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EOG RESOURCES INC
Form 8-K
January 14, 2003

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: January 13, 2003

EOG RESOURCES, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| Delaware (State or other jurisdiction of incorporation or organization) | 1-9743 (Commission File Number) | 47-0684736 (I.R.S. Employer Identification No.) |
|---|--|---|

| | |
|---|---------------------|
| 333 Clay Suite 4200 Houston, Texas (Address of principal executive offices) | 77002 (Zip code) |
|---|---------------------|

713/651-7000
(Registrant's telephone number, including area code)

EOG RESOURCES, INC.

Item 9. Regulation FD Disclosure

I. Fourth Quarter 2002 Forecast

The forecast items for fourth quarter 2002 set forth below for EOG Resources, Inc. (EOG) are based on current available information and expectations as of the date of this document, and replace the guidance for these items set forth in EOG's Current Report on Form 8-K filed October 21, 2002.

Estimates are provided in the attached table which is

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incorporated by reference herein.

II. 2003 Forecast

EOG has not completed its capital budgeting and planning process for calendar year 2003. It is currently targeting total company production growth of approximately 5-6% per basic share for the full year 2003.

III. Fourth Quarter 2002 Natural Gas and Crude Oil Financial Price Swap and Natural Gas Costless Collar Contracts

Presented below is a summary of EOG's fourth quarter 2002 natural gas and crude oil financial price swap contracts and natural gas costless collar contracts. EOG accounts for these price swap and costless collar contracts using the mark-to-market accounting method.

- . Natural Gas Financial Price Swap Contracts
EOG had price swap contracts in place, which are closed, covering notional volumes of 200,000 MMBtud at an average price of \$3.13 per MMBtu for October 2002 and notional volumes of 75,000 MMBtud at an average price of \$3.35 per MMBtu for November and December 2002.
- . Crude Oil Financial Price Swap Contract
EOG had a price swap contract in place, which is closed, covering notional volumes of two thousand barrels of oil per day at a price of \$21.50 per barrel for the period October 2002 through December 2002.
- . Natural Gas Costless Collar Contracts
EOG had costless collar contracts in place covering notional volumes of 100,000 MMBtud with a floor price of \$3.10 per MMBtu and ceiling prices that averaged \$3.43 per MMBtu for October 2002. These contracts closed at a settlement price greater than the ceiling price.

For the fourth quarter 2002, EOG anticipates a loss from outstanding mark-to-market commodity financial price swap and collar contracts of \$7.1 million compared to a gain of \$2.7 million for the prior year period. During the same period, net cash outflows from outstanding commodity price swap and collar contracts were \$11.2 million, which included a \$1.8 million premium payment in October 2002 for a 2003 collar contract, compared to net cash inflows of \$34.3 million for the comparable period in 2001.

IV. 2003 Natural Gas and Crude Oil Financial Price Swap and Natural Gas Collar Contracts

Presented below is a summary of EOG's 2003 natural gas and crude oil financial price swap contracts and natural gas collar contracts. EOG accounts for these price swap and collar contracts using the mark-to-market accounting method.

(a) Natural Gas Financial Price Swap Contracts

| | Average Price (\$/MMBtu) | Volume (MMBtud) |
|-------|-----------------------------|--------------------|
| March | \$5.12 | 50,000 |

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| | | |
|-----------|--------|--------|
| April | \$4.90 | 50,000 |
| May | \$4.78 | 50,000 |
| June | \$4.73 | 50,000 |
| July | \$4.74 | 50,000 |
| August | \$4.74 | 50,000 |
| September | \$4.71 | 50,000 |
| October | \$4.70 | 50,000 |

(b) Crude Oil Financial Price Swap Contracts

| | Average Price (\$/Bbl) | Volume (Bbld) |
|-----------|---------------------------|------------------|
| January | \$27.34 | 2,000 |
| February | \$26.91 | 2,000 |
| March | \$27.96 | 4,000 |
| April | \$27.30 | 4,000 |
| May | \$26.63 | 4,000 |
| June | \$26.10 | 4,000 |
| July | \$25.63 | 4,000 |
| August | \$25.28 | 4,000 |
| September | \$24.98 | 4,000 |
| October | \$24.71 | 4,000 |
| November | \$24.52 | 4,000 |
| December | \$24.32 | 4,000 |

(c) Natural Gas Collar Contracts - Presented below are EOG's 2003 natural gas collar contracts and their respective volumes, with floor and ceiling prices expressed in \$/MMBtu.

| | 10,000 MMBtud | | 15,000 MMBtud | | 25,000 MMBtud | |
|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Floor Price | Ceiling Price | Floor Price | Ceiling Price | Floor Price | Ceiling Price |
| February | \$4.22 | \$6.22 | \$4.30 | \$6.30 | \$4.19 | \$5.05 |
| March | \$4.15 | \$6.15 | \$4.20 | \$6.20 | \$4.08 | \$5.00 |
| April | \$4.01 | \$6.01 | \$4.02 | \$6.03 | \$3.88 | \$4.80 |
| May | \$3.92 | \$5.92 | \$3.88 | \$5.89 | \$3.78 | \$4.70 |
| June | \$3.89 | \$5.89 | \$3.89 | \$5.90 | \$3.78 | \$4.70 |
| July | \$3.91 | \$5.91 | \$3.89 | \$5.90 | \$3.79 | \$4.73 |
| August | \$3.91 | \$5.91 | \$3.91 | \$5.91 | \$3.79 | \$4.73 |
| September | \$3.89 | \$5.89 | \$3.87 | \$5.87 | \$3.77 | \$4.73 |
| October | \$3.90 | \$5.90 | \$3.87 | \$5.87 | \$3.77 | \$4.73 |
| November | \$4.04 | \$6.04 | \$4.02 | \$6.03 | \$3.91 | \$4.90 |
| December | \$4.18 | \$6.18 | \$4.15 | \$6.16 | \$4.04 | \$5.05 |

| | 25,000 MMBtud | | 50,000 MMBtud* | |
|----------|---------------|---------------|----------------|---------------|
| | Floor Price | Ceiling Price | Floor Price | Ceiling Price |
| January | - | - | \$3.87 | \$6.09 |
| February | \$4.22 | \$6.08 | \$3.76 | \$5.98 |
| March | \$4.15 | \$6.01 | \$3.61 | \$5.83 |
| April | \$4.01 | \$5.87 | \$3.59 | \$4.97 |
| May | \$3.92 | \$5.78 | \$3.54 | \$4.92 |
| June | \$3.89 | \$5.75 | \$3.56 | \$4.94 |
| July | \$3.91 | \$5.77 | \$3.59 | \$4.97 |

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| | | | | |
|-----------|--------|--------|--------|--------|
| August | \$3.91 | \$5.77 | \$3.60 | \$4.98 |
| September | \$3.89 | \$5.75 | \$3.60 | \$4.98 |
| October | \$3.90 | \$5.76 | \$3.60 | \$4.98 |
| November | \$4.04 | \$5.90 | \$3.77 | \$5.15 |
| December | \$4.18 | \$6.04 | \$3.92 | \$5.30 |