates	37,377	123,903	58,028	(22)	(11,784)	(1,986)	37,355	112,119	56,042
Purchases of minerals-in-place	4,422	57,124	13,942				4,422	57,124	13,942
New discoveries & extensions	21,259	93,467	36,838		228,480	38,080	21,259	321,947	74,918
Production	(21,121)	(212,213)	(56,490)	(103)	(54,429)	(9,175)	(21,224)	(266,642)	(65,665)
Balance at December 31, 2003	422,781	2,197,661	789,058	1,425	1,611,568	270,019	424,206	3,809,229	1,059,077
Proved Developed Reserves:									
United States	209,349	1,202,264	409,727	396	970,539	162,153	209,745	2,172,803	571,880
Argentina	21,149	352,660	79,926				21,149	352,660	79,926
Canada	2,312	86,500	16,728	565	23,188	4,430	2,877	109,688	21,158
Africa	6,817		6,817				6,817		6,817
Balance at December 31, 2003	239,627	1,641,424	513,198	961	993,727	166,583	240,588	2,635,151	679,781

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

Pro Forma Standardized Measure of Discounted Future Net Cash Flows

The following tables set forth the standardized measure of discounted future net cash flows relating to proved oil, NGLs and gas reserves of Pioneer, Evergreen and on a Pro Forma Combined basis as of December 31, 2003, as well as changes therein for the year then ended for Pioneer, pro forma Evergreen and on a Pro Forma Combined basis:

	Pioneer	Evergreen	Pro Forma Combined
		(In thousands)	
UNITED STATES			
Oil and gas producing activities:			
Future cash inflows(a)	$18,239,318	$ 8,714,503	$26,953,821
Future production costs(a)	(5,918,790)	(2,549,911)	(8,468,701)
Future development costs	(1,188,394)	(195,780)	(1,384,174)
Future income tax expense	(3,057,968)	(2,045,879)	(5,103,847)
	8,074,166	3,922,933	11,997,099
10% annual discount factor	(4,276,678)	(2,187,827)	(6,464,505)
Standardized measure of discounted future cash flows	$ 3,797,488	$ 1,735,106	$ 5,532,594
ARGENTINA			
Oil and gas producing activities:			
Future cash inflows	$ 1,257,068	$	$ 1,257,068
Future production costs	(233,399)		(233,399)
Future development costs	(136,663)		(136,663)
Future income tax expense	(161,683)		(161,683)
	725,323		725,323
10% annual discount factor	(282,205)		(282,205)
Standardized measure of discounted future cash flows	$ 443,118	$	$ 443,118
CANADA			
Oil and gas producing activities:			
Future cash inflows	$ 520,976	$ 176,787	$ 697,763
Future production costs	(91,675)	(44,282)	(135,957)
Future development costs	(11,551)	(5,706)	(17,257)
Future income tax expense	(72,895)	(40,347)	(113,242)
	344,855	86,452	431,307
10% annual discount factor	(126,436)	(36,839)	(163,275)
Standardized measure of discounted future cash flows	$ 218,419	$ 49,613	$ 268,032
AFRICA			
Oil and gas producing activities:			
Future cash inflows	$ 713,459	$	$ 713,459

Future production costs	(212,615)		(212,615)
Future development costs	(261,413)		(261,413)
Future income tax expense	(17,062)		(17,062)
	222,369		222,369
10% annual discount factor	(98,141)		(98,141)
Standardized measure of discounted future cash flows	$ 124,228	$	$ 124,228

(a) Evergreen s future cash inflows and production costs have been adjusted to reflect gas used in field compression consistent with Pioneer s accounting practices.

Table of Contents

PIONEER NATURAL RESOURCES COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

	Pioneer	Evergreen	Pro Forma Combined
		(In thousands)	
TOTAL			
Oil and gas producing activities:			
Future cash inflows	$20,730,821	$ 8,891,290	$29,622,111
Future production costs	(6,456,479)	(2,594,193)	(9,050,672)
Future development costs	(1,598,021)	(201,486)	(1,799,507)
Future income tax expense	(3,309,608)	(2,086,226)	(5,395,834)
	9,366,713	4,009,385	13,376,098
10% annual discount factor	(4,783,460)	(2,224,666)	(7,008,126)
Standardized measure of discounted future cash flows	$ 4,583,253	$ 1,784,719	$ 6,367,972
Oil and gas sales, net of production costs	$ (1,136,520)	$ (182,357)	$ (1,318,877)
Net changes in prices and production costs	670,165	651,231	1,321,396
Extensions and discoveries	413,777	300,840	714,617
Development costs incurred during the period	202,396		202,396
Purchase of minerals-in-place	198,442		198,442
Revisions of estimated future development costs	(444,726)	(11,714)	(456,440)
Revisions of previous quantity estimates	458,468	(22,343)	436,125
Accretion of discount	514,608	165,545	680,153
Changes in production rates, timing and other	(71,557)	23,045	(48,512)
Change in present value of future net revenues	805,053	924,247	1,729,300
Net change in present value of future income taxes	(348,352)	(342,634)	(690,986)
	456,701	581,613	1,038,314
Balance, beginning of year	4,126,552	1,203,106	5,329,658
Balance, end of year	$ 4,583,253	$ 1,784,719	$ 6,367,972

DESCRIPTION OF PIONEER CAPITAL STOCK

The following descriptions are summaries of the material terms of Pioneer s common stock, preferred stock, amended and restated certificate of incorporation and amended and restated bylaws. This summary is qualified by reference to Pioneer s amended and restated certificate of incorporation and amended and restated bylaws, each as amended to date, copies of which Pioneer has previously filed with the SEC, and by provision of applicable law. Pioneer s authorized capital stock consists of 600,000,000 shares of stock, including:

500,000,000 shares of common stock, $0.01 par value per share, of which 119,814,987 shares were issued and outstanding as of June 9, 2004;

100,000,000 shares of preferred stock, $0.01 par value per share, and 500,000 shares that have been designated as Series A Junior Participating Preferred Stock, $0.01 par value per share, in connection with Pioneer s rights agreement, of which no shares are currently issued or outstanding.

Common Stock

Holders of Pioneer s common stock are entitled to one vote per share with respect to each matter submitted to a vote of Pioneer s stockholders, subject to voting rights that may be established for shares of Pioneer s preferred stock, if any. Except as may be provided in connection with Pioneer s preferred stock or as otherwise may be required by law or Pioneer s amended and restated certificate of incorporation, Pioneer s common stock is the only capital stock entitled to vote in the election of directors. Pioneer s common stock does not have cumulative voting rights.

Subject to the rights of holders of Pioneer s preferred stock, if any, holders of Pioneer s common stock are entitled to receive dividends and distributions lawfully declared by Pioneer s board of directors. If Pioneer liquidates, dissolves, or winds up its business, whether voluntarily or involuntarily, holders of Pioneer s common stock will be entitled to receive any assets available for distribution to Pioneer s stockholders after Pioneer has paid or set apart for payment the amounts necessary to satisfy any preferential or participating rights to which the holders of each outstanding series of preferred stock are entitled by the express terms of such series of preferred stock.

The outstanding shares of Pioneer s common stock are fully paid and nonassessable. Pioneer s common stock does not have any preemptive, subscription or conversion rights. Pioneer may issue additional shares of its authorized common stock as it is authorized by its board of directors from time to time, without stockholder approval, except as may be required by applicable stock exchange requirements.

Preferred Stock

This section describes the general terms and provisions of Pioneer s preferred stock. Pioneer will file a copy of the certificate of designations that contains the terms of each new series of preferred stock with the SEC each time Pioneer issues a new series of preferred stock. Each certificate of designations will establish the number of shares included in a designated series and fix the designation, powers, privileges, preferences and rights of the shares of each series as well as any applicable qualifications, limitations or restrictions.

Pioneer s board of directors has been authorized to provide for the issuance of shares of Pioneer s preferred stock in multiple series without the approval of stockholders. With respect to each series of Pioneer s preferred stock, Pioneer s board of directors has the authority to fix the following terms:

the designation of the series;

the number of shares within the series;

whether dividends are cumulative and, if cumulative, the dates from which dividends are cumulative;

the rate of any dividends, any conditions upon which dividends are payable, and the dates of payment of dividends;

whether the shares are redeemable, the redemption price and the terms of redemption;

the amount payable to you for each share you own if Pioneer dissolves or liquidates;

whether the shares are convertible or exchangeable, the price or rate of conversion or exchange, and the applicable terms and conditions;

any restrictions on issuance of shares in the same series or any other series;

voting rights applicable to the series of preferred stock; and

any other rights, preferences or limitations of such series.

Rights with respect to shares of preferred stock will be subordinate to the rights of Pioneer s general creditors. Shares of Pioneer s preferred stock that Pioneer issues will be fully paid and nonassessable, and will not be entitled to preemptive rights unless specified otherwise.

Pioneer s ability to issue preferred stock, or rights to purchase such shares, could discourage an unsolicited acquisition proposal. For example, Pioneer could impede a business combination by issuing a series of preferred stock containing class voting rights that would enable the holders of the preferred stock to block a business combination transaction. Alternatively, Pioneer could facilitate a business combination transaction by issuing a series of preferred stock having sufficient voting rights to provide a required percentage vote of the stockholders. Additionally, under certain circumstances, Pioneer s issuance of preferred stock could adversely affect the voting power of the holders of Pioneer s common stock. Although Pioneer s board of directors is required to make any determination to issue any preferred stock based on its judgment as to the best interests of Pioneer s stockholders, Pioneer s board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of Pioneer s stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over prevailing market prices of such stock. Pioneer s board of directors does not at present intend to seek stockholder approval prior to any issuance of currently authorized stock, unless otherwise required by law or applicable stock exchange requirements.

