Pioneer launched its Leading for Excellence, Achievement and Development (L.E.A.D.) program this summer as a leadership training initiative. The first course was conducted in several divisions and included drillers, toolpushers, superintendents and division managers.

"Leadership training is vital in any business. At Pioneer, development of leadership skills keeps us focused on our vision and strategic goals," says President and CEO Stacy Locke. "Our commitment to developing our employees is essential to creating successful business teams which and focus on safety are big draws for attracting new employees, he adds.

GROWTH IN WEST TEXAS OFFERS COMPANY-WIDE OPPORTUNITIES

The Permian Basin in West Texas has long been a fertile ground for U.S. oil production. But with new technologies unlocking previously untapped resources, the region has become a hot spot for practically everything Pioneer offers.

Pioneer’s drilling, well servicing, wireline and trucking operations are relatively new on the scene but are building a presence that has the Company well-positioned for success in a highly competitive market. Drilling Services has been there since January 2011 and has seen the most dramatic increase in activity.

**Drilling rig, employee counts jump**

“The new drilling technology has reopened the Permian Basin,” says West Texas Division Manager Charlie Walsh. “Clients are re-entering wells, drilling new wells and horizontal drilling is also becoming prevalent.”

Pioneer now has 21 drilling rigs in operation in the region, including four in the Granite Wash area of the Texas Panhandle. “We just brought in the 22nd rig to West Texas and we expect to see it in action right away,” he says.

The jump in rig count means a lot more people are wearing the new Pioneer logo on their uniforms, notes Operations Manager Roger Dyer. “We started with 25 employees, and now we have about 520.”

The company’s personable reputation and focus on safety are big draws for attracting new employees, he adds.

Getting started in wireline

Fully operational for only a few months, Wireline Services is off to a fast start, says Manager Ryan Bohnert. Five wireline units are working with the Company’s clients, and several others are interested in utilizing our services.

“Pioneer is brand new here so it will take a little time to establish our name as a premium wireline service provider,” Ryan says. “So far we have seen nothing but good reviews for what we’ve been doing and that will help us take advantage of new opportunities.”

Competition is intense, with nearly 30 players in the market and more than 225 wireline units staying busy. But Ryan says the Pioneer team has lots of experience in the region and strong relationships with potential clients.

“There is plenty of work to be had, so we’re just going to keep knocking on doors,” he says. “We’ve grown every single month and that’s what we’ll continue to do.”

Steady well servicing

With its focus on South Texas and North Dakota, Well Servicing expanded into West Texas in 2010 and has six rigs in operation.

“There are certainly opportunities to grow and we’ll be evaluating those as we go.

NEW TRAINING PROGRAM AIMS AT LEADERSHIP DEVELOPMENT

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**The ‘Rig Build’**

The first course, L.E.A.D. 1, included an activity called “Rig Build” which focused on identifying good leadership behaviors, influencing and engaging employees, and understanding how the role of a leader impacts a team and the organization. Participants were tasked with building their own company, operating it and making it successful.

Continued on page 2

**OUR VISION AND VALUES**

**VISION**

Pioneer Energy Services: A company whose culture of dignity and respect for all people enables us to visualize and commit to living and working in an environment that is fulfilling and free of incident or injury.

**VALUES**

Integrity: We employ the highest ethical standards, demonstrating honesty and integrity in every aspect of our business.

Safety: We keep our people and the public safe.

Service Excellence: We hold ourselves accountable to provide the best service possible.

Environmental Stewardship: We protect and preserve the environment we work in.

Continued on page 3
The rebranding and updated look and feel of our website and printed materials is now complete. I must say that I am very pleased with the outcome and have grown to love the new Pioneer logo. I want to thank the many people who put time and energy into making this important change for the Company.

I hope everyone is as proud as I am to fly under one name – Pioneer Energy Services – and one logo. I am confident this change will enhance our ability to promote all of our business lines – wireline, coiled tubing, fishing and rental services and drilling – to our many clients.

Committing to LiveSafe

I am equally pleased with the rollout of our LiveSafe training. In less than a year, more than 80% of our 3,600-employee workforce has received some form of training. The most important change each of us can make is to redefine our personal relationship to safety. For example, how do you act when no one is looking? Do you:
• Drive the speed limit?
• Wear your seatbelt?
• Avoid distractions while driving?
• Wear your own personal protection equipment when you mow your yard?

