

EOG RESOURCES INC  
Form 8-K  
January 15, 2010

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): January 15, 2010

---

EOG RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware 1-9743 47-0684736

(State or other (Commission (I.R.S.  
jurisdiction File Employer  
of Number) Identification  
incorporation) 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)

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. Price Risk Management

With the objective of enhancing the certainty of future revenues, from time to time EOG Resources, Inc. (EOG) enters into New York Mercantile Exchange (NYMEX) related financial collar, price swap and basis swap contracts. EOG accounts for 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.

For the fourth quarter of 2009, EOG anticipates a net gain of \$25.9 million from its natural gas financial collar, price swap and basis swap contracts. During the fourth quarter of 2009, net cash inflow related to settled natural gas financial price swap and basis swap contracts was \$290.6 million.

II. Natural Gas Financial Collar, Price Swap and Basis Swap Contracts

Since EOG filed its Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 on November 5, 2009 (2009 Third Quarter Form 10-Q), EOG has not entered into any additional natural gas financial collar contracts. Presented below is a comprehensive summary of EOG's natural gas financial collar contracts as of January 15, 2010, with notional volumes expressed in million British thermal units per day (MMBtud) and prices expressed in dollars per million British thermal units (\$/MMBtu).

The average floor price of EOG's outstanding natural gas financial collar contracts for 2010 is \$10.10 per million British thermal units (MMBtu) and the average ceiling price is \$12.38 per MMBtu.

Natural Gas Financial Collar Contracts					
Floor Price			Ceiling Price		
		Weighted			Weighted
Volume	Floor Range	Average Price	Ceiling Range		Average Price
<u>(MMBtud)</u>	<u>(\$/MMBtu)</u>	<u>(\$/MMBtu)</u>	<u>(\$/MMBtu)</u>	<u>(\$/MMBtu)</u>	<u>(\$/MMBtu)</u>

Edgar Filing: EOG RESOURCES INC - Form 8-K

<u>2010</u>					
January (closed)	40,000	\$11.44 - 11.47	\$11.45	\$13.79 - 13.90	\$13.85
February	40,000	11.38 - 11.41	11.40	13.75 - 13.85	13.80
March	40,000	11.13 - 11.15	11.14	13.50 - 13.60	13.55
April	40,000	9.40 - 9.45	9.42	11.55 - 11.65	11.60
May	40,000	9.24 - 9.29	9.26	11.41 - 11.55	11.48
June	40,000	9.31 - 9.36	9.34	11.49 - 11.60	11.55

Since EOG filed its 2009 Third Quarter Form 10-Q, EOG has not entered into any additional natural gas financial price swap contracts. Presented below is a comprehensive summary of EOG's natural gas financial price swap contracts as of January 15, 2010, with notional volumes expressed in MMBtud and prices expressed in \$/MMBtu. The average price of EOG's outstanding natural gas financial price swap contracts for 2010 is \$9.92 per MMBtu.

Natural Gas Financial Price Swap Contracts

	Volume	Weighted Average Price
	(MMBtud)	(\$/MMBtu)
<u>2010</u>		
January (closed)	20,000	\$11.20
February	20,000	11.15
March	20,000	10.89
April	20,000	9.29
May	20,000	9.13
June	20,000	9.21

Prices received by EOG for its natural gas production generally vary from NYMEX prices due to adjustments for delivery location (basis) and other factors. EOG utilizes natural gas financial basis swap contracts in order to fix the differential between prices in the Rocky Mountain area and NYMEX Henry Hub prices. Since filing its 2009 Third Quarter Form 10-Q, EOG has not entered into any additional natural gas financial basis swap contracts. Presented below is a comprehensive summary of EOG's natural gas financial basis swap contracts as of January 15, 2010. The weighted average price differential represents the amount of reduction to NYMEX gas prices per MMBtu for the notional volumes covered by the basis swap. Notional volumes are expressed in MMBtud and price differentials are expressed in \$/MMBtu.

Natural Gas Financial Basis Swap Contracts

	Volume	Weighted Average Price Differential
	(MMBtud)	(\$/MMBtu)
<u>2010</u>		
First Quarter <sup>(1)</sup>	65,000	\$(1.72)
Second Quarter	65,000	(2.56)
Third Quarter	65,000	(3.17)
Fourth Quarter	65,000	(3.73)

2011

## Edgar Filing: EOG RESOURCES INC - Form 8-K

First Quarter                      65,000                      \$(1.89)

(1) Includes closed contracts for the month of January 2010.