Rights Agreement

Attached to each share of Pioneer s common stock is one preferred share purchase right. Each right entitles the registered holder to purchase from Pioneer one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01, at a price of $95.00 per one one-thousandth of a share of Series A Junior Participating Preferred Stock, subject to adjustment. The rights expire on July 31, 2011, unless the final expiration date is extended or unless the rights are earlier redeemed by Pioneer.

The rights represented by the certificates for Pioneer s common stock are not exercisable, and are not separately transferable from the common stock, until the earlier of:

ten days after a person or group has become an acquiring person. A person or group becomes an acquiring person:

When the person (other than Southeastern Asset Management, Inc., its affiliates or its permitted transferees) acquires beneficial ownership of 15% or more of Pioneer s common stock;

When Southeastern or its affiliates becomes the beneficial owner of one share of common stock in excess of the greater of (1) the lesser of (a) the percentage of shares of common stock beneficially owned by Southeastern or its affiliates as of the date of the rights agreement or (b) the lowest percentage of shares of common stock beneficially owned by Southeastern or its affiliates after such date or (2) 15% of Pioneer s outstanding common stock; or

When a permitted transferee of Southeastern or its affiliates becomes the beneficial owner of one share of common stock in excess of the greater of (1) the lesser of (a) the percentage of shares

of common stock beneficially owned by the permitted transferee on the date that it acquires such shares from Southeastern or its affiliates or (b) the lowest percentage of shares of common stock beneficially owned by the permitted transferee after such date or (2) 15% of Pioneer s outstanding common stock; or

ten business days, or a later date determined by the board of directors, after the commencement or first public announcement of a tender or exchange offer that would result in a person or group beneficially owning 15% or more of Pioneer s outstanding common stock.

The earlier of these two dates is called the distribution date. Separate certificates for the rights will be mailed to holders of record of Pioneer s common stock as of the distribution date. The rights could then begin trading separately from Pioneer s common stock.

Generally, in the event that a person or group becomes an acquiring person, each right, other than the rights owned by the acquiring person, will entitle the holder to receive, upon exercise of the right, common stock having a value equal to two times the exercise price of the right. In the event that Pioneer is acquired in a merger, consolidation, or other business combination transaction or more than 50% of Pioneer s assets, cash flow or earning power is sold or transferred, each right, other than the rights owned by an acquiring person, will entitle the holder to receive, upon the exercise of the right, common stock of the surviving corporation having a value equal to two times the exercise price of the right.

At any time after the acquisition by the acquiring person of beneficial ownership of 15% or more of the outstanding shares of Pioneer s common stock and before the acquisition by the acquiring person of 50% or more of the voting power of the outstanding shares of Pioneer s common stock, the board of directors may exchange the rights, other than rights owned by the acquiring person, that would have become void, in whole or in part, at an exchange ratio of one share of Pioneer s common stock for each two shares of Pioneer s common stock for which each right is then exercisable, subject to adjustment.

The rights are redeemable in whole, but not in part, at $0.001 per right until any person or group becomes an acquiring person. The ability to exercise the rights terminates at the time that the board of directors elects to redeem the rights. Notice of redemption will be given by mail to the registered holders of the rights. At no time will the rights have any voting rights.

The number of outstanding rights, the exercise price payable, and the number of shares of Series A Junior Participating Preferred Stock or other securities or property issuable upon exercise of the rights are subject to customary adjustments from time to time to prevent dilution.

The rights have certain anti-takeover effects. The rights may cause substantial dilution to a person or group that attempts to acquire Pioneer on terms not approved by Pioneer s board of directors, except in the case of an offer conditioned on a substantial number of rights being acquired. The rights should not interfere with any merger or other business combination that Pioneer s board of directors approves.

The shares of Series A Junior Participating Preferred Stock that may be purchased upon exercise of the right will rank junior to all other series of Pioneer s preferred stock, if any, or any similar stock that specifically provides that it ranks prior to the shares of Series A Junior Participating Preferred Stock. The shares of Series A Junior Participating Preferred Stock will be nonredeemable. Each share of Series A Junior Participating Preferred Stock will be entitled to a minimum preferential quarterly dividend of $1.00 per share, if, as and when declared, but will be entitled to an aggregate dividend of 1,000 times the dividend declared per share of Pioneer s common stock. In the event of liquidation, the holders of the shares of Series A Junior Participating Preferred Stock will be entitled to a minimum preferential liquidation payment of $1,000 per share, but will be entitled to an aggregate payment of 1,000 times the payment made per share of Pioneer s common stock. Each share of Series A Junior Participating Preferred Stock will have 1,000 votes, voting together with Pioneer s common stock. In the event of any merger, consolidation or other transaction in which Pioneer s common stock is exchanged, each share of Series A Junior Participating Preferred Stock will be entitled to receive 1,000 times the amount and type of consideration received per share of Pioneer s common stock. These rights are protected by customary anti-dilution provisions. Because of the nature of the Series A Junior Participating Preferred Stock s dividend,

liquidation and voting rights, the value of the interest in a share of Series A Junior Participating Preferred Stock purchasable upon the exercise of each right should approximate the value of one share of Pioneer s common stock.

The description of the rights contained in this section does not describe every aspect of the rights. The rights agreement dated as of July 20, 2001, between Pioneer and the rights agent, contains the full legal text of the matters described in this section. A copy of the rights agreement has been incorporated by reference in the registration statement of which this prospectus is a part. See Where You Can Find More Information on page 135 for information on how to obtain a copy.

Stock Exchange Listing

Pioneer common stock is listed on the New York Stock Exchange. Pioneer will use its commercially reasonable efforts to cause the common stock issuable in the merger to be approved for listing on the New York Stock Exchange on or prior to the merger, subject to official notice of issuance.

COMPARISON OF STOCKHOLDER RIGHTS

The amended and restated certificate of incorporation and the restated bylaws for Pioneer are governed by Delaware law. In contrast, Evergreen s articles of incorporation and bylaws, each as amended, are governed by Colorado law. The corporation laws of Colorado and Delaware differ in many respects. Although all the differences are not described in this joint proxy statement/ prospectus, certain provisions, which could materially impact the rights of stockholders of Pioneer as compared to the rights of stockholders of Evergreen, are discussed below.

Authorized Capital

Pioneer

Pioneer is authorized to issue 500,000,000 shares of common stock, par value of $.01 per share, and 100,000,000 shares of preferred stock, $.01 par value, of which 500,000 shares of preferred stock have been designated Series A Junior Participating Preferred Stock, $.01 par value per share, in connection with Pioneer s rights agreement. See Description of Pioneer Capital Stock Rights Agreement on page 124. As of June 9, 2004, there were 119,814,987 shares of common stock outstanding and no shares of preferred stock outstanding.

Evergreen

Evergreen is authorized to issue 100,000,000 shares of common stock, no par value, and 24,900,000 shares of preferred stock, par value of $1.00 per share. As of June 9, 2004, there were 43,152,133 shares of common stock outstanding and no shares of preferred stock outstanding.

Classified Board of Directors

A classified or staggered (the term used in the CBCA) board is one on which a certain number, but not all, of the directors are elected on a rotating basis each year. This method of electing directors makes changes in the composition of the board of directors more difficult, and thus a potential change in control of a corporation a lengthier and more difficult process.

Colorado

Colorado law permits, but does not require, a staggered board of directors, pursuant to which the directors can be divided into as many as three classes with staggered terms of office, with only one class of directors standing for election each year.

Table of Contents

Delaware

Delaware law permits, but does not require, a classified board of directors, pursuant to which the directors can be divided into as many as three classes with staggered terms of office, with only one class of directors standing for election each year.

Removal of Directors

Directors may generally be removed with or without cause under the laws of both Colorado and Delaware, with the approval of a majority of the outstanding shares entitled to vote in an election of directors.

Colorado

A director of a corporation that does not have cumulative voting may be removed with or without cause with the approval of a majority of the outstanding shares entitled to vote at an election of directors unless the corporation s articles of incorporation require cause. In the case of a Colorado corporation having cumulative voting, a director may not be removed without cause if the number of shares voted against such removal would be sufficient to elect the director under cumulative voting.

Delaware

A director of a corporation that does not have a classified board of directors or cumulative voting may be removed with or without cause with the approval of a majority of the outstanding shares entitled to vote at an election of directors. In the case of a Delaware corporation having cumulative voting, if less than the entire board is to be removed, a director may not be removed without cause if the number of shares voted against such removal would be sufficient to elect the director under cumulative voting. A director of a corporation with a classified board of directors may be removed only for cause, unless the certificate of incorporation otherwise provides.

Indemnification and Limitation of Liability of Directors, Officers and Other Agents

Delaware and Colorado have similar laws respecting indemnification by a corporation of its officers, directors, employees and other agents. The laws of both states permit, with certain exceptions, a corporation to adopt provisions in its articles or certificate of incorporation, as the case may be, eliminating the liability of a director to the corporation or its stockholders for monetary damages for breach of the director s fiduciary duty in certain cases. There are nonetheless certain differences between the laws of the two states respecting indemnification and limitation of liability of directors, officers and other agents.

Colorado

Colorado law does not permit the elimination of monetary liability where the director is adjudged liable to the corporation in an action brought by the corporation or where a director has been adjudged liable on the basis that the director derived an improper personal benefit. Generally, a director may be indemnified when: (1) the director acts in good faith, (2) the director reasonably believes that, in the case of conduct in an official capacity, the conduct is in the best interests of the corporation and, in all other cases, that the director s conduct was not opposed to the interests of the corporation, and (3) in the case of a criminal proceedings, the director had no reason to believe that the conduct was criminal.