These are just a few basic questions to ask. Until each of us makes the LiveSafe commitment for ourselves, our co-workers and our families, Pioneer is not where it needs to be. This can be a game-changer for all of us.

Win, Stacy Locke
President and CEO

2013 U.S. BENEFITS PLAN STAYS INTACT, AFFORDABLE

For 2013, Pioneer employees will find very few changes to the benefits they received in 2012 and little change in cost. HR Manager Greg Lakey reports:

“We are focused on developing tools that try to distract you from what you are trying to achieve.”

Some of the offerings include:
• Weight Watchers®
• Smoking-cessation programs
• Chiropractic care
• Fitness club memberships
• Hearing and vision care
• Massage therapy
• Vitamins

There are also additional online services to help create a will and other legal documents.

“These benefits can help each of us meet our personal responsibilities and reduce stress,” Greg says. “Since long-term disability insurance is a company-paid benefit, all employees are eligible for these value-added services and our hope is everyone takes full advantage of them to assist them with their daily life challenges.”

The Healthy Rewards program offers discounts on health and wellness-related services and products. Some of the offerings include:

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New Training Program Aims at Leadership Development

“Thriv Agents and our comprehensive suite of offerings mean everything to our clients. It’s what our clients are asking for, and it’s what the big players in the wireline market are doing,” says Gulf Coast Division Technical Specialist Manager Troy Green. “We were able to develop an outsourced web-based solution that is more cost-effective than the in-house systems our competitors are using and it delivers the same capabilities.”

With a large fleet of new rigs and a total commitment to client service, Pioneer has the physical assets and people to meet client needs and help them achieve their goals. Another piece of the puzzle is to be able to offer the technology that makes doing business fast and efficient, and the Thru software solution does just that.

Access anywhere, anytime

Under the old system, wireline logs were physically stored at a district location on CDs and printed files. Since the files are usually too large for email, getting them to a client’s office or a different Pioneer location meant locating the log and physically sending it to where it was needed. If a log was in storage for a year or more, just finding it could be difficult and time-consuming.

“We needed a better way to send logs both within the company and to the client,” says Corporate IT Business Systems Manager Ron Reyes. “Now, we’ll be able to access these files from any Pioneer location and our clients can instantly retrieve their logs at any time over a secure network.”

Rolling out soon

Since the project got under way in May 2012, it’s been on a fast track for adoption during the fourth quarter of this year. The long process of creating user guidelines and testing the system is in its final stages.

“Christopher Cross and Tim Ogle in the Gulf Coast region have done a great job field testing,” Troy says. “They’ve been loading and moving data and trying everything to locate glitches and security problems, and have found no major issues.”

“Troy’s counterpart in the North region, Gary Fisher, Division Technical Manager, Open Hole, is going through the same preparations so the new system can be rolled out across the US at the same time. ‘This is a big step forward in data storage,’ Ron says. ‘We want every client to have access to accurately stored and secured data from the day we launch.’

Christopher Cross (pictured) and Tim Ogle played key roles in field testing the Thru software solution.
NEW WELL SERVICING RIGS STAND ABOVE THE REST

“Standard derricks are typically 96 to 104 feet, so 116 feet is a huge competitive advantage in the market, and there aren’t many of them out there.” - Well Servicing Business Manager Daniel Hindes

The last six new rigs delivered to the Well Servicing group really stand out in a crowd, thanks to 116-foot derricks that make them the rig of choice for shale completion jobs.

“Standard derricks are typically 96 to 104 feet, so 116 feet is a huge competitive advantage in the market, and there aren’t many of them out there,” says Well Servicing Business Manager Daniel Hindes. The extra length can come in handy on any type of well servicing job but works best on snubbing-assisted completion jobs in shale.

Snubbing lets a client complete wells under pressure instead of temporarily killing the well with fluid and mud during completion. The latter approach adds the risk of not being able to bring the well back online. The snubbing unit is a series of blowout preventers (BOP) and valves that can stand 40 to 45 feet tall on top of the wellhead and test the limits of a standard derrick.

