

EOG RESOURCES INC  
Form 8-K  
February 07, 2008

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 (Date of earliest event reported): February 7, 2008

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EOG RESOURCES, INC.

(Exact name of registrant as specified in its charter)

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

1111 Bagby, Sky Lobby 2  
Houston, Texas

(Address of principal executive offices)

77002

(Zip code)

713-651-7000

(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EOG RESOURCES, INC.

Item 7.01 Regulation FD Disclosure.

### I. First Quarter and Full Year 2008 Forecast and Benchmark Commodity Pricing

#### (a) First Quarter and Full Year 2008 Forecast

The forecast items for the first quarter and full year 2008 set forth below for EOG Resources, Inc. (EOG) are based on current available information and expectations as of the date of this document. This forecast replaces and supersedes any previously issued guidance or forecast.

Estimates are provided in the attached table, which is incorporated by reference herein.

#### (b) Benchmark Commodity Pricing

EOG bases United States and Canada natural gas price differentials upon the natural gas price at Henry Hub, Louisiana using the simple average of the NYMEX settlement prices for the last three trading days of the applicable month.

EOG bases United States, Canada and Trinidad crude oil and condensate price differentials upon the West Texas Intermediate crude oil price at Cushing, Oklahoma using the simple average of the NYMEX settlement prices for each trading day within the applicable calendar month.

### II. Price Risk Management

With the objective of enhancing the certainty of future revenues, from time to time EOG enters into New York Mercantile Exchange related financial commodity collar and price swap contracts. EOG accounts for these financial commodity derivative contracts using the mark-to-market accounting method. In addition to financial transactions, EOG is a party to various physical commodity contracts for the sale of hydrocarbons that cover varying periods of time and have varying pricing provisions. The financial impact of these physical commodity contracts is included in revenues at the time of settlement, which in turn affects average realized hydrocarbon prices.

### III. Natural Gas Financial Price Swap Contracts

Since EOG filed its Current Report on Form 8-K on January 9, 2008, EOG has entered into additional natural gas financial price swap contracts covering notional volumes of 35,000 million British thermal units per day (MMBtud) for February 2008, notional volumes of 70,000 MMBtud for the period March 2008 through December 2008 and notional volumes of 100,000 MMBtud for the period January 2009 through December 2009. Presented below is a comprehensive summary of EOG's confirmed natural gas financial price swap contracts as of February 7, 2008, with notional volumes expressed in MMBtud and prices in dollars per MMBtu (\$/MMBtu). The average price of EOG's

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natural gas financial price swap contracts for 2008 is \$8.51 per MMBtu and for 2009 is \$8.48 per MMBtu.

Natural Gas Financial Price Swap Contracts		
	Volume (MMBtud)	Weighted Average Price (\$/MMBtu)
<u>2008</u>		
January (closed)	385,000	\$ 8.92
February (closed)	420,000	8.88
March	455,000	8.64
April	455,000	8.11
May	455,000	8.10
June	455,000	8.18
July	455,000	8.26
August	455,000	8.33
September	455,000	8.36
October	455,000	8.44
November	455,000	8.83
December	455,000	9.23
<u>2009</u>		
January	150,000	\$ 9.05
February	150,000	9.06
March	150,000	8.84
April	150,000	8.10
May	150,000	8.09
June	150,000	8.16
July	150,000	8.22
August	150,000	8.27
September	150,000	8.28
October	150,000	8.34
November	150,000	8.56
December	150,000	8.83

#### IV. Crude Oil Financial Price Swap Contracts

Since EOG filed its Current Report on Form 8-K on January 9, 2008, EOG has entered into additional crude oil financial price swap contracts covering notional volumes of 1,000 barrels per day (Bbld) for the period March 2008 through November 2008 at an average price of \$91.00 per barrel (Bbl). Presented below is a comprehensive summary of EOG's confirmed crude oil financial price swap contracts as of February 7, 2008, with notional volumes expressed in Bbld and prices in dollars per barrel (\$/Bbl). The average price of EOG's crude oil financial price swap contracts outstanding is \$90.78 per Bbl.