For indemnification, Colorado law requires a determination by a majority vote of a disinterested quorum of the directors, by a majority vote of a committee of the board of directors, by independent legal counsel or by a vote of the stockholders.

Colorado law requires indemnification of director expenses when the individual being indemnified has successfully defended any action, claim, issue, or matter therein, on the merits or otherwise, unless limited by the articles of incorporation.

Table of Contents

A director may also apply for and obtain indemnification as ordered by a court under circumstances where the court deems the director is entitled to mandatory indemnification under Colorado law or when, under all the facts and circumstances, it deems it fair and reasonable to award indemnification even though the director has not strictly met the statutory standards. An officer is also entitled to apply for and receive court awarded indemnification to the same extent as a director.

A corporation cannot indemnify its directors by any means (other than under a third party insurance contract) if to do so would be inconsistent with the limitations on indemnification set forth in the CBCA.

A Colorado corporation may indemnify officers, employees, fiduciaries and agents to the same extent as directors, and may indemnify those persons to a greater extent than is available to directors if to do so does not violate public policy and is provided for in a bylaw, a general or specific action of the board of directors or stockholders or in a contract.

Delaware

Under Delaware law, such provision may not eliminate or limit director monetary liability for: (a) breaches of the director s duty of loyalty to the corporation or its stockholders; (b) acts or omissions not in good faith or involving intentional misconduct or knowing violations of law; (c) the payment of unlawful dividends or unlawful stock repurchases or redemptions; or (d) transactions in which the director received an improper personal benefit. Such limitation of liability provisions also may not limit a director s liability for violation of or otherwise relieve its directors from the necessity of complying with federal or state securities laws, or affect the availability of non-monetary remedies such as injunctive relief or rescission.

Delaware law generally permits indemnification of expenses, including attorney s fees, actually and reasonably incurred in the defense or settlement of a derivative or third-party action, provided there is a determination by a majority vote of a disinterested quorum of the directors, by a committee of such directors, by independent legal counsel or by a majority vote of a quorum of the stockholders that the person seeking indemnification acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation. Without court approval, however, no indemnification may be made in respect of any derivative action in which such person is adjudged liable for negligence or misconduct in the performance of his or her duty to the corporation. Delaware law requires indemnification of expenses when the individual being indemnified has successfully defended any action, claim, issue, or matter therein, on the merits or otherwise.

Delaware law provides that the indemnification provided by statute shall not be deemed exclusive of any other rights under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Both Colorado and Delaware law require indemnification when a director or officer has successfully defended an action on the merits or otherwise.

Expenses incurred by an officer or director in defending an action may be paid in advance under Colorado and Delaware law if the director or officer undertakes to repay the advances if it is ultimately determined that he or she is not entitled to indemnification. In addition, the laws of both states authorize a corporation s purchase of indemnity insurance for the benefit of its officers, directors, employees and agents whether or not the corporation would have the power to indemnify against the liability covered by the policy.

Inspection of Stockholder List

Both Delaware and Colorado law allow any stockholder to inspect the stockholder list for a purpose reasonably related to such person s interests as a stockholder. Colorado law also requires that a stockholder have been a stockholder for at least three months or own at least five percent of the outstanding shares of any class.

Table of Contents

Consideration for Issuance of Shares

Colorado

Under Colorado law, shares may be issued for consideration consisting of tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed and other securities of the corporation.

In addition, under Colorado law, shares may not be issued for consideration consisting of a promissory note of the subscriber or an affiliate of the subscriber unless the note is negotiable and is secured by collateral, other than the shares, having a fair market value at least equal to the principal amount of the note. The note must reflect a promise to pay independent of the collateral and cannot be a non-recourse note.

In the absence of fraud in the transaction, the determination by the board of directors as to the adequacy of the consideration received for the shares to be issued is conclusive as such relates to whether the shares are validly issued, fully paid, and nonassessable.

Under Colorado law, shares with a par value may be issued for consideration less than such par value.

Delaware

Shares may be issued for consideration consisting of tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed and other securities of the corporation.

In the absence of actual fraud in the transaction, the judgment of the board as to the value of the consideration shall be conclusive.

No provisions restrict the ability of the board to authorize the issuance of stock for a promissory note of any type, including an unsecured or nonrecourse note or a note secured only by the shares.

Shares with par value cannot be issued for consideration with a value that is less than the par value. Shares without par value can be issued for any consideration determined to be valid by the board.

Dividends and Repurchases of Shares

Colorado

Colorado law dispenses with the concepts of par value of shares as well as statutory definitions of capital, surplus and the like. Colorado law permits a corporation to declare and pay cash or in-kind property dividends or to repurchase shares unless, after giving effect to the transaction: (a) the corporation would not be able to pay its debts as they become due in the usual course of business; or (b) the corporation s total assets would be less than the sum of its total liabilities plus (unless the articles of incorporation permit otherwise) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution.

Delaware

The concepts of par value, capital and surplus are retained under Delaware law. Delaware law permits a corporation to declare and pay dividends out of surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. In addition, Delaware law generally provides that a corporation may redeem or repurchase its shares only if the capital of the corporation is not impaired and such redemption or repurchase would not impair the capital of the corporation.

129

Table of Contents

Stockholder Voting on Mergers and Certain Other Transactions

Both Delaware and Colorado law generally require that a majority of the stockholders of both acquiring and target corporations approve statutory mergers.

Colorado

Colorado law does not require a stockholder vote of the surviving corporation in a merger (unless the corporation provides otherwise in its articles of incorporation) if (a) such corporation s articles of incorporation will not differ from its articles of incorporation before the merger, (b) each share of the stock of the surviving corporation outstanding immediately before the effective date of the merger is an identical outstanding share after the merger, and (c) the authorized, unissued shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed twenty percent (20%) of the shares of common stock of such constituent corporation outstanding immediately prior to the effective date of the merger.

For corporations formed prior to July 1, 1994, a merger must be approved by two-thirds of all the votes entitled to be cast for each voting group, unless the articles of incorporation provide for a different number.

Delaware

Delaware law contains a similar exception to its voting requirements for reorganizations where stockholders of the surviving or acquiring corporation, or both, immediately prior to the reorganization will own immediately after the reorganization equity securities constituting more than 80 percent of the voting power of the surviving or acquiring corporation or its parent entity.

Both Delaware and Colorado law require that a sale of all or substantially all of the assets of a corporation be approved by a majority of the outstanding voting shares of the corporation transferring such assets.

Both Colorado and Delaware law generally do not require class voting, except in certain transactions involving an amendment to the articles or certificate of incorporation that adversely affects a specific class of shares or where the designation of the class of securities includes such a right.

Stockholder Approval of Certain Business Combinations Under Delaware Law

In recent years, a number of states have adopted special laws designed to make certain kinds of unfriendly corporate takeovers, or other transactions involving a corporation and one or more of its significant stockholders, more difficult. Under Section 203 of the Delaware General Corporation Law, certain business combinations with interested stockholders of Delaware corporations are subject to a three-year moratorium unless specified conditions are met.

Section 203 prohibits a Delaware corporation from engaging in a business combination with an interested stockholder for three years following the date that such person or entity becomes an interested stockholder. With certain exceptions, an interested stockholder is a person or entity who or which owns, individually or with or through certain other persons or entities, fifteen percent (15%) or more of the corporation s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner, individually or with or through certain other persons or entities, of fifteen percent (15%) or more of such voting stock at any time within the previous three years, or is an affiliate or associate of any of the foregoing.

For purposes of Section 203, the term business combination is defined broadly to include mergers with or caused by the interested stockholder; sales or other dispositions to the interested stockholder

Table of Contents

(except proportionately with the corporation s other stockholders) of assets of the corporation of a direct or indirect majority-owned subsidiary equal in aggregate market value of ten percent (10%) or more of the aggregate market value of either the corporation s consolidated assets or all of its outstanding stock; the issuance or transfer by the corporation or a direct or indirect majority-owned subsidiary of stock of the corporation or such subsidiary to the interested stockholder (except for certain transfers in a conversion or exchange or a pro rata distribution or certain other transactions, none of which increase the interested stockholder s proportionate ownership of any class or series of the corporation s or such subsidiary s stock or of the corporation s voting stock); or receipt by the interested stockholder (except proportionately as a stockholder), directly or indirectly, of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or a subsidiary.

The three-year moratorium imposed on business combinations by Section 203 does not apply if:

(i) prior to the date on which such stockholder becomes an interested stockholder the board of directors approves either the business combination or the transaction that resulted in the person or entity becoming an interested stockholder;

(ii) consummation of the transaction that made him or her an interested stockholder, the interested stockholder owns at least eighty-five percent of the corporation s voting stock outstanding at the time the transaction commenced (excluding from the eighty-five percent calculation shares owned by directors who are also officers of the target corporation and shares held by employee stock plans that do not give employee participants the right to decide confidentially whether to accept a tender or exchange offer); or

(iii) or after the date such person or entity becomes an interested stockholder, the board approves the business combination and it is also approved at a stockholder meeting by sixty-six and two-thirds percent of the outstanding voting stock not owned by the interested stockholder.

Section 203 only applies to certain publicly held corporations that have a class of voting stock that is

(i) Listed on a national securities exchange,

(ii) Quoted on an interdealer quotation system of a registered national securities association or

(iii) Held of record by more than 2,000 stockholders.