“With the 116-foot derrick, you can still put pipe and do everything else you need to do without running out of room,” Daniel says. “That’s why these rigs are being specifically marketed for snubbing-assisted completion.”

Rig #108 on display

Well Servicing Rig #108 made its debut in October at the Permian Basin International Oil Show in Odessa, Texas. The rig’s manufacturer, Loadcraft Industries Ltd., had the Pioneer-branded rig as part of its display. Well Servicing Vice President Joe Freeman and several salespeople were on hand to answer any questions.

“It’s an extremely versatile five-axle rig that’s very mobile and easy to drive,” Daniel says. The new rigs are stationed at Pioneer yards in Alice and Kenedy, Texas, to work in the Eagle Ford Shale.

WELL SERVICING PUTTING RIGS TO WORK FOR MARATHON OIL

Pioneer’s Well Servicing business is gaining a higher profile in South Texas with two rigs working for Marathon Oil in the Eagle Ford Shale and the opportunity to provide more service in the future.

Marathon is an international energy company based in Houston that had revenue of more than $15 billion last year. The company holds about 300,000 net acres in Eagle Ford and 400,000 net acres in the Bakken oil play in South Dakota and eastern Montana.

“We started the work about two months ago,” says District Manager Noe Garza. “Well Servicing Rig #105, the first of our new rigs with 116-foot derricks, is in Cuero about 100 miles southeast of San Antonio. To the west of there we have Rig #100 near the town of Peggy. All of the rigs and auxiliary equipment working for Marathon are brand new.

Experienced crews get results

Regional Manager Glenn Pawelek says Marathon likes the service they’ve received so far and that the crews are doing a great job. “Both rig crews are highly experienced in the Eagle Ford Shale, having been there since it started. Marathon is benefiting from their extensive knowledge.”

Pioneer’s reputation for safety is a key factor when it comes to working with the major companies in the industry. Glenn notes: “These companies emphasize that safe operations are very important to their business and Pioneer’s safety record was a strong selling point,” he says. “We are very much aligned on safety.”

Going forward, Noe says that working with companies on the scale of Marathon can have benefits beyond the immediate assignment. “These types of relationships definitely raise Pioneer’s visibility in the market and that can lead to other opportunities.”

PIONEER LAUNCHES FACEBOOK PAGE, SETS PHOTO CONTEST

Social media meets oil and gas production as Pioneer Energy Services now has a Facebook page to reach employees better and help you share what’s going on in your area. Stop by our page (www.facebook.com/pioneers) and “Like” us today!

To kick off activity on the page, we’re announcing the “Show Your Pioneer Spirit” photo contest. Here’s what you need to know:

• Any Pioneer employee can enter.
• The contest will run during February 2013.
• Only one photo per employee may be entered.
• The photos can be from when you’re at work, interesting site locations, or anything that shows your Pioneer Spirit. Please don’t take any photos that would put you in an unsafe situation.
• To submit a photo, visit Pioneer’s Facebook page and join the “Show Your Pioneer Spirit” event. Once you have joined you can post a photo.
• In order to submit pictures or comment, you’ll need a Facebook account. If someone is submitting photos for someone without a Facebook account, they can tag the photo with the name of the person without the account so that he/she can still participate.
• To determine the winners, Pioneer employees will vote on Facebook during the month of February and the first week of March 2013. Just visit the event page and select “Like” for your favorite photos. The three photos with the most “Likes” will be the winners and receive prizes.
Better able than ever to serve clients in the Eagle Ford Shale, Well Servicing is about to celebrate the one-year anniversary of its Kenedy yard and the move into a new building in Alice.

Short move, big benefits
The Alice move is a short one, just across the street from the old facility to join with Pioneer Trucking operations on a large property. Division Manager Noe Garza anticipates a mid-November move-in date. “The new building is about 50 feet by 75 feet and has four bays that let you drive a rig all the way into the shop,” Noe says. “We have eight rigs based here now. We’re expecting three more, so once we’re settled in we’ll have an ‘H’-rig fleet.”

One immediate benefit of the new building is curb appeal. Noe says, with people coming in every day to ask about joining Pioneer.