### III. Forward-Looking Statements

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, including, among others, statements and projections regarding EOG's future financial position, operations, performance, business strategy, budgets, reserve information, levels of production and costs and statements regarding the plans and objectives of EOG's management for future operations, are forward-looking statements. EOG typically uses words such as "expect," "anticipate," "estimate," "project," "strategy," "intend," "plan," "target," "goal," "may," "will" 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 EOG's future operating results and returns or EOG's ability to replace or increase reserves, increase production or 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 reasonable and are based on reasonable assumptions, no assurance can be given that these assumptions are accurate or that these expectations will be achieved or will prove to have been correct. Moreover, EOG's forward-looking statements may be affected by known and unknown risks, events or circumstances that may be outside EOG's control. Important factors that could cause EOG's 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 prices for natural gas, crude oil and related commodities;
- changes in demand for natural gas, crude oil and related commodities, including ammonia and methanol;
- the extent to which EOG is successful in its efforts to discover, develop, market and produce reserves and to acquire natural gas and crude oil properties;
- the extent to which EOG can optimize reserve recovery and economically develop its plays utilizing horizontal and vertical drilling and advanced completion technologies;
- the extent to which EOG is successful in its efforts to economically develop its acreage in the Barnett Shale, the Bakken Formation, its Horn River Basin and Haynesville plays and its other exploration and development areas;
- EOG's ability to achieve anticipated production levels from existing and future natural gas and crude oil development projects, given the risks and uncertainties inherent in drilling, completing and operating natural gas and crude oil wells and the potential for interruptions of production, whether involuntary or intentional as a result of market or other conditions;
- the availability, proximity and capacity of, and costs associated with, gathering, processing, compression and transportation facilities;
- the availability, cost, terms and timing of issuance or execution of, and competition for, mineral licenses and leases and governmental and other permits and rights of way;
- competition in the oil and gas exploration and production industry for employees and other personnel, equipment, materials and services and, related thereto, the availability and cost of employees and other personnel, equipment, materials and services;

## Edgar Filing: EOG RESOURCES INC - Form 8-K

- EOG's ability to obtain access to surface locations for drilling and production facilities;
- the extent to which EOG's third party-operated natural gas and crude oil properties are operated successfully and economically;
- EOG's ability to effectively integrate acquired natural gas and crude oil properties into its operations, fully identify existing and potential problems with respect to such properties and accurately estimate reserves, production and costs with respect to such properties;
- weather, including its impact on natural gas and crude oil demand, and weather-related delays in drilling and in the installation and operation of gathering and production facilities;
- the ability of EOG's customers and other contractual counterparties to satisfy their obligations to EOG and, related thereto, to access the credit and capital markets to obtain financing needed to satisfy their obligations to EOG;
- EOG's ability to access the commercial paper market and other credit and capital markets to obtain financing on terms it deems acceptable, if at all;
- the accuracy of reserve estimates, which by their nature involve the exercise of professional judgment and may therefore be imprecise;
- the timing and extent of changes in foreign currency exchange rates, interest rates, inflation rates, global and domestic financial market conditions and global and domestic general economic conditions;
- the extent and effect of any hedging activities engaged in by EOG;
- the timing and impact of liquefied natural gas imports;
- the use of competing energy sources and the development of alternative energy sources;
- political developments around the world, including in the areas in which EOG operates;
- changes in government policies, legislation and regulations, including environmental regulations;
- the extent to which EOG incurs uninsured losses and liabilities;
- acts of war and terrorism and responses to these acts; and
- the other factors described under Item 1A, "Risk Factors," on pages 13 through 19 of EOG's Annual Report on Form 10-K for the year ended December 31, 2008 and any updates to those factors set forth in EOG's subsequent Quarterly Reports on Form 10-Q.

In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements may not occur, and you should not place any undue reliance on any of EOG's forward-looking statements. 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.

SIGNATURES

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

EOG  
RESOURCES,  
INC.  
(Registrant)

Date: By: /s/ TIMOTHY  
January K. DRIGGERS  
1 5 , -  
2010

Timothy K.  
Driggers  
Vice President  
and Chief  
Financial  
Officer  
(Principal  
Financial and  
Accounting  
Officer and  
Duly  
Authorized  
Officer)