Crude Oil Financial Price Swap Contracts	
	Weighted

	Volume (Bbld)	Average Price (\$/Bbl)
<u>2008</u>		
February	6,000	\$90.86
March	7,000	90.88
April	7,000	90.88
May	7,000	90.88
June	7,000	90.88
July	7,000	90.88
August	7,000	90.88
September	7,000	90.88
October	7,000	90.88
November	7,000	90.88
December	2,000	87.60

## V. Forward-Looking Statements

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts, including, among others, statements regarding EOG's future financial position, business strategy, budgets, reserve information, projected levels of production, projected costs and plans and objectives of management for future operations, are forward-looking statements. EOG typically uses words such as "expect," "anticipate," "estimate," "strategy," "intend," "plan," "target" and "believe" or the negative of those terms or other variations or comparable terminology to identify its forward-looking statements. In particular, statements, express or implied, concerning future operating results, the ability to replace or increase reserves or to increase production, or the ability to generate income or cash flows are forward-looking statements. Forward-looking statements are not guarantees of performance. Although EOG believes the expectations reflected in its forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations will be achieved. Important factors that could cause actual results to differ materially from the expectations reflected in EOG's forward-looking statements include, among others:

- the timing and extent of changes in commodity prices for crude oil, natural gas and related products, foreign currency exchange rates, interest rates and financial market conditions;
- the extent and effect of any hedging activities engaged in by EOG;
- the timing and impact of liquefied natural gas imports;
- changes in demand or prices for ammonia or methanol;
- the extent of EOG's success in discovering, developing, marketing and producing reserves and in acquiring oil and gas properties;
- the accuracy of reserve estimates, which by their nature involve the exercise of professional judgment and may therefore be imprecise;
- the ability to achieve production levels from existing and future oil and gas development projects due to operating hazards, drilling risks and the inherent uncertainties in predicting oil and gas reservoir performance;
- the availability and cost of drilling rigs, experienced drilling crews, tubular steel and other materials, equipment and services used in drilling and well completions;
- the availability, terms and timing of mineral licenses and leases and governmental and other permits and rights of way;
- access to surface locations for drilling and production facilities;
- the availability and capacity of gathering, processing and pipeline transportation facilities;

- the availability of compression uplift capacity;
- the extent to which EOG can economically develop its Barnett Shale acreage outside of Johnson County, Texas;
- whether EOG is successful in its efforts to more densely develop its acreage in the Barnett Shale and other production areas;
- political developments around the world and the enactment of new government policies, legislation and regulations, including environmental regulations;
- acts of war and terrorism and responses to these acts; and
- weather, including weather-related delays in the installation of gathering and production facilities.

In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements may not occur. EOG's forward-looking statements speak only as of the date made and EOG undertakes no obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

#### Item 8.01 Other Events.

On January 18, 2008, EOG repurchased the remaining 5,000 shares of its 7.195% Fixed Rate Cumulative Perpetual Preferred Stock, Series B, with a \$1,000 Liquidation Preference per share (Series B) for an aggregate purchase price of \$5.4 million plus accrued dividends through the date of the repurchase. The premium associated with the repurchase will be treated as a component of preferred dividends. No shares of the Series B remain outstanding.

