

EVERGREEN RESOURCES INC  
Form DEFA14A  
May 11, 2004

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

**SCHEDULE 14A**  
**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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- 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):  No fee required.

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On May 4, 2004, Pioneer Natural Resources Company ( Pioneer ) and Evergreen Resources, Inc. ( Evergreen ) announced that their boards of directors had approved a strategic merger in which Evergreen will become a subsidiary of Pioneer and Evergreen shareholders will receive new shares of Pioneer common stock and cash. Set forth below are slides presented at the analyst presentations held by Evergreen on May 10-11, 2004, in connection with the proposed merger.

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**Pioneer Natural Resources**

[GRAPHIC]

**Evergreen Resources**

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[LOGO]

## Forward Looking Statements

*Except for historical information contained herein, the statements in this Presentation are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, and the business prospects of Pioneer Natural Resources Company, are subject to a number of risks and uncertainties which may cause the Company's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of oil and gas prices, product supply and demand, competition, government regulation or action, foreign currency valuation changes, foreign government tax and regulation changes, litigation, the costs and results of drilling and operations, Pioneer's ability to replace reserves, implement its business plans or complete its development projects as scheduled, access to and cost of capital, uncertainties about estimates of reserves, quality of technical data, environmental and weather risks, acts of war or terrorism. These and other risks are described in Pioneer's 10-K and 10-Q Reports and other filings with the Securities and Exchange Commission. This Presentation does not constitute an offer of any securities for sale.*

Pioneer Natural Resources

Evergreen Resources



## Transaction Terms

<b>Transaction Consideration:</b>	Evergreen's common shareholders will receive: 0.58175 shares of Pioneer stock, \$19.50 per share in cash and Cash equal to the greater of: \$0.35 per share (~\$15 million) as a consideration from Pioneer for the Kansas properties Net proceeds from the sale of the Kansas properties to a third party
<b>Purchase Price per Share:</b>	\$39.35 (assuming Pioneer retains Kansas properties)
<b>Transaction Structure:</b>	Tax-free (Section 368a) Reorganization
<b>Estimated Closing:</b>	September / October
<b>Conditions:</b>	Pioneer shareholder approval Evergreen shareholder approval Hart Scott Rodino approval
<b>Termination Fee:</b>	\$35 million

## Transaction Value

### Transaction Value: (\$ Millions)

Cash (1)	\$	897
Common Shares (2)		890
Minority Interest		5
Net Debt (3)		300
Total	\$	2,092

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- (1) Includes \$30 million of estimated transaction costs
  - (2) Includes after-tax market value of in-the-money options
  - (3) Increased for estimated market value of convertible debt of \$56 million and net of cash on hand of \$56 million

**Relative Stock Price Performance**

[CHART]

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## Strategic Implications

### Pioneer Strategy

### Evergreen Model

Moderate low-risk growth from onshore, long-lived foundation assets	>	Best long-lived onshore gas platform in North America with excellent growth potential
Lower maintenance capital needed to preserve stable production and reserve base	>	Maintenance capital requirements among lowest in upstream sector
Deploy portion of free cash flow to high impact, high return exploration and acquisitions	>	Exceptional full cycle economics provide strong free cash flow available for reinvestment
Harvest portion of cash flow from exploration successes to rebalance portfolio with additional long-lived assets	>	Reserve profile strongly complements diversified portfolio foundation
Grow through consolidation of core areas	>	Substantial Rockies acreage position in key growth basins with significant consolidation potential
Strengthen expertise and improve ability to leverage other plays	>	Preeminent CBM platform providing ability to leverage expertise with Statistic plays Fracture stimulation technology Low pressure gas gathering systems

**Evergreen Asset Base**

[GRAPHIC]

Proved reserves	1.5 TCFE
% operated	~100%
% natural gas	~100%
% North America	100%
2003 net average production	127 MMCFE/D
Current net daily production	150 MMCFE/D
R/P ratio	32 years
PDP R/P ratio	20 years
Net acreage position	1.8 million
Probable reserves (96% Raton)	~900 BCFE
Identified drilling locations	1,500+

**Evergreen Reserve and Production Growth**

**Proved Reserves**

[CHART]

**Production**

[CHART]

## Future Growth Potential

[GRAPHIC]

