

Edgar Filing: EOG RESOURCES INC - Form 8-K

EOG RESOURCES INC
Form 8-K
October 03, 2001

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: October 2, 2001

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 5. Other Events

In September 2001, the Board of Directors of EOG Resources, Inc. ('the Company') cancelled the previous share repurchase authorization and issued a new 10 million share repurchase authorization of its common stock. The Company may continue to actively repurchase shares and is currently targeting a reduction

Edgar Filing: EOG RESOURCES INC - Form 8-K

in the range of 1.0 MM to 1.5 MM shares in the second half of 2001.

Item 9. Regulation FD Disclosure

Third and Fourth Quarters and Full Year 2001

The third and fourth quarter and full year 2001 forecasts set forth below are given as of the date of this document only and are based on current available information and expectations.

The Company is focused on achieving above average rates of return on reinvested capital. The Company is closely monitoring gas prices and is currently adjusting production and drilling activity downward in a lower gas price environment as reflected in this 8K.

The Company currently anticipates a mark-to-market gain in the third quarter from outstanding commodity price swaps and collars of \$58.7MM. During the third quarter, the cash realized from outstanding commodity price swaps and collars is expected to be \$28.9MM.

The Company does not provide guidance on other income, other expense, or gain or loss on sales of reserves and related assets unless specifically noted.

The Company projects full year North America natural gas and condensate production to be lower than previously projected due to production moderation in September, October and November 2001 in the current gas price environment. The Company is no longer attempting to achieve the previously stated 4 percent target growth rate for North America.

Updated 2001 Natural Gas Financial Price Swaps and Collars

There are price swap contracts in place covering notional volumes of 115,000 MMBtud of natural gas for August - November 2001 at an average price of \$3.27 per MMBtu and 200,000 MMBtud for December 2001 at an average price of \$3.62 per MMBtu.

There are price collars in place for natural gas for the period July 2001 through November 2001 that set a floor price of \$4.40 per MMBtu and a ceiling price that averages \$6.15 per MMBtu covering notional volumes of 200,000 MMBtud at an average premium of \$0.15 per MMBtu.

Crude Oil Price Swaps

There are price swap contracts in place for 2001 crude

Edgar Filing: EOG RESOURCES INC - Form 8-K

oil as detailed below.

Quarter	Average Mbd	Average \$/Bbl
-----	-----	-----
3Q 2001	7.0	\$27.72
4Q 2001	5.0	\$27.48

2002 Price Swaps

There are price swap contracts in place covering notional volumes of 100,000 MMBtud of natural gas for January - December 2002 at an average price of \$3.46 per MMBtu.

There are crude oil price swap contracts in place covering notional volumes of 3,000 Bpd at an average price of \$26.74 per barrel for January - May 2002.

Physical Sales

From time to time, over and above financial transactions, the Company does engage in the forward physical sales of commodities for one month or more.

Additional estimates are shown in the attached table.

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. Forward-looking statements are not guarantees of performance. Although the Company believes its expectations reflected in 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 the forward-looking statements include, among others: the timing and extent of changes in commodity prices for crude oil, natural gas and related products and interest rates; the extent and effect of any hedging activities engaged in by the Company; the extent of the Company'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; political developments around the world; and financial market conditions. In light of these risks, uncertainties and assumptions, the events anticipated by the Company's forward-looking statements might not occur. The Company undertakes no obligations to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Edgar Filing: EOG RESOURCES INC - Form 8-K

Definitions

\$/Bbl	US Dollars per barrel
\$/Mcf	US Dollars per thousand cubic feet
\$/Mcfe	US Dollars per thousand cubic feet equivalent
MMBtu	Million British thermal units
MMBtud	Million British thermal units per day
MMcfd	Million cubic feet per day
Mbd	Thousand barrels per day
WTI	West Texas Intermediate
MM	Millions
NYMEX	New York Mercantile Exchange
\$MM	US Dollars in millions

SIGNATURE

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.

Date: October 2, 2001

By: /s/ TIMOTHY K. DRIGGERS

 Timothy K. Driggers
 Vice President, Accounting
 and Land Administration
 (Principal Accounting Officer)

EOG Resources, Inc Estimated Ranges

	3Q 2001	4Q 2001	Full Year 2001
	-----	-----	-----
Daily Production			
Natural Gas (MMcfd)			
US	680 - 685	625 - 675	680 - 690
Canada	120 - 125	140 - 145	125 - 130
Trinidad	110 - 115	110 - 115	110 - 115
Total	910 - 925	875 - 935	915 - 935
Crude Oil (Mbd)			
US	21.0 - 22.0	20.5 - 22.5	22.0 - 22.5
Canada	1.5 - 2.0	1.5 - 2.0	1.6 - 2.0
Trinidad	1.5 - 2.0	1.5 - 2.0	1.8 - 2.0
Total	24.0 - 26.0	23.5 - 26.5	25.4 - 26.5
Natural Gas Liquids (Mbd)			
US	3.0 - 4.3	3.5 - 4.0	3.0 - 3.5
Canada	0.5 - 0.7	0.5 - 1.0	0.5 - 1.0
Total	3.5 - 5.0	4.0 - 5.0	3.5 - 4.5

Edgar Filing: EOG RESOURCES INC - Form 8-K

Operating Costs

Unit Costs (\$/Mcf)

Lease and Well	\$0.41 - \$0.43	\$0.43 - \$0.46	\$0.42 - \$0.44
Depreciation, Depletion and Amortization	\$0.97 - \$1.02	\$0.99 - \$1.02	\$0.96 - \$1.00

Expenses (\$MM)

Exploration, Dry Hole and Impairment	40.0 - 55.0	35.0 - 60.0	175.0 - 215.0
General and Administrative	21.0 - 23.0	18.0 - 23.0	75.0 - 83.0
Net Interest	10.0 - 12.0	11.0 - 13.0	45.0 - 50.0
Capitalized Interest	1.5 - 2.0	1.5 - 2.0	7.5 - 8.5

Taxes Other than Income (% of Revenue)

6.5 - 7.0	7.0 - 7.5	6.0 - 7.0
-----------	-----------	-----------

Taxes

Effective Rate	37% - 39%	35% - 40%	35% - 40%
Deferred Ratio	150% - 200%	50% - 60%	55% - 70%

Preferred Dividends (\$MM)

2.8 - 3.0	2.8 - 3.0	11.0 - 11.5
-----------	-----------	-------------

Average Shares Outstanding (MM)

Basic	115.5 - 115.8	114.5 - 116.0	116.0 - 117.0
Fully Diluted	117.0 - 117.5	115.0 - 118.0	117.5 - 119.0

Capital Expenditures Excluding Acquisitions (\$MM)

North America	735 - 825
International	65 - 75
Total	800 - 900

Pricing

Natural Gas (\$/Mcf)

Differentials

US - below NYMEX Henry Hub	\$0.00 - \$0.05	\$0.05 - \$0.10	\$0.00 - \$0.10
Canada - below NYMEX Henry Hub	\$0.45 - \$0.55	\$0.30 - \$0.50	\$0.45 - \$0.60

Realizations

Trinidad	\$1.22	\$1.22	\$1.22
----------	--------	--------	--------

Crude Oil (\$/Bbl)

Differentials

US - below WTI	\$1.00 - \$1.25	\$0.75 - \$1.00	\$0.80 - \$1.00
Canada - below WTI	\$2.50 - \$3.00	\$2.75 - \$3.50	\$2.75 - \$3.25
Trinidad - below WTI	\$3.50 - \$4.00	\$2.25 - \$2.75	\$1.00 - \$1.50