#### Definitions

\$/Bbl	US Dollars per barrel
\$/Mcf	US Dollars per thousand cubic feet
\$/Mcfe	US Dollars per thousand cubic feet equivalent
\$MM	US Dollars in millions
MBbld	Thousand barrels per day
MMcfd	Million cubic feet per day
MMcfe	Million cubic feet equivalent per day
NYMEX	New York Mercantile Exchange
WTI	West Texas Intermediate

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EOG RESOURCES, INC.  
(Registrant)

Date: February 7, 2008

By: /s/ TIMOTHY K. DRIGGERS

Timothy K. Driggers

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Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

		Estimated Ranges			
		(See text for additional information)			
		1Q 2008		Full Year 2008	
Daily Production					
Natural Gas (MMcfd)					
	United States	1,050	- 1,100	1,125	- 1,175
	Canada	215	- 225	210	- 230
	Trinidad	220	- 250	240	- 260
	United Kingdom	15	- 20	12	- 17
	Total	1,500	- 1,595	1,587	- 1,682
Crude Oil and Condensate (MBbld)					
	United States	27.5	- 31.5	34.5	- 37.0
	Canada	2.2	- 2.7	2.4	- 2.9
	Trinidad	3.5	- 4.5	3.7	- 4.0
	Total	33.2	- 38.7	40.6	- 43.9
Natural Gas Liquids (MBbld)					
	United States	13.0	- 17.2	14.5	- 18.0
	Canada	0.8	- 1.0	0.7	- 1.0
	Total	13.8	- 18.2	15.2	- 19.0
Natural Gas Equivalent Volumes (MMcfd)					
	United States	1,293	- 1,392	1,419	- 1,505
	Canada	233	- 247	229	- 253
	Trinidad	241	- 277	262	- 284
	United Kingdom	15	- 20	12	- 17
	Total	1,782	- 1,936	1,922	- 2,059
Operating Costs					
Unit Costs (\$/Mcf)					
	Lease and Well	\$ 0.74	- \$ 0.78	\$ 0.74	- \$ 0.79
	Transportation Costs	\$ 0.35	- \$ 0.40	\$ 0.37	- \$ 0.44
	Depreciation, Depletion and Amortization	\$ 1.77	- \$ 1.81	\$ 1.79	- \$ 1.86
Expenses (\$MM)					
	Exploration, Dry Hole and Impairment	\$ 105.0	- \$ 125.0	\$ 425.0	- \$ 480.0
	General and Administrative	\$ 51.0	- \$ 57.0	\$ 210.0	- \$ 240.0
	Capitalized Interest	\$ 8.0	- \$ 10.0	\$ 35.0	- \$ 45.0
	Net Interest	\$ 10.0	- \$ 14.0	\$ 42.0	- \$ 55.0
Taxes Other Than Income (% of Revenue)		5.5%	- 6.5%	5.7%	- 6.5%
Income Taxes					
	Effective Rate	33%	- 37%	33%	- 37%
	Deferred Ratio	55%	- 75%	55%	- 75%
Preferred Stock Dividends (\$MM)		\$ 0.5		\$ 0.5	
Capital Expenditures - Exploration and Development, excluding Acquisitions (\$MM) - FY 2008				Approximately	\$ 4,100
Capital Expenditures - Gathering, Processing and Other (\$MM) - FY 2008				Approximately	\$ 280
Pricing - Refer to <i>I.(b) Benchmark Commodity Pricing</i> in text					
Natural Gas (\$/Mcf)					

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Differentials (include the effect of physical contracts)					
	United States - below NYMEX				
	Henry Hub	\$ 0.30	- \$ 0.60	\$ 0.20	- \$ 0.40
	Canada - below NYMEX Henry Hub	\$ 0.60	- \$ 0.80	\$ 0.65	- \$ 0.80
Realizations					
	Trinidad	\$ 3.00	- \$ 3.50	\$ 2.15	- \$ 2.75
	United Kingdom	\$ 8.75	- \$ 10.00	\$ 8.50	- \$ 10.00
Crude Oil and Condensate (\$/Bbl)					
Differentials					
	United States - below WTI	\$ 4.50	- \$ 7.50	\$ 4.75	- \$ 8.50
	Canada - below WTI	\$ 4.50	- \$ 6.75	\$ 4.50	- \$ 6.25
	Trinidad - below WTI	\$ 7.50	- \$ 10.00	\$ 7.75	- \$ 10.50