Large low-risk drilling inventory in Raton Basin

Less than 50% drilled

~1,500 undrilled locations

Over 360,000 net acres

Only \$30 to \$40 million CAPEX per year needed to replace production

Upside value in Piceance and Uintah basins and in Canada

220,000 net acres in Piceance and Uintah

100,000 net acres in Canada

5 year average reserve replacement over 800%

Industry leader in F&D cost (source: Wachovia)

5 year average F&D - \$2.96 per BOE

5 year average organic F&D - \$1.98 per BOE

Industry's best recycle ratio (cash-on-cash return)

3 year average -> 4.4X (source: Wachovia)

**Impact to Pioneer**

Adds 2.4 TCFE of proved and probable North America gas reserves at acquisition cost plus future development costs of \$1.22 per MCFE

Adds 1.5 TCFE of proved reserves at an acquisition finding cost of \$1.40 per MCFE

Adds ~900 BCFE of low-risk probable reserves

Adds 2,000+ low-risk drilling locations

Adds eight years of low-risk production growth from identified drilling locations

Provides additional possible reserves and drilling locations, infill and extension

Accretive to free cash flow per share in 2005

Increases North America reserves from 81% to 86%

Increases natural gas reserves from 46% to 59%

Creates new core area onshore U.S.

Creates operating efficiencies and economies of scale

Provides Denver office to access Rockies opportunities

Enhances Canadian asset portfolio



**Reloading Lower-Risk Onshore Base**

(MBOE/D)

[CHART]

Over time, production profile shifts to more risky projects

[CHART]

Rebalances production profile adding low-risk growth to base

**Pro Forma Production & Reserves\***

**Pro Forma  
Reserve Split  
12/31/03**

[CHART]

**Pro Forma  
Production Split  
2004E**

[CHART]

[GRAPHIC]

**1,038 MMBOE or 6.2 TCFE of proved reserves**

**Over 2 BBOE of unrisks net potential**

**~\$7 billion enterprise value**

**86% North America**

**59% natural gas**

**16 year R/P ratio**

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\*NSA audited over 90% of combined reserves

**Pro Forma Production Growth**

Production from Evergreen assets expected to double by 2008

[CHART]

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\*Assumes 09/30/04 Closing

**Proved Reserves\***

(MMBOE)

[CHART]

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\* As of 12/31/03, pro forma for acquisitions and divestitures. Peer group data compiled by J.P. Morgan Securities Inc.

**Total Reserves/Production Ratio\***

**(Years)**

[CHART]

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\* As of 12/31/03, pro forma for acquisitions and divestitures. Peer group data compiled by J.P. Morgan Securities Inc.

**PDP Reserves/Production Ratio\***

**(Years)**

[CHART]

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\* As of 12/31/03, pro forma for acquisitions and divestitures. Peer group data compiled by J.P. Morgan Securities Inc.

**EVG Acreage Position  
(Thousands of acres)**

[GRAPHIC]

	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
Raton	224	205	189	161	413	367
Piceance/Uintah	53	48	192	176	245	223
Canada	87	45	71	60	159	105

**Raton Basin**

[GRAPHIC]

Working Interest	75% - 100%
Operator	EVG
Proved Reserves 12/31/03 (Bcfe)	1,393
% PUD	38%
% Gas	100%
Current Production (MMcfe/d)	133
R/P (Years)	31
Net Developed Acreage	205K
Net Undeveloped Acreage	161K
Total Net Acreage	367K



## **Raton Basin Geology**

[GRAPHIC]

Multiple intervals developed in new wells and existing wells through state-of-the-art recompletions

The coals and tight sands of the Raton and Vermejo formations are primary objectives

Extensive in-fill drilling opportunities in current gas price environment (\$4.00/Mcf or greater)

Vermejo coals: development, extensions & infill drilling. (~1,000 locations)

Raton coals: twin wells. (~400 locations)

Opportunities in deep fractured shales and Raton sands

**Raton Basin Comparative Well Economics**

	<b>Vermejo Coal Well</b>	<b>Raton Coal Twin Well</b>
Well Cost	~\$400,000	~\$200,000
Reserves	~ 1.25 Bcf	~ 1.0 Bcf
Finding Cost	~\$0.32 / Mcf	~\$0.20 / Mcf
Pay Out (\$4 or \$5 per Mcf)	< 3.0 years	< 3.0 years
ROI (\$4 per Mcf)	>6.5:1	>8:1
ROI (\$5 per Mcf)	>8:1	>10:1
Rate of Return (\$4 per Mcf)	>40%	>50%
Rate of Return (\$5 per Mcf)	>50%	>60%