Section 203 will encourage any potential acquirer to negotiate with a company s board of directors.

Interested Director Transactions

Under both Delaware and Colorado law, contracts or transactions in which one or more of a corporation s directors has an interest are generally not void or voidable because of such interest provided that certain conditions, such as obtaining the required approval and fulfilling the requirements of good faith and full disclosure, are met. With certain exceptions, the conditions are similar under Delaware and Colorado law. To authorize or ratify the transaction, under Colorado law (a) either the stockholders or the disinterested members of the board of directors must approve any such contract or transaction in good faith after full disclosure of the material facts, or (b) the contract or transaction must have been fair as to the corporation. The same requirements apply under Delaware law, except that the fairness requirement is tested as of the time the transaction is authorized, ratified or approved by the board of directors, the stockholders or a committee of the board of directors. If board of directors approval is sought, the contract or transaction must be approved by a majority vote of the disinterested directors (though less than a majority of a quorum), except that interested directors may be counted for purposes of establishing a quorum.

Table of Contents

Loans to Directors and Officers

Colorado

The board of directors cannot make a loan to a director (or any entity in which a director is a director or officer or has a financial interest), or guaranty any obligation of such person or entity, until at least ten days after notice has been given to the stockholders who would be entitled to vote on the transaction if it were being submitted for stockholder approval.

Delaware

The board of directors may make loans to, or guaranties for, directors and officers on such terms as they deem appropriate whenever, in the board of directors judgment, the loan can be expected to reasonably benefit the corporation.

Stockholder Derivative Suits

Under both Delaware and Colorado law, a stockholder may bring a derivative action on behalf of the corporation only if the stockholder was a stockholder of the corporation at the time of the transaction in question or if his or her stock thereafter devolved upon him or her by operation of law.

Colorado

Provides that the corporation in a derivative suit is entitled to require the plaintiff stockholder to furnish a security bond unless the stockholder holds at least 5% of the total shares or the market value of the shares is at least $25,000. If the stockholder is unsuccessful, the stockholder is liable for the defendant s costs and reasonable expenses, but not attorney s fees.

Delaware

Delaware does not have a similar bonding requirement.

Appraisal/ Dissenters Rights

Under both Delaware and Colorado law, a stockholder of a corporation participating in certain major corporate transactions may, under varying circumstances, be entitled to appraisal/dissenters rights pursuant to which such stockholder may receive cash in the amount of the fair value of his or her shares in lieu of the consideration he or she would otherwise receive in the transaction. Under both Delaware and Colorado law, such fair market value is determined exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation unless exclusion of such element(s) would be in equitable.

Colorado

Dissenters rights are not available to stockholders of a corporation if the merger does not require stockholder approval or if the corporation s shares are listed on a national securities exchange registered under the Securities Exchange Act or on a National Association of Securities Dealers Automated Quotations System, or there are more than 2,000 stockholders at the time of the record date for notice of the stockholders meeting where the vote will occur unless the consideration to be received in the transaction is other than (a) shares of the surviving corporation, shares that are listed on a national securities exchange registered under the Exchange Act or on a National Association of Securities Dealers Automated Quotation System, or shares that will be held of record by more than 2,000 stockholders; (b) cash in lieu of fractional shares or (c) a combination of (a) and (b).

Table of Contents

Delaware

Appraisal rights are not available (a) with respect to the sale, lease or exchange of all or substantially all of the assets of a corporation, (b) with respect to a merger or consolidation by a corporation the shares of which are either listed on a national securities exchange or are held of record by more than 2,000 holders if such stockholders receive only shares of the surviving corporation or shares of any other corporation that are either listed on a national securities exchange or held of record by more than 2,000 holders, plus cash in lieu of fractional shares of such corporations, or (c) to stockholders of a corporation surviving a merger if no vote of the stockholders of the surviving corporation is required to approve the merger under certain provisions of Delaware law.

Dissolution

Colorado

For corporations formed prior to July 1, 1994, after the board of directors recommends a voluntary dissolution to the stockholders, it must be approved by two-thirds of all the votes entitled to be cast for each voting group, unless the articles of incorporation provide for a lesser number. In the event of such a board-initiated dissolution, Colorado law allows a Colorado corporation to include in its articles of incorporation, by-laws adopted by the stockholders or as part of the board of directors recommendation, a supermajority (greater than a simple majority) voting requirement in connection with dissolutions. Under Colorado law, individual stockholders may only initiate dissolution by way of a judicial proceeding.

Delaware

Unless the board of directors approves the proposal to dissolve, the dissolution must be approved by all the stockholders entitled to vote thereon. Only if the board of directors initially approves the dissolution may it be approved by a simple majority of the outstanding shares of the corporation s stock entitled to vote. In the event of such a board of directors initiated dissolution, Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority (greater than a simple majority) voting requirement in connection with dissolutions.

LEGAL MATTERS

The validity of Pioneer common stock offered by this joint proxy statement/ prospectus will be passed upon for Pioneer by Vinson & Elkins L.L.P., Dallas, Texas.

Specified U.S. federal income tax consequences of the merger will be passed upon for Evergreen by Baker Botts L.L.P., Houston, Texas.

EXPERTS

Pioneer

Ernst & Young LLP, independent auditors, have audited the consolidated financial statements included in Pioneer s Annual Report on Form 10-K for the year ended December 31, 2003, as set forth in their report, which is incorporated by reference in this joint proxy statement/ prospectus and elsewhere in the registration statement of which this joint proxy statement/ prospectus is a part. Pioneer s consolidated financial statements are incorporated by reference in reliance on Ernst & Young LLP s report, given on their authority as experts in accounting and auditing.

Estimated quantities of Pioneer s oil and gas reserves and the net present value of such reserves as of December 31, 2003 set forth in this joint proxy statement/ prospectus are based upon reserve reports audited by Netherland, Sewell for Pioneer s major properties in the United States, Argentina, Canada, Gabon, South Africa and Tunisia and reserve reports prepared by Pioneer s engineers for all other properties. The reserve audit conducted by Netherland, Sewell in aggregate represented 87 percent of

Pioneer s estimated proved quantities of reserves as of December 31, 2003. Estimated quantities of Pioneer s oil and gas reserves and the net present value of such reserves as of December 31, 2002 are based on reserve reports audited by Netherland, Sewell for Pioneer s major properties in the United States, Canada and South Africa, reserve reports audited by Gaffney, Cline & Associates, Inc. for Pioneer s properties located in the Neuquen Basin in Argentina and reserve reports prepared by Pioneer s engineers for all other properties. The reserve audits conducted by Netherland, Sewell and Gaffney, Cline & Associates, Inc., in aggregate, represented 71 percent of Pioneer s estimated proved quantities of reserves as of December 31, 2002.

Evergreen

The consolidated financial statements of Evergreen have been incorporated herein and in the registration statement of which this joint proxy statement/ prospectus is a part in reliance upon the report of BDO Seidman, LLP, an independent registered public accounting firm, to the extent and for the periods set forth in their report incorporated by reference herein, and upon authority of said firm as experts in accounting and auditing.

Estimated quantities of Evergreen s proved reserves at December 31, 2003, set forth in this joint proxy statement/ prospectus are based on reserve reports audited by Netherland, Sewell for Evergreen s Raton Basin properties and reserve reports prepared by Netherland, Sewell for all other Evergreen properties.

STOCKHOLDER PROPOSALS

Whether the merger is or is not completed, Pioneer will hold its annual stockholders meeting as scheduled. Evergreen will hold its annual stockholders meeting as scheduled if the merger is not completed. Subject to the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended, stockholders of each company may present proposals for inclusion in a company s proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals to the company in a timely manner.

Pioneer

For a stockholder proposal to be included in the proxy materials for Pioneer s 2005 annual meeting, the proposal must be received at the offices of Pioneer, 5205 North O Connor Boulevard, Suite 900, Irving, Texas 75039, no later than December 9, 2004. Stockholders desiring to propose action at the annual meeting of stockholders must also comply with Article Nine of the Amended and Restated Certificate of Incorporation of Pioneer. Under Article Nine, a stockholder must submit to Pioneer, no later than 60 days before the annual meeting or ten days after the first public notice of the annual meeting is sent to stockholders, a written notice setting forth (i) the nature of the proposal with particularity, including the written text of the proposal, (ii) the stockholder s name, address and other personal information, (iii) any interest of the stockholder in the proposed business, (iv) the name of any persons nominated to be elected or reelected as a director by the stockholder and (v) with respect to each such nominee, the nominee s name, address and other personal information, the number of shares of each class and series of stock of Pioneer held by such nominee, all information required to be disclosed pursuant to Regulation 14A of the Securities and Exchange Act of 1934, and a notarized letter containing such nominee s acceptance of the nomination, stating his or her intention to serve as a director, if elected, and consenting to be named as a nominee in any proxy statement relating to such election. Pioneer s management will have discretionary authority to vote on any matter of which Pioneer does not receive notice by February 21, 2005, with respect to proxies submitted for the 2005 annual meeting.

