

Edgar Filing: EOG RESOURCES INC - Form 8-K

EOG RESOURCES INC
Form 8-K
January 16, 2002

=====

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 15, 2002

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 2001

The forecast for fourth quarter 2001 set forth below for EOG Resources, Inc. ('the Company') is given as of the date of this document only and is based on current available information and expectations.

The Company currently anticipates a mark-to-market gain in the fourth quarter from outstanding commodity price swaps of \$2.7MM. During the fourth quarter, the cash realized from outstanding commodity price swaps and collars is expected to be \$34.3MM.

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.

As stated in a previous Form 8-K filing on October 2, 2001, during the fourth quarter the Company reduced production of North America natural gas and condensate production due to a weak natural gas price environment.

Additional estimates are shown in the attached table.

II. 2002 Natural Gas Financial Price Swaps

Tabulated below is a summary of the Company's open natural gas price swap positions at January 15, 2002:

2002 Month	Price (\$/MMBtu)	Volume (MMBtud)
-----	-----	-----
January	\$ 3.21	140,000
February	\$ 3.13	190,000
March through May	\$ 3.09	140,000
June through December	\$ 3.24	100,000

III. 2002 Natural Gas Physical Contracts

At January 15, 2002, the Company had outstanding natural gas physical contracts for 95,000 MMBtud at an average price of \$3.03 per MMBtu for January and February 2002 in the U.S. and approximately 24,000 MMBtud at an average price of US\$3.35 per MMBtu for the period January through December 2002 in Canada.

Edgar Filing: EOG RESOURCES INC - Form 8-K

IV. Exposure to Enron Corp.

Enron Corp. and certain of its affiliates, including Enron North America Corp., have filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code. The Company plans to record approximately \$20MM in bad debt expense in the fourth quarter 2001 related to contracts with Enron affiliates, including 2001 and 2002 natural gas and crude oil derivative exposure related to Enron Corp. The Company has other contractual relationships including guarantees and indemnifications with Enron Corp. and certain of its affiliates that have filed for reorganization. Based on the Company's review of these other matters, at this time the Company believes that Enron Corp.'s Chapter 11 proceedings will not have a material adverse effect on the Company's position.

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. 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, including terrorist activities and responses to such activities; 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.

4

Definitions

\$/Bbl	US Dollars per barrel
\$/Mcf	US Dollars per thousand cubic feet
\$/Mcfe	US Dollars per thousand cubic feet equivalent
\$/MMBtu	US Dollars per million British thermal units
MMBtu	Million British thermal units

Edgar Filing: EOG RESOURCES INC - Form 8-K

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: January 15, 2002

By: /s/ TIMOTHY K. DRIGGERS

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

5

EOG Resources, Inc.
 Estimated Ranges

4Q 2001

Daily Production

Natural Gas (MMcfd)

US	630	-	635
Canada	137	-	140
Trinidad	118	-	120
Total	885	-	895

Crude Oil (Mbd)

US	19.5	-	20.0
Canada	1.6	-	1.7
Trinidad	2.0	-	2.2
Total	23.1	-	23.9

Edgar Filing: EOG RESOURCES INC - Form 8-K

Natural Gas Liquids (Mbd)		
US	3.3	- 3.7
Canada	0.4	- 0.6
Total	3.7	- 4.3
Operating Costs		
Unit Costs (\$/Mcf)		
Lease and Well	\$0.46	- \$0.48
Depreciation, Depletion and Amortization	\$0.99	- \$1.02
Expenses (\$MM)		
Exploration	16.0	- 18.0
Dry Hole	32.0	- 34.0
Impairment	25.0	- 28.0
General and Administrative	21.0	- 23.0
Enron Exposure		20.0
Net Interest	10.0	- 12.0
Capitalized Interest	1.8	- 2.3
Taxes Other than Income (% of Revenue)	6.2	- 6.4
Taxes		
Effective Rate	48%	- 52%
Deferred Ratio	20%	- 25%
Preferred Dividends (\$MM)	2.8	- 3.0
Shares Outstanding (MM) at December 31, 2001		
Basic	115.0	- 115.3
Fully Diluted	116.4	- 116.8
Pricing		
Natural Gas (\$/Mcf)		
Differentials		
US - below NYMEX Henry Hub of \$2.49	\$0.08	- \$0.12
Canada - below NYMEX Henry Hub of \$2.49	\$0.16	- \$0.20
Realizations		
Trinidad		\$1.22
Crude Oil (\$/Bbl)		
Differentials		
US - below WTI of \$20.43	\$1.50	- \$1.60
Canada - below WTI of \$20.43	\$4.00	- \$4.10
Trinidad - below WTI of \$20.43	\$3.80	- \$3.90