**Gas Gathering and Marketing**

**Rocky Mountain Producer**

[GRAPHIC]

**Mid-Continent Marketer:**

**More Gas Markets & Pricing Flexibility**

**Raton gas collection system is wholly-owned and operated and has capacity to absorb future growth**

**Piceance & Uintah Basins**

[GRAPHIC]

Average Working Interest	84%
Operator	EVG, et al
Proved Reserves 12/31/03 (Bcfe)	65
% PUD	49%
% Gas	94%
Daily Production Since Acquisition (MMcfe/d)	6
R/P (Years)	37
Net Developed Acreage	48K
Net Undeveloped Acreage	176K
Total Net Acreage	223K

**Piceance & Uintah Opportunities**

[GRAPHIC]

Development drilling

Stepout drilling

Infill drilling

Exploration drilling

Recompletions of existing zones

New zone additions

**Canada**

[GRAPHIC]

Average Working Interest	63%
Operator	EVG, et al
Proved Reserves 12/31/03 (Bcfe)	37
% PUD	28%
% Gas	88%
Daily Production Since Acquisition (MMcfe/d)	11
R/P (Years)	11
Net Developed Acreage	45K
Net Undeveloped Acreage	60K
Total Acreage	105K

**Balance Sheet Management**

Debt reduction will be accomplished by utilizing free cash flow

Target debt to book capitalization of approximately 45% by year-end 2004

Target debt to book capitalization of 40% or lower by year-end 2005

Goal is mid-Investment Grade credit rating

Aggressive hedging program for both Pioneer s and Evergreen s 2004 and 2005 production has been implemented to achieve debt reduction target

**PXD Hedge Position**

5/6/04

Daily Production:	2004	2005	2006	2007	2008
<b>Oil:</b>					
<b>Swaps:</b>					
Volume (Bbl)	23,498	27,000	5,000	1,000	5,000
NYMEX Price	\$ 28.46	\$ 27.97	\$ 26.19	\$ 26.00	\$ 26.09
% of Total Liquids	~ 35%	~ 30%	n/a	n/a	n/a
<b>Gas:</b>					
<b>Swaps:</b>					
Volume (Mcf)	300,073	174,904	70,000	20,000	
NYMEX Price*	\$ 4.35	\$ 5.15	\$ 4.25	\$ 3.75	
% of N. America Gas	~ 45%	~ 30%	n/a	n/a	

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\* Approximate, based on historical differentials to Index prices.



**EVG Hedge Position**

5/6/04

Remaining Contract Period		Market	Volume in Mcf/day	Weighted Average \$/Mcf
Apr 04	Oct 04	Midcontinent	65,000	4.86
Apr 04	Dec 04	Midcontinent	50,000	4.20
Apr 04	Dec 04	Northwest Pipeline	3,000	4.33
Apr 04	Dec 04	AECO - Canada	4,736	4.63
Nov 04	Dec 04	Midcontinent	25,000	5.72
Jan 05	Dec 05	Midcontinent	100,000	5.14

**Expanding Quality Foundation    Gaining New Low-Risk Growth**

[CHART]

Reinvesting excess cash flow from recent exploration successes in legacy, long-lived North America gas reserves

Gaining new core area with multi-year inventory for future production growth

Balancing Evergreen's inventory of low-risk gas development projects with high-impact, higher-risk exploration or international projects

Providing upside in Piceance and Uintah Basins and Canada

Accretive to free cash flow per share in 2005

The proposed merger will be submitted to each of Pioneer's and Evergreen's stockholders for their consideration, and Pioneer will file with the SEC a registration statement containing the joint proxy statement prospectus to be used by Pioneer to solicit approval of its stockholders to issue additional stock in the merger and to be used by Evergreen to solicit the approval of its stockholders for the proposed merger. Pioneer will also file other documents concerning the proposed merger. You are urged to read the registration statement and the joint proxy statement prospectus regarding the proposed merger when they become available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the joint proxy statement prospectus including the registration statement, as well as other filings containing information about Pioneer at the SEC's Internet Site (<http://www.sec.gov>). Copies of the joint proxy statement prospectus can also be obtained without charge, by directing a request to: Susan Spratlen; 5205 N. O'Connor Blvd, Suite 900, Irving, Texas 75039; 972-969-3583

Pioneer and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Pioneer in connection with the proposed merger. Evergreen and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Evergreen in connection with the proposed merger. Additional information regarding the interests of those participants may be obtained by reading the joint proxy statement prospectus regarding the proposed merger when it becomes available.