Evergreen

Evergreen has already held its 2004 annual meeting of stockholders. Evergreen will hold an annual meeting in 2005 only if the merger has not already been completed. Any proposal by a stockholder intended to be included in Evergreen s proxy materials for Evergreen s 2005 annual meeting must be

Table of Contents

received at the offices of Evergreen, 1401 17th Street, Suite 1200, Denver, Colorado 80202, no later than December 10, 2004. The board of directors of Evergreen has amended Evergreen s bylaws effective May 8, 2004 to impose the same deadlines for both stockholder proposals (other than stockholder nominations for directors) and stockholder nominations for directors. Under the bylaws, as amended, to be timely, a stockholder s notice generally must be delivered to Evergreen s principal executive offices not later than the close of business on the 60th day before the first anniversary of the date of the preceding year s annual meeting and no earlier than the close of business on the 90th day prior to such date (unless, in the case of stockholder nominations for director, the board of directors waives such advance notice requirement). In the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, then notice by the stockholder must be delivered not earlier than the close of business on the 90th day prior to the annual meeting and not later than the close of business on the later of the 60th day prior to the annual meeting or the 10th day after the day on which the Evergreen first makes a public announcement of the date of the annual meeting. Any such proposals must be made in accordance with the bylaws, and a stockholder may obtain a copy of such bylaw procedures from Evergreen s Secretary. A proxy may confer discretionary authority to vote on any matter at a stockholder meeting if Evergreen does not receive notice of the matter within the timeframes described above.

WHERE YOU CAN FIND MORE INFORMATION

Pioneer and Evergreen file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at the SEC s Internet site at *http://www.sec.gov*. Copies of documents filed by Pioneer and Evergreen with the SEC are also available at the offices of The New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Copies of the documents relating to Pioneer may also be obtained without charge from Pioneer on the Internet at *www.pioneernrc.com*, under the Investor tab, under the SEC Filings section; or by contacting Pioneer Natural Resources Company, 5205 N. O Connor Blvd., Suite 900, Irving, Texas 75039, Attention: Investor Relations; or by calling Pioneer s Investor Relations office at telephone number: (972) 969-3583.

Copies of the documents relating to Evergreen may be obtained without charge on the Internet at *www.evergreengas.com*, under the Investor Relations section; or by contacting Evergreen Resources, Inc., 1401 17th Street, Suite 1200, Denver, Colorado 80202, Attention: Investor Relations; or by calling Evergreen s Investor Relations office at telephone number: (303) 298-8100.

Pioneer has filed a registration statement on Form S-4 with the SEC under the Securities Act to register the Pioneer common stock to be issued in the merger. This joint proxy statement/ prospectus constitutes the prospectus of Pioneer filed as part of the registration statement. This joint proxy statement/ prospectus does not contain all of the information that Pioneer stockholders and Evergreen stockholders can find in the registration statement or the exhibits to the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and its exhibits contain important information about Pioneer and Evergreen and their respective business, financial condition and results of operations and are available for inspection and copying as indicated above.

The SEC allows us to incorporate by reference into this joint proxy statement/ prospectus documents filed with the SEC by Pioneer and Evergreen. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this joint proxy statement/ prospectus, and later information that either Pioneer or Evergreen files with the SEC will update and supersede that information. We incorporate by reference the documents listed below and any documents filed by Pioneer or Evergreen pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/ prospectus and before the date of

our respective special meetings, excluding any information furnished pursuant to Item 9 or Item 12, or, as of and after August 23, 2004, Item 7.01 or Item 2.02, of any current report or Form 8-K:

Pioneer s Filings (SEC File No. 1-13245)	Periods
Annual Report on Form 10-K	Year ended December 31, 2003
Quarterly Report on Form 10-Q	Quarter ended March 31, 2004
Current Reports on Form 8-K	Filed as of February 18, 2004, filed as of May 5, 2004, filed as of June 10, 2004
The description of Pioneer s common stock contained in Pioneer s registration statements filed under Section 12 of the Securities Exchange Act	

Evergreen s Filings (SEC File No. 1-13171)	Periods
Annual Report on Form 10-K	Year ended December 31, 2003
Quarterly Report on Form 10-Q	Quarter ended March 31, 2004
Current Reports on Form 8-K	Filed as of February 26, 2004, filed as of March 12, 2004, filed as of May 5, 2004
The description of Evergreen s common stock contained in Evergreen s registration statements filed under Section 12 of the Securities Exchange Act	

If you are a stockholder, Pioneer or Evergreen may have sent you some of the documents incorporated by reference, but you can obtain any of them through the companies, the SEC or the SEC s Internet site as described above. Documents incorporated by reference are available from the companies without charge, excluding all exhibits, except that if the companies have specifically incorporated by reference an exhibit in this joint proxy statement/ prospectus, the exhibit will also be provided without charge. Stockholders may obtain documents incorporated by reference in this joint proxy statement/ prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses:

Pioneer Natural Resources Company
5205 N. O Connor Blvd., Suite 900
Irving, Texas 75039
Attention: Corporate Secretary
(972) 444-9001

Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202
Attention: Corporate Secretary
(303) 298-8100

Your request must be received no later than five business days prior to the special meeting in order to obtain timely delivery of any materials that you request.

This joint proxy statement/ prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this joint proxy statement/ prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this joint proxy statement/ prospectus nor any distribution of securities pursuant to this joint proxy statement/ prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this joint proxy statement/ prospectus by reference or in the affairs of Pioneer or Evergreen since the date of this joint proxy statement/ prospectus. The information contained in this joint proxy statement/ prospectus with respect to Pioneer was provided by Pioneer and the information contained in this joint proxy statement/ prospectus with respect to Evergreen was provided by Evergreen.

LIST OF ANNEXES

Annex A	Agreement and Plan of Merger
Annex B	Opinion of Pioneer s Financial Advisor
Annex C	Opinion of Evergreen s Financial Advisor
Annex D	Colorado Appraisal Rights Statute

Table of Contents

ANNEX A

AGREEMENT AND PLAN OF MERGER

BY AND AMONG
PIONEER NATURAL RESOURCES COMPANY,
BC MERGER SUB, INC.
And
EVERGREEN RESOURCES, INC.

DATED AS OF MAY 3, 2004

Table of Contents

TABLE OF CONTENTS

		Page
	ARTICLE I	
	THE MERGER	
1.1	The Merger; Effective Time of the Merger	A-8
1.2	Closing	A-9
1.3	Effects of the Merger	A-9
1.4	Post-Closing Merger	A-9
	ARTICLE II	
	EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE COMPANY AND MERGER SUB; EXCHANGE OF CERTIFICATES	
2.1	Effect of Merger on Capital Stock	A-9
2.2	Anti-Dilution Provisions	A-13
2.3	Shares Held by Parent, the Company or Subsidiaries	A-13
2.4	Dissenting Stockholders	A-13
2.5	Treatment of Stock Options and Restricted Stock	A-13
2.6	Fractional Shares	A-14
2.7	Exchange of Certificates	A-14
2.8	Expiration of Company Rights	A-16
	ARTICLE III	
	REPRESENTATIONS AND WARRANTIES	
3.1	Representations and Warranties of the Company	A-16
3.2	Representations and Warranties of Parent and Merger Sub	A-34
	ARTICLE IV	
	COVENANTS RELATING TO CONDUCT OF BUSINESS PENDING THE MERGER	
4.1	Conduct of Business by the Company and Parent Pending the Merger	A-49
4.2	Acquisition Proposals	A-53
	ARTICLE V	
	ADDITIONAL AGREEMENTS	
5.1	Preparation of S-4 and the Joint Proxy Statement	A-55
5.2	Letter of the Company s Accountants	A-56
5.3	Letter of Parent s Accountants	A-56
5.4	Access to Information	A-56
5.5	Stockholders Meetings	A-57
5.6	HSR and Other Approvals	A-58
5.7	Agreements of Rule 145 Affiliates	A-58
5.8	Authorization for Shares and Stock Exchange Listing	A-59
5.9	Employee Matters	A-59
5.10	Stock Options; Restricted Stock	A-60
5.11	Indemnification; Directors and Officers Insurance	A-62
5.12	Agreement to Defend	A-63

5.13	Public Announcements	A-63
5.14	Other Actions	A-63

		Page
5.15	Notification of Certain Matters; SEC Filings	A-63
5.16	Conveyance Taxes	A-64
5.17	Board of Directors	A-64
5.18	Indenture Matters	A-64
5.19	Section 16(b) Matters	A-64
5.20	Plan of Reorganization	A-64
5.21	Certain Hedging Activities	A-65
5.22	Exchange Offer Obligation	A-65
5.23	Indenture Amendment	A-65
5.24	Kansas Sale	A-65
5.25	Rights Agreement Amendment	A-65

ARTICLE VI

CONDITIONS PRECEDENT

6.1	Conditions to Each Party s Obligation to Effect the Merger	A-65
6.2	Conditions of Obligations of Parent	A-66
6.3	Conditions of Obligations of the Company	A-67

ARTICLE VII

TERMINATION AND AMENDMENT

7.1	Termination	A-68
7.2	Effect of Termination	A-70
7.3	Amendment	A-71
7.4	Extension; Waiver	A-71

ARTICLE VIII

GENERAL PROVISIONS

8.1	Payment of Expenses	A-71
8.2	Nonsurvival of Representations, Warranties and Agreements	A-71
8.3	Notices	A-71
8.4	Interpretation	A-72
8.5	Counterparts	A-73
8.6	Entire Agreement; No Third Party Beneficiaries	A-73
8.7	Governing Law	A-73
8.8	No Remedy in Certain Circumstances	A-73
8.9	Assignment	A-73
8.10	Specific Performance	A-73
8.11	Schedule Definitions	A-73

Exhibits:

Exhibit A	Form of Carlton Consulting and Non-Competition Agreement
Exhibit B	Form of Collins Consulting and Non-Competition Agreement
Exhibit C	Form of Non-Competition Agreement