Commerce in Kenedy
About 65 miles to the north, the three-acre yard in Kenedy sits right in the middle of the Eagle Ford Shale. The yard supports seven rigs that had previously been more than 100 miles away in El Campo.

“We’re in a great spot, and 2012 was a very busy year,” says District Manager Jay Copeland. “ConocoPhillips and Murphy Oil are our biggest clients, and we expect to add one more rig for each.”

A highlight for the year was the July grand opening and ribbon-cutting ceremony, said employees. Pioneer senior management, vendors and the Chamber of Commerce gathered for an afternoon barbecue. “It was a hot day, but we had a great turnout,” Jay says. “We all enjoyed being welcomed into the community.”

It’s been a busy first year for Coiled Tubing Services as part of Pioneer. The business unit grew its fleet by 30%, added key personnel in South Texas and rolled out LiveSafe training.

When Pioneer entered the coiled tubing business in January 2012 with the acquisition of Co-Cell LLC, it saw the company’s young fleet and experienced employees fitting right in with Pioneer’s strategy. Now the coiled tubing fleet’s even younger and the employees more experienced.

“With the addition of three new coiled tubing units, our 13-unit fleet is the youngest in the industry,” says Western Regional Manager Brian Clark. The oldest unit was placed into service in 2009. Two of the new units have deep strings on them, which will really help us better serve the Eagle Ford Shale. The “string” is the actual tubing that’s spooled on a reel for actual tubing that’s spooled on a reel for the Eagle Ford Shale. “The string” is the actual tubing that’s spooled on a reel for transport and deployed into the wellbore.

South Texas strength
South Texas is one of the Company’s busiest regions. The recent addition of three highly experienced people to the office in George West will help meet current demand and capture new opportunities, Brian says. The new hires are:

- District Manager – Norman Parker
- Operations Manager – Daryl Grossman
- Salesman – Joe Crow

Learning the LiveSafe way
Orientation sessions for the LiveSafe safety culture are under way across the Coiled Tubing business unit, says HSE Manager Mark Benette. Training is complete for North Louisiana and Oklahoma. South Texas still has a few people to reach, and training is about 50% complete in the Maurice, La. district.

The sessions held so far have been well received and “have started to really open some eyes,” Mark says. “In fact, at one of the sessions an employee came up to me afterward and said it was the best safety class he’s ever been to.”

Mark emphasizes during the sessions that LiveSafe is a Pioneer-wide initiative that includes families. LiveSafe doesn’t stop when the workday ends; he notes, “People tell me they know the right things to do. But it’s really helpful to hear someone say it.”

New opportunities across Texas are being met by two new Wireline Services yards in the North Central and Gulf Coast regions of the state.

Just inland from the beaches of Corpus Christi on Interstate 37 is a brand new 10,000-square-foot building sitting on four acres and supporting four wireline units. The facility is now home to 30 employees, who moved from the Company’s nearby Alice location.

“We started in Alice in May 2011 and we’ve been busy from day one,” says Division Manager Jesse Burr. The biggest part of the operation is the pump down market in the Eagle Ford Shale. “We’ve also picked up some work with ExxonMobil and have a number of other clients.”

It’s been too hectic to hold a grand opening, but one is planned for the future.

Full-service shop
About 120 miles northwest of Dallas, open-hole Wireline Services employees have joined their cased-hole co-workers at a new facility on a Company-owned four-acre property in Graham. Division Manager Buddy Caulder says the combined services are producing benefits in marketing, camaraderie and knowledge sharing.

“We can now advertise ourselves as a large, full-service wireline company,” Buddy says. “With all of our employees in the same yard, they’re learning about each other’s operations. That will help with cross-selling when they’re on jobs.”

Eight trucks operate from the site – five for cased-hole, three for open-hole. The new open-hole shop measures 60 feet by 125 feet and has four bays and offices. The existing cased-hole shop also has four bays, and 31 people work at the site.

“Truck utilization is very good, and the work is getting closer to Graham,” Buddy says. “Declining rig activity in the Barnett Shale is being picked up in the Marble Falls play, which is a limestone field closer to here.”

When it’s time for a grand opening, there will be lots to celebrate. Buddy reports that both open-hole and cased-hole operations are on course to set revenue records in 2012.

Meet the team at the new Wireline Services yard in Graham, Texas.