## **CBM Asset Review**

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**U.S. Conventional vs. Unconventional Gas Resource Potential (Tcf)**

[GRAPHIC]

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**Source: Energy Information Administration, Office of Integrated Analysis and Forecasting (as of 1999)**

[CHART]

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Source: Cambridge Energy Research Associates (Updated February 2004)

**US Coal Bed Methane Resources**

[GRAPHIC]

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**Source: GTI/ICF**

**Expected U.S. CBM Production**

	Average Well Depth (feet)	Capacity Outlook (Bcf per day)						
		2000	2002	2003	2004	2005	2007	2010
San Juan	2,600	2.70	2.50	2.40	2.30	2.20	2.00	1.75
Powder River	700/1,500	0.35	0.89	0.95	1.00	1.05	1.30	1.50
Raton	1,500	0.10	0.20	0.23	0.27	0.30	0.35	0.40
Uintah	3,500	0.20	0.23	0.27	0.31	0.35	0.40	0.55
Black Warrior	1,800	0.31	0.31	0.31	0.31	0.31	0.29	0.25
Others (a)		0.10	0.20	0.25	0.30	0.35	0.50	0.75
<b>Subtotal</b>		<b>3.76</b>	<b>4.33</b>	<b>4.41</b>	<b>4.49</b>	<b>4.56</b>	<b>4.84</b>	<b>5.20</b>
Alaska							0.01	0.05
<b>Total US</b>		<b>3.76</b>	<b>4.33</b>	<b>4.41</b>	<b>4.49</b>	<b>4.56</b>	<b>4.85</b>	<b>5.25</b>
% of Total US Gas Production		6.8%	7.8%	8.0%	8.2%	8.3%	8.9%	9.9%

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Source: Cambridge Energy Research Associates (Updated February 2004)

(a) Includes Arkoma, Appalachian, Cherokee, Forest City, Hanna and Illinois Basins.

**Conventional Gas vs. CBM Production**

	<b>Conventional Gas</b>	<b>CBM</b>
<b>Gas Quality</b>	Gas typically associated with NGLs: ~ 80% methane	Gas typically dry: ~ 99%+ methane, H <sub>2</sub> S not present
<b>Drilling</b>	500 to 15,000 feet	500 to 5,000 feet
<b>Water Production</b>	Usually brine; rates may increase during production life, water is typically re-injected	Rates typically decrease during production life, numerous options for disposal; water may be usable at surface
<b>Reservoir</b>	Gas reserves and production are closely tied to initial pressure	Gas adsorbed onto the coal and produced when pressure decreased
<b>Production Mechanism</b>	Reservoir pressure maintenance	Reservoir desorption and dewatering
<b>Compression</b>	Fewer stages required	More stages required
<b>Well Drilling Pattern</b>	Initially, 1 to 2 wells per section, but density may be increased	4 to 8 wells per section
<b>Gas Production</b>	Gas can be shut-in and reactivated with little problems	CBM well may need dewatering reinstated if not continually produced
<b>Production Profile</b>	[CHART]	[CHART]



## **Pioneer Asset Review**

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**North America Onshore**

[GRAPHIC]

Canadian assets focused in NE BC/Alberta area

~\$61MM operating cash flow in 2003

Strong winter drilling program

Platform for growth

[GRAPHIC]

~\$530MM operating cash flow in 2003

Provide stable production & cash flow

Control midstream

R/P Ratio of 20 years

Less capital required to maintain production

Multi-year inventory of locations

100% ownership

**Argentina On Track for Growth**

[GRAPHIC]

[CHART]

Gas sales have grown significantly over last 6 months

LPG realizations drive full cycle gas returns of 3:1

Argentine government announced increase in gas prices

12-17% production growth expected in 2004, doubled capital program

Continuing active oil development

Expanding exploration effort targeting deeper gas potential

Demand for Neuquen gas projected to increase by ~1 Bcfe/d by 2008

**Offshore Producing Assets**

Deepwater Gulf of Mexico

Canyon Express gas production exceeding expectations for first quarter

~\$190 million operating cash flow in 2003

Falcon corridor gas sales stronger than expected, Harrier production on ahead of schedule during first quarter