Table of Contents

Exhibit D	Form of Rights Agreement Amendment
Exhibit E	LLC Sub Merger Agreement
Exhibit F	Rule 145 Affiliate Letter
Disclosure Schedules:	
Company Disclosure Schedule:	
Schedule 3.1(a)	Company Significant Subsidiaries
Schedule 3.1(b)	Company Capital Structure
Schedule 3.1(c)	Company Conflicts
Schedule 3.1(d)	Knowledge; Company Off-Balance Sheet Arrangements
Schedule 3.1(f)	Company Events
Schedule 3.1(g)	Undisclosed Material Liabilities
Schedule 3.1(j)	Company Litigation
Schedule 3.1(k)	Company Tax Information
Schedule 3.1(l)	Company Employee Benefits Information
Schedule 3.1(m)	Company Labor Matters
Schedule 3.1(n)	Property
Schedule 3.1(o)	Company Environmental Matters
Schedule 3.1(p)	Company Insurance
Schedule 3.1(y)	Hedging
Schedule 3.1(aa)	Company Agreements
Schedule 4.1(a)	Conduct of Business Pending the Merger
Schedule 6.3(e)	Tax Opinion Representation Letter
Parent Disclosure Schedule:	
Schedule 3.2(a)	Parent Significant Subsidiaries
Schedule 3.2(b)	Parent Capital Structure
Schedule 3.2(c)	Parent Conflicts
Schedule 3.2(d)	Knowledge; Parent Off-Balance Sheet Arrangements
Schedule 3.2(f)	Parent Events
Schedule 3.2(g)	Undisclosed Material Liabilities
Schedule 3.2(j)	Parent Litigation
Schedule 3.2(k)	Parent Tax Information
Schedule 3.2(l)	Parent Employee Benefits Information
Schedule 3.2(m)	Parent Labor Matters
Schedule 3.2(n)	Property
Schedule 3.2(o)	Parent Environmental Matters
Schedule 3.2(p)	Parent Insurance
Schedule 3.2(x)	Hedging
Schedule 3.2(y)	Natural Gas Act
Schedule 3.2(z)	Parent Agreements
Schedule 5.9	Change in Control Severance Policy
Schedule 6.2(h)	Tax Opinion Representation Letter

Table of Contents

GLOSSARY OF DEFINED TERMS

Defined Terms	Defined in Section
Acquisition Proposal	4.2(g)(i)
Affected Employee	5.9(c)
Affiliate	4.1(a)(ix)
Aggregate Cash Amount	2.1(c)
Aggregate Stock Number	2.1(c)
Agreement	Preamble
Antitrust Division	5.6(a)
Articles of Merger	1.1
Average Closing Price	2.6
business day	2.7(a)
Cash Election	2.1(d)
Cash Election Share	2.1(f)
Cash Payment	2.1(b)
CBCA	1.1
Certificate of Merger	1.1
Certificates	2.7(a)
Change of Recommendation	4.2(d)
Closing	1.1
Closing Date	1.2
COBRA	3.1(l)(v)
Code	Recitals
Common Stock Trust	2.6(c)(iii)
Company	Preamble
Company Budget	4.1(a)(xiii)
Company Common Stock	2.1
Company Contracts	3.1(aa)
Company Disclosure Schedule	3.1
Company Employee Benefit Plans	3.1(l)(i)
Company Employee Pension Benefit Plan	3.1(l)(i)
Company Employee Welfare Benefit Plan	3.1(l)(i)
Company ERISA Affiliate	3.1(l)(i)
Company Executives	5.9(a)
Company Indemnified Parties	5.11(a)
Company Intangible Property	3.1(n)(i)
Company Litigation	3.1(j)
Company Material Adverse Effect	3.1(a)(ii)
Company Options	5.10
Company Order	3.1(j)
Company Permits	3.1(i)
Company Preferred Stock	3.1(b)
Company Reserve Reports	3.1(x)
Company Restricted Stock	5.10(b)
Company Right	2.8
Company Rights Agreement	Recitals
Company SEC Documents	3.1(d)
Company Stock Plans	3.1(b)(iii)

Defined Terms	Defined in Section
Company Termination Fee	7.2(b)
Confidentiality Agreement	5.4
Consulting and Non-Competition Agreement	Recitals
DGCL	5.5(a)
Dissenter Shares	2.1(b)
Effective Time	1.1
Effective Time Restricted Stock	2.1(d)
Election Deadline	2.1(j)
Elections	2.1(d)
Environmental Laws	3.1(o)(A)
ERISA	3.1(l)(xv)
Excess Shares	2.6(c)(i)
Exchange Act	3.1(c)(iii)(B)
Exchange Agent	2.7(a)
Exchange Fund	2.7(a)
Exchange Ratio	2.1(b)
FERC	3.1(z)
Form of Election	2.1(d)
FTC	5.6(a)
GAAP	3.1(d)
Governmental Entity	3.1(c)(iii)
Hazardous Materials	3.1(o)(B)
Hedge	3.1(y)
HIPAA	3.1(l)(xiv)
HSR Act	3.1(c)(iii)(A)
Initial Termination Date	7.1(c)
Injunction	6.1(f)
IRS	3.1(k)(ii)(A)
Joint Proxy Statement	3.1(c)(iii)(B)
Kansas Sale Consideration	2.1(b)
Kansas Sale Proceeds	2.1(b)
knowledge	3.1(d)(ii)
LLC Sub	Recitals
LLC Sub Merger	Recitals
Maximum Amount	5.11(c)
Merger	Recitals
Merger Sub	Preamble
Merger Consideration	2.1(b)
Mixed Consideration	2.1(d)
Mixed Election	2.1(d)
Mixed Election Shares	2.1(e)
NGA	3.1(z)
Non-Competition Agreements	Recitals
NYSE	2.6
Parent	Preamble
Parent Common Stock	2.1(b)
Parent Contracts	3.1(y)
Parent Disclosure Schedule	3.2

Defined Terms	Defined in Section
Parent Employee Benefit Plans	3.2(l)(i)
Parent Employee Pension Benefit Plan	3.2(l)(i)
Parent Employee Welfare Benefit Plan	3.2(l)(i)
Parent ERISA Affiliate	3.2(l)(i)
Parent Intangible Property	3.2(n)
Parent Litigation	3.2(j)
Parent Material Adverse Effect	3.2(a)
Parent Order	3.2(j)
Parent Permits	3.2(i)
Parent Preferred Stock	3.2(b)
Parent Right	2.1(b)
Parent SEC Documents	3.2(d)
Parent Stock Plans	3.2(b)(iv)
Parent Termination Fee	7.2(c)
Qualified Company Employee Benefit Plan	3.2(l)(iii)
Qualified Parent Employee Benefit Plan	3.2(l)(iii)
Release	3.1(o)(C)
Remedial Action	3.1(o)(D)
Representative	2.1(d)
Rights Agreement Amendment	Recitals
Rule 145 Affiliate Letter	5.7
Rule 145 Affiliates	5.7
S-4	3.1(e)
Sarbanes-Oxley Act	3.1(d)(ii)
SEC	3.1(a)(i)
Securities Act	3.1(d)
Senior Sub Notes	5.22
Significant Subsidiary	3.1(a)(i)
Stock Election	2.1(d)
Stock Election Share	2.1(f)
Subsidiary	3.1(a)(iii)
Surviving Corporation	1.3(a)(i)
Surviving Corporation Material Adverse Effect	6.1(d)
Tax and Taxes	3.1(k)
Tax Return	3.1(k)
2004 Company Restricted Stock	5.10(b)
Voting Debt	3.1(b)

Table of Contents

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of May 3, 2004 (this Agreement), by and among Pioneer Natural Resources Company, a Delaware corporation (Parent), BC Merger Sub, Inc., a Colorado corporation (Merger Sub), and Evergreen Resources, Inc., a Colorado corporation (the Company).

WHEREAS, Parent and the Company have determined to engage in a strategic business combination whereby Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation in such merger as a direct wholly-owned subsidiary of Parent (the Merger);

WHEREAS, Parent and the Company have determined that immediately after the effectiveness of the Merger, the Company shall be merged with and into a wholly-owned limited liability company subsidiary of Parent (LLC Sub, and such merger being referred to herein as the LLC Sub Merger), with LLC Sub continuing as the surviving entity in the LLC Sub Merger as a direct wholly-owned subsidiary of Parent;

WHEREAS, for federal income tax purposes, it is intended that the Merger and the LLC Sub Merger constitute an integrated plan described in Rev. Rul. 2001-46, 2001-2 C.B. 321;

WHEREAS, the respective Boards of Directors of Parent, Merger Sub and the Company have approved this Agreement and the Merger.

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and an inducement to Parent s and Merger Sub s entering into this Agreement and incurring the obligations set forth herein, Dennis R. Carlton is entering into a consulting and non-competition agreement with Parent in the form attached hereto as Exhibit A, and Kevin R. Collins is entering into a consulting and non-competition agreement with Parent in the form attached hereto as Exhibit B (collectively, the Consulting and Non-Competition Agreements), which Consulting and Non-Competition Agreements shall be effective upon the Closing;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and an inducement to Parent s and Merger Sub s entering into this Agreement and incurring the obligations set forth herein, Mark S. Sexton is entering into a non-competition agreement with Parent in the form attached hereto as Exhibit C (the Non-Competition Agreement), which Non-Competition Agreement shall be effective upon the Closing;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and an inducement to Parent s and Merger Sub s entering into this Agreement and incurring the obligations set forth herein, the Company is entering into an amendment to the Shareholder Rights Agreement (the Company Rights Agreement), dated as of July 7, 1997, by and between the Company and Computershare Trust Company, Inc. as successor to American Securities Transfer & Trust, Inc., as Rights Agent, in the form attached hereto as Exhibit D (the Rights Agreement Amendment);

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements herein contained, the parties to this Agreement agree as follows:

ARTICLE I

THE MERGER

1.1 *The Merger; Effective Time of the Merger.* Upon the terms and subject to the conditions of this Agreement, at the Effective Time, Merger Sub shall be merged with and into the Company in accordance with the Colorado Business Corporation Act (the CBCA). As soon as practicable at or after the closing

of the Merger (the Closing), articles of merger, prepared and executed in accordance with the relevant provisions of the CBCA (the Articles of Merger), shall be filed with the Colorado Secretary of State. The Merger shall become effective at such time as the Articles of Merger are duly filed with the Colorado Secretary of State, or at such later time as Parent and the Company shall agree and specify in the Articles of Merger (the Effective Time).

