

NEWFIELD EXPLORATION CO /DE/
Form 8-K
August 10, 2007

**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): August 6, 2007

NEWFIELD EXPLORATION COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-12534
(Commission File Number)

72-1133047
(I.R.S. Employer
Identification No.)

**363 N. Sam Houston Parkway E., Suite 2020
Houston, Texas 77060**

(Address of principal executive offices)

Registrant's telephone number, including area code: (281) 847-6000

Not Applicable

(Former name or former address, if changed since last report)

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)

- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets

On August 6, 2007, Newfield Exploration Company issued a press release announcing the closing on its previously announced sale of its Gulf of Mexico shelf assets to McMoRan Exploration Co. (NYSE: MMR) for total cash consideration of \$1.1 billion and the assumption by the buyer of liabilities associated with future abandonment of wells and platforms. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(b) Pro forma financial information

The unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the unaudited pro forma condensed consolidated income statements for the six months ended June 30, 2007 and the year ended December 31, 2006 that give effect to the disposition described therein begin on page F-1 of this report.

(d) Exhibits

99.1	Press release issued by Newfield Exploration Company on August 6, 2007.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

NEWFIELD EXPLORATION COMPANY

Date: August 10, 2007

By: /s/ TERRY W. RATHERT
Terry W. Rathert
Senior Vice President and Chief
Financial Officer

Exhibit Index

Exhibit No. Description

99.1 Press release issued by Newfield Exploration Company on August 6, 2007.

NEWFIELD EXPLORATION COMPANY

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements are presented to give effect to the disposition on August 6, 2007 of substantially all of our properties in the Gulf of Mexico for \$1.1 billion in cash and the assumption by the buyer of liabilities associated with future abandonment of wells and platforms (the "Disposition"). We retained most of our deepwater properties and partial interests in some primary term acreage on the shelf.

The unaudited pro forma condensed consolidated income statement for the year ended December 31, 2006 has been derived from our consolidated income statement for the year ended December 31, 2006. The unaudited pro forma condensed consolidated income statement should be read together with our consolidated income statement and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2006.

The unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the unaudited pro forma condensed consolidated income statement for the six months ended June 30, 2007 have been derived from our interim consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 and should be read in conjunction with those financial statements, including the notes thereto.

The unaudited pro forma condensed consolidated financial statements are based on the following assumptions and adjustments:

- the unaudited pro forma balance sheet is presented as if the Disposition occurred on June 30, 2007;

the unaudited pro forma income statements present our operations as if the Disposition had occurred on January 1, 2006; and

the unaudited pro forma estimates of proved reserves and unaudited pro forma standardized measure of discounted future net cash flows related to proved oil and gas reserves give effect to the Disposition as if it had occurred at December 31, 2006.

Pursuant to Securities and Exchange Commission rules for pro forma financial statements, no pro forma adjustments were made with respect to the following:

reductions in general and administrative expense to reflect cost savings associated with the reduction in our technical and administrative staff resulting from the Disposition;

increases in assumed interest income associated with the investment of the proceeds received from the Disposition; and

adjustments to historical business interruption insurance premium expense or benefits associated with our risk management policies related to our operations in the Gulf of Mexico.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only. The financial results may have been different if the Disposition had occurred as of the dates indicated above. This financial information does not purport to indicate the future results that we will experience.

NEWFIELD EXPLORATION COMPANY

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(In millions)

ASSETS	Historical Consolidated	June 30, 2007 Gulf of Mexico Disposition Pro Forma Adjustments	Pro Forma
Current assets:			
Cash and cash equivalents	\$ 37	\$ 1,092 (a) (932) (b) (100) (c)	\$ 97
Accounts receivable	419		419
Inventories	68		68
Derivative assets	127		127
Other current assets	90		90
Total current assets	741	60	801
Oil and gas properties	10,419	(1,092) (a) (215) (d)	9,112
Less - accumulated depreciation, depletion and amortization	(3,607)		(3,607)
	6,812	(1,307)	5,505
Restricted cash	—	100 (c)	100
Furniture, fixtures and equipment, net	34		34
Derivative assets	10		10
Other assets	24		24
Goodwill	62		62
Total assets	\$ 7,683	\$ (1,147)	\$ 6,536
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 104	\$ —	\$ 104
Current debt	124		124
Accrued liabilities