~\$200 million operating cash flow in 2003

Offshore South Africa

Sable field oil production stabilized, meeting expectations for first quarter

**Gulf of Mexico Development**

[GRAPHIC]

## Commercialization

[GRAPHIC]

### Alaska

Evaluating commercialization of Jurassic discovery in Oooguruk field

~63,000 acre position in Oooguruk field area

[GRAPHIC]

### North Africa Gas

Gas discovered on Anaguid and BEK blocks

Evaluating market for gas and potential for developing infrastructure

[GRAPHIC]

### Gabon

Expect to submit plan of development by June

### South Africa Gas

Negotiating gas contract price and evaluating development cost

**Exploration 4 Areas of Focus**

[GRAPHIC]

Alaska

Prolific petroleum system

U.S. fiscal terms

High-impact opportunities

Balanced opportunity set

Strong relationships with existing companies

Gulf of Mexico

Prolific petroleum system

U.S. fiscal terms

Company-impact prospect size

Strong returns

Ability to partner, spread risk

North Africa

Targeted prolific Ghadames Basin

Low-cost entry opportunity in southern Tunisia with good fiscal terms

Lower-risk exploration with existing infrastructure

Ghadames Basin extends into Algeria and Libya

West Africa

Prolific petroleum system

Billion+ BOE potential

Strong partner in Kosmos

Decreases lead time

Early in exploration life cycle



## Deepwater GOM Exploration

[GRAPHIC]

Deepwater, targeting drilling depths of >20,000 ft

Prospect mean reserve potential 150-250 Mmboe

Farm-in opportunities

~2,800 leases expiring 2006-2008

Continue to acquire new leases

Apparent high bidder on 14 leases in March 2004 lease sale

**Alaska**

[GRAPHIC]

Added 23,000 acres adjacent to Oooguruk discovery

Evaluating development of the Jurassic pay in Oooguruk field

High bidder on 53 tracts in recent lease sale

>180,000 total acres

**North Africa**

**Prolific Ghadames Basin**

**5 Million Net Acres on 5 Blocks**

**Five successful wells drilled to date**

[GRAPHIC]

Adam 1, Adam 2 and Hawa producing

Evaluating development plans for two second quarter discoveries on Anaguid block

**Planning to test potential expansion of Ordovician and Silurian discoveries**

5-8 wells in 2004

Potential for significant field expansion beyond four-way closures

## West Africa

### **Olowi Discovery Offshore Gabon**

Improved terms  
314,000 acres  
Pioneer-operated, 100% WI  
3 wells tested 2,000+ BOPD from Lower Gamba

[CHART]

### **West Africa 1998-2003**

**High potential** over 14 BBOE found  
**Sizable fields** up to 1 BBO; average field size over 100 MBO  
**Affordable risk** 1:3 success ratio

### **Recent Joint Venture**

Explore from Morocco to Angola, excluding Gabon  
Joined Kosmos, led by former Triton and Gulf Canada executives  
Proven West African exploration track record  
Decreases lead time

## **Financial**

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**Transaction Sources and Uses**  
**(\$ Millions)**

	<b>Sources</b>
Credit Facility Borrowings	897
Pioneer Common Shares (1)	890
Net Debt/Minority Interest	305
	\$ 2,092

	<b>Uses</b>
Equity Purchase Price (2)	1,787
Net Debt/Minority Interest	305
	\$ 2,092

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(1) Pioneer shares issued to Evergreen shareholders

(2) 43.7 million Evergreen shares at \$39.35 plus after-tax value of in-the-money options and estimated transaction costs of \$30 million

**Preliminary Purchase Price Allocation**  
**(\$ Millions)**

<b>Purchase Price</b>	
Equity purchase price (\$19.85 + 0.58175 share of Pioneer)	\$ 1,787
Minority interest	5
Net debt	300
Enterprise value	2,092
Plus other net liabilities	102
Plus other deferred income taxes	709
Total transaction value	\$ 2,903
<b>Value Allocation</b>	
Proved oil & gas properties	\$ 2,246
Unproved oil & gas properties	419
Other assets	38
Goodwill	200
Total value of assets acquired	\$ 2,903

**Acquisition Facility**

Borrower: Pioneer Natural Resources Company

Facility: \$900MM, 364-day senior unsecured revolving credit facility

Arranger: JPMorgan Chase Bank

Guarantor: Pioneer Natural Resources USA, Inc.