1.2 *Closing.* The Closing shall take place at 9:30 a.m., Dallas, Texas time, on a date to be specified by the parties, which shall be no later than the fifth business day after satisfaction (or waiver in accordance with this Agreement) of the latest to occur of the conditions set forth in Article VI (other than any such conditions which by their nature cannot be satisfied until the Closing Date, which shall be required to be so satisfied or (to the extent permitted by applicable law) waived on the Closing Date), at the offices of Vinson & Elkins L.L.P., 2001 Ross Avenue, Dallas, Texas 75201, unless another date or place is agreed to in writing by the parties (such date on which the Closing occurs, the Closing Date).

1.3 *Effects of the Merger.*

(a) At the Effective Time: (i) Merger Sub shall be merged with and into the Company, the separate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation (the Company is sometimes referred to herein as the Surviving Corporation); (ii) the Articles of Incorporation of the Company as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until duly amended or repealed; and (iii) the Bylaws of the Company as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation until duly amended or repealed.

(b) The directors of Merger Sub shall, from and after the Effective Time, be the directors of the Surviving Corporation, and such directors shall serve until their successors have been duly elected or appointed and qualified or until their death, resignation or removal in accordance with Surviving Corporation s Articles of Incorporation and Bylaws. The officers of Merger Sub shall, from and after the Effective Time, be the officers of the Surviving Corporation, and such officers shall serve until their successors have been duly elected or appointed and qualified or until their death, resignation or removal in accordance with the Surviving Corporation s Articles of Incorporation and Bylaws.

(c) The Merger shall have the effects set forth in this Section 1.3 and the applicable provisions of the CBCA.

1.4 *Post-Closing Merger.* Immediately following the Effective Time, Parent shall cause the Surviving Corporation to merge with and into LLC Sub, with LLC Sub continuing as the surviving entity in such merger as a direct wholly-owned subsidiary of Parent, substantially in accordance with the terms of the merger agreement attached hereto as Exhibit E. From and after such merger, LLC Sub shall be the Surviving Corporation for purposes of this Agreement. When the LLC Sub Merger occurs, Parent shall own all the membership interests and other equity in LLC Sub, and LLC Sub shall be disregarded for United States federal income tax purposes.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL STOCK

OF THE COMPANY AND MERGER SUB; EXCHANGE OF CERTIFICATES

2.1 *Effect of Merger on Capital Stock.* At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or any holder of any shares of common stock, no par value, of the Company (Company Common Stock) or capital stock of Merger Sub:

(a) *Conversion of Capital Stock of Merger Sub.* Each issued and outstanding share of the capital stock of Merger Sub shall be converted into one share of Company Common Stock.

(b) *Conversion of Shares.* Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (excluding shares held by any Subsidiary of the Company or

Parent or any Subsidiary of Parent, and excluding Dissenter Shares (as defined below), but including shares of Company Restricted Stock as to which the applicable forfeiture restrictions lapse as of the Effective Time) shall cease to be outstanding and shall be converted into and exchanged for the right to receive from Parent (i) (A) 1.1635 of a share of common stock, $.01 par value per share, of Parent (Parent Common Stock) (each share of Parent Common Stock includes a right (each, a Parent Right) to purchase one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $.01 per share, of Parent pursuant to the Rights Agreement dated as of July 20, 2001, between Parent and Continental Stock Transfer & Trust Company, as Rights Agent (references in this Agreement to shares of Parent Common Stock shall also be deemed to refer to the Parent Rights associated therewith, as appropriate)) (such applicable fraction of Parent Common Stock, the Exchange Ratio), (B) $39.00 in cash, without interest (the Cash Payment), or (C) a combination of shares of Parent Common Stock and cash (other than the Kansas Sale Consideration) determined in accordance with Section 2.1(e), Section 2.1(f), Section 2.1(g) or Section 2.1(h) (collectively, the Base Merger Consideration), and (ii) $0.35 in cash, without interest, plus an amount equal to the quotient of (A) the difference of the Kansas Sale Proceeds minus $15 million, divided by (B) the sum of 49,889,446 plus any shares of Company Restricted Stock issued after the date hereof and prior to the Effective Time and any shares of Company Common Stock and securities convertible or exchangeable into or exercisable for shares of Company Common Stock that are outstanding as of the date hereof that are not included in the 49,889,446 number listed above (the Kansas Sale Consideration, and collectively with the Base Merger Consideration, the Merger Consideration), in each case upon surrender by the holder of such share of Company Common Stock of the Certificate representing such share in accordance with Section 2.7. For purposes of this Agreement, Merger Consideration shall not include any consideration received by any dissenting stockholder of the Company that after the Effective Time fails to perfect, or effectively withdraws or loses, such holder s right to appraisal of and payment for such holder s shares. Dissenter Shares means shares outstanding immediately prior to the Effective Time and held by any holder who, immediately prior to the Effective Time, has the right to obtain payment for such holder s shares in accordance with Article 113 of the CBCA. Kansas Sale Proceeds means the difference of (i) the gross cash proceeds from the sale of the Company s and its Subsidiaries assets located in Kansas, which proceeds are actually received by the Company no later than the close of business on the business day prior to the Closing Date, minus (ii) all out-of-pocket costs (excluding income taxes) incurred by the Company and its Subsidiaries in the disposition of such assets in such sale transaction.

(c) Notwithstanding anything in this Agreement to the contrary, the aggregate number of shares of Parent Common Stock (the Aggregate Stock Number) to be issued as Base Merger Consideration shall be equal to the product of (i) the Exchange Ratio multiplied by 50% of (ii) the difference of (A) the number of shares of Company Common Stock outstanding immediately prior to the Effective Time (including shares of Company Restricted Stock as to which the applicable forfeiture restrictions lapse as of the Effective Time) minus (B) the sum of (x) the number of shares of Company Common Stock held by any Subsidiary of the Company or Parent or any Subsidiary of Parent and (y) the number of Dissenter Shares. Notwithstanding anything in this Agreement to the contrary, the aggregate amount of cash to be paid by Parent as Base Merger Consideration (the Aggregate Cash Amount) shall be equal to the product of (i) the Cash Payment multiplied by 50% of (ii) the difference of (A) the number of shares of Company Common Stock outstanding immediately prior to the Effective Time (including shares of Company Restricted Stock as to which the applicable forfeiture restrictions lapse as of the Effective Time) minus (B) the sum of (x) the number of shares of Company Common Stock held by any Subsidiary of the Company or Parent or any Subsidiary of Parent and (y) the number of Dissenter Shares.

(d) Subject to the allocation and election procedures set forth in this Section 2.1 and subject to the last sentence of this Section 2.1(d) with respect to shares of Company Restricted Stock that are outstanding as of the Effective Time and as to which the applicable forfeiture restrictions have not lapsed as of the Effective Time (the Effective Time Restricted Stock), each record holder

immediately prior to the Effective Time of shares of Company Common Stock (other than (1) shares of Company Common Stock held by the Company or any Subsidiary of the Company or Parent or any Subsidiary of Parent and (2) Dissenter Shares but including shares of Company Restricted Stock as to which the applicable forfeiture restrictions lapse as of the Effective Time) will be entitled (i) to elect to receive $39.00 cash plus the Kansas Sale Consideration in cash, without interest, for all of such shares (a Cash Election), (ii) to elect to receive 1.1635 shares of Parent Common Stock and a per share amount in cash equal to the Kansas Sale Consideration for all of such shares, without interest (a Stock Election), or (iii) to elect to receive the Mixed Consideration which consists of (x) $19.50 cash plus the Kansas Sale Consideration in cash, without interest, and (y) .58175 of a share of Parent Common Stock (a Mixed Election, and collectively with the Cash Election and the Stock Election, the Elections). Each holder shall make the same Election with respect to all of such holder s shares of Company Common Stock, except with respect to Effective Time Restricted Stock as contemplated by the last sentence of this Section 2.1(d). All such Elections shall be made on a form designed for that purpose, which shall include (i) a letter of transmittal which specifies that delivery shall be effected, and risk of loss and title to any Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and that otherwise complies with the terms of Section 2.7(a) and (ii) a form of instruction pursuant to which a beneficial owner of Company Common Stock may instruct a Representative (as defined below) as to such beneficial owner s Election (a Form of Election). Holders of record of shares of Company Common Stock who hold such shares as nominees, trustees or in other representative capacities (a Representative) may submit multiple Forms of Election, provided that such Representative certifies that each such Form of Election covers all the shares of Company Common Stock held by each Representative for a particular beneficial owner. For purposes hereof, a holder of Company Common Stock who does not make a valid Election prior to the Election Deadline, including by failure to return the Form of Election to the Exchange Agent prior to the Election Deadline and as a result of revocation, shall be deemed to have made a Mixed Election. A holder of any security of the Company that is convertible or exchangeable into or exercisable for Company Common Stock immediately prior to the Effective Time shall (unless otherwise provided in this Agreement) upon conversion, exchange or exercise of such security, receive settlement therefor as though each such holder had made a Mixed Election. If Parent or the Exchange Agent shall determine that any purported Cash Election or Stock Election was not properly made, such purported Cash Election or Stock Election shall be deemed to be of no force and effect and the stockholder making such purported Cash Election or Stock Election shall for purposes hereof be deemed to have made a Mixed Election. A holder shall be deemed to have made a Stock Election with respect to all shares of Effective Time Restricted Stock held by such holder, and any Election made by the record holder pursuant to the first sentence of this Section 2.1(d) shall be effective only as to shares that are not Effective Time Restricted Stock.

(e) At the Effective Time, each share covered by a Mixed Election (a Mixed Election Share) shall be converted into and exchanged for the right to receive from Parent the Mixed Consideration.

(f) If, taking into account the Elections made and deemed made pursuant to Section 2.1(d) and but for the terms of Section 2.1(c), the number of shares of Parent Common Stock to be issued as Base Merger Consideration would exceed the Aggregate Stock Number, then, at the Effective Time, each share covered by a Cash Election (a Cash Election Share) shall be converted into the right to receive the Cash Payment and the Kansas Sale Consideration, each Mixed Election Share shall be converted into the right to receive the Mixed Consideration, each share of Effective Time Restricted Stock shall be converted into the right to receive the number of shares of Parent Common Stock equal to the Exchange Ratio and the Kansas Sale Consideration, and each share covered by a Stock Election (a Stock Election Share) that is not Effective Time Restricted Stock shall be converted into the right to receive:

(i) a number of shares of Parent Common Stock equal to the quotient determined by (A) the difference of the Aggregate Stock Number minus the number of shares of Parent

Common Stock to be issued in exchange for Mixed Election Shares, divided by (B) the number of Stock Election Shares;

(ii) an amount in cash, without interest, equal to the quotient determined by (A) the difference of the Aggregate Cash Number minus the sum of (x) the amount of cash (other than Kansas Sale Consideration) to be paid in exchange for Cash Election Shares plus (y) the amount of cash (other than Kansas Sale Consideration) to be paid in exchange for Mixed Election Shares, divided by (B) the number of Stock Election Shares; and

(iii) an amount in cash, without interest, equal to the Kansas Sale Consideration.

(g) If, taking into account the Elections made and deemed made pursuant to Section 2.1(d) and but for the terms of Section 2.1(c), the amount of cash to be paid by Parent as Base Merger Consideration would exceed the Aggregate Cash Amount, then each Stock Election Share shall be converted into the right to receive the number of shares of Parent Common Stock equal to the Exchange Ratio and the Kansas Sale Consideration, each Mixed Election Share shall be converted into the right to receive the Mixed Consideration, and each Cash Election Share shall be converted into the right to receive:

(i) an amount in cash, without interest, equal to the quotient determined by (A) the difference of the Aggregate Cash Number minus the amount of cash (other than Kansas Sale Consideration) to be paid in exchange for Mixed Election Shares, divided by (B) the number of Cash Election Shares;

(ii) a number of shares of Parent Common Stock equal to the quotient determined by (A) the difference of the Aggregate Stock Number minus the sum of (x) the number of shares of Parent Common Stock to be issued in exchange for Stock Election Shares plus (y) the number of shares of Parent Common Stock to be issued in exchange for Mixed Election Shares, divided by (B) the number of Cash Election Shares; and

(iii) an amount in cash, without interest, equal to the Kansas Sale Consideration.

(h) In the event that neither 2.1(f) nor Section 2.1(g) above is applicable, at the Effective Time, each Cash Election Share shall be converted into the right to receive the Cash Payment and the Kansas Sale Consideration, each Stock Election Share shall be converted into the right to receive the number of shares of Parent Common Stock equal to the Exchange Ratio and the Kansas Sale Consideration, and each Mixed Election Share, if any, shall be converted into the right to receive the Mixed Consideration.

(i) Parent and the Company shall mail the Form of Election to each person who is a holder of record of Company Common Stock on the record date for the Company s stockholders meeting contemplated by Section 5.5 and shall use their commercially reasonable efforts to make the Form of Election available to all persons who become holders of Company Common Stock during the period between such record date and the Election Deadline. Parent and the Company agree to promptly comply with applicable SEC requirements with respect to the actions contemplated by this Section 2.1.

(j) To be effective, a Form of Election must be properly completed and signed by a record holder of Company Common Stock and submitted to the Exchange Agent and accompanied by the Certificates as to which the Election is being made. All Certificates so surrendered shall be subject to the exchange procedures set forth in Section 2.7. Parent will have the discretion, which it may delegate in whole or in part to the Exchange Agent, to determine whether Forms of Election have been properly completed, signed and submitted or revoked and to disregard immaterial defects in Forms of Election. The decision of Parent (or the Exchange Agent) in such matters shall be conclusive and binding. Neither Parent nor the Exchange Agent will be under any obligation to notify any person of any defect in a Form of Election submitted to the Exchange Agent. The Exchange Agent shall also make all computations contemplated by this Section 2.1 and all such computations

shall be conclusive and binding on the holders of Company Common Stock absent manifest error. The Form of Election and the Certificates must be received by the Exchange Agent by the close of business on the last business day prior to the date on which the vote with respect to the adoption and approval of this Agreement and the approval of the Merger at the Company s stockholders meeting contemplated by Section 5.5 hereof is held (the Election Deadline) in order to be effective. The Exchange Agent shall not accept guarantee of delivery of Certificates in lieu of physical delivery of Certificates. An Election may be revoked, but only by written notice received by the Exchange Agent prior to the Election Deadline. Upon any such revocation, unless a duly completed Form of Election, accompanied by a Certificate, is thereafter submitted in accordance with this Section 2.1(j), such shares shall be deemed to be Mixed Election Shares. In the event that this Agreement is terminated pursuant to the provisions hereof and any Certificates have been transmitted to the Exchange Agent pursuant to the provisions hereof, such Certificates shall be promptly be returned without charge to the person submitting same.

2.2 *Anti-Dilution Provisions.*

(a) In the event that Parent changes the number of shares of Parent Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock combination, stock dividend, or similar recapitalization with respect to such stock and if the record date therefor (in the case of a stock dividend) or the effective date thereof (in the case of a stock split, stock combination or similar recapitalization for which a record date is not established) shall be prior to the Effective Time, the Exchange Ratio shall be appropriately adjusted.

(b) In the event that, prior to the Effective Time, Parent shall consummate a merger, consolidation, share exchange or other reorganization, or any other transaction with another person or entity pursuant to which the holders of Parent Common Stock receive or become entitled to receive securities, cash or other assets or any combination thereof, each holder of Company Common Stock shall be entitled to receive at the Effective Time for each share of Company Common Stock, the amount of cash applicable to the Election or deemed Election by such holder plus that amount of securities, cash or other assets that such holder would have received or become entitled to receive had such holder been the record holder of the number of shares of Parent Common Stock issuable to such holder of Company Common Stock pursuant to Section 2.1 (taking into account such holder s Election) had the Effective Time occurred immediately prior to the consummation of such transaction.

2.3 *Shares Held by Parent, the Company or Subsidiaries.* Each of the shares of Company Common Stock held by Parent or any Subsidiary of Parent or the Company or any Subsidiary of the Company shall be canceled and retired at the Effective Time and no consideration shall be issued in exchange therefor.

2.4 *Dissenting Stockholders.* Any holder of shares of Company Common Stock who perfects such holder s dissenters rights in accordance with and as contemplated by Article 113 of the CBCA shall be entitled to receive from the Surviving Corporation the value of such shares in cash as determined pursuant to such provision of the CBCA; provided, that no such payment shall be made to any dissenting stockholder unless and until such dissenting stockholder has complied with the applicable provisions of the CBCA, including the deposit of the Certificate or Certificates representing the shares for which payment is being made. In the event that immediately prior to the Effective Time a dissenting stockholder of the Company fails to perfect, or effectively withdraws or loses, such holder s right to appraisal of and payment for such holder s shares, each such share shall thereupon be deemed a Mixed Election Share as of the Effective Time and shall be converted into, as of the Effective Time, the right to receive from Parent the Mixed Consideration, without any interest thereon, upon surrender by such holder of the Certificate or Certificates representing the shares of Company Common Stock held by such holder in accordance with Section 2.7.

2.5 *Treatment of Stock Options and Restricted Stock.* Each outstanding Company Option and share of Company Restricted Stock shall be treated as provided in Section 5.10.

Table of Contents

2.6 *Fractional Shares.*

(a) No Fractional Shares. No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, no dividend or distribution of Parent shall relate to such fractional share interests, and such fractional share interests will not entitle the owner thereof to vote or to any rights of a stockholder of Parent.

(b) In lieu of such fractional share interests, Parent shall either (i) pay to each former holder of Company Common Stock an amount in cash equal to the product obtained by multiplying (A) the fractional share interest to which such former holder (after taking into account all shares of Company Common Stock held at the Effective Time by such holder) would otherwise be entitled by (B) the average of the last reported sale prices for a share of Parent Common Stock on the New York Stock Exchange (the NYSE) (as reported in The Wall Street Journal, or, if not reported thereby, any other authoritative source selected by Parent) for the twenty consecutive full trading days on which such shares are actually traded on the NYSE ending at the close of trading on the third trading day prior to the Closing Date or (ii) instruct the Exchange Agent to follow the procedures set forth in Section 2.6(c).

(c) If Parent shall have instructed the Exchange Agent to follow the procedures in this Section 2.6(c):