Facility Costs: LIBOR + 100bps; 25bps commitment fee

Terms & Conditions: Mirror Pioneer's existing \$700 million credit facility



### Capital Structure Plans

\$100 million 4.75% convertible senior subordinated bonds will be merged into Pioneer Natural Resources Company and are assumed to remain outstanding until the December 2006 call date when they will convert to equity; no financial covenants

\$200 million 5.875% senior subordinated bonds will be merged into Pioneer Natural Resources Company

Remove subordination in exchange for same covenants on Pioneer's 9-5/8% and 7-1/2% senior bonds

Bonds will be pari passu with other bonds and be guaranteed by Pioneer Natural Resources USA, Inc.

Exercise accordion feature on existing Pioneer credit facility to increase facility to \$1 billion; increase commitment from existing bank group and/or add new banks

**Legal Information**

This filing contains forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995, particularly those statements regarding the effects of the proposed merger and those preceded by, followed by or that otherwise include the words believes, expects, anticipates, intends, estimates, or similar expressions. Forward-looking statements relating to expectations about future results or events are based upon information available to Pioneer and Evergreen as of today's date, and neither Pioneer nor Evergreen assumes any obligations to update any of these statements. The forward-looking statements are not guarantees of the future performance of Pioneer, Evergreen or the combined company, and actual results may vary materially from the results and expectations discussed. For instance, although Pioneer and Evergreen have signed an agreement for a subsidiary of Pioneer to merge with Evergreen, there is no assurance that they will complete the proposed merger. The merger agreement will terminate if the companies do not receive necessary approval of each of Pioneer's and Evergreen's stockholders or government approvals or fail to satisfy conditions to closing. Additional risks and uncertainties related to the proposed merger include, but are not limited to, conditions in the financial markets relevant to the proposed merger, the successful integration of Evergreen into Pioneer's business, and each company's ability to compete in the highly competitive oil and gas exploration and production industry. The revenues, earnings and business prospects of Pioneer, Evergreen and the combined company and their ability to achieve planned business objectives will be subject to a number of risks and uncertainties. These risks and uncertainties include, among other things, volatility of oil and gas prices, product supply and demand, competition, government regulation or action, foreign currency valuation changes, foreign government tax and regulation changes, litigation, the costs and results of drilling and operations, Pioneer's and Evergreen's ability to replace reserves, implement its business plans, or complete its development projects as scheduled, access to and cost of capital, uncertainties about estimates of reserves, quality of technical data, environmental and weather risks, acts of war or terrorism. These and other risks are identified from time to time in Pioneer's and Evergreen's SEC reports and public announcements.

The proposed merger will be submitted to each of Pioneer's and Evergreen's stockholders for their consideration, and Pioneer will file with the SEC a registration statement containing the joint proxy statement prospectus to be used by Pioneer to solicit approval of its stockholders to issue additional stock in the merger and to be used by Evergreen to solicit the approval of its stockholders for the proposed merger. Pioneer and Evergreen will also file other documents concerning the proposed merger. You are urged to read the registration statement and the joint proxy statement prospectus regarding the proposed merger when they become available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the joint proxy statement prospectus including the registration statement, as well as other filings containing information about Evergreen at the SEC's Internet Site (<http://www.sec.gov>). Copies of the joint proxy statement prospectus can also be obtained, without charge, by directing a request to: (i) Evergreen Resources, Inc., John B. Kelso, 1401 17th Street, Suite 1200, Denver, Colorado 80202, or via telephone at 303-298-8100 or (ii) Pioneer Natural Resources Company, Susan Spratlen, 5205 N. O'Connor Blvd., Suite 900, Irving, Texas 75039, or via telephone at 972-969-3583.

Evergreen and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Evergreen in connection with the proposed merger. Pioneer and its directors and

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executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Pioneer in connection with the proposed merger. Additional information regarding the interests of those participants may be obtained by reading the joint proxy statement prospectus regarding the proposed merger when it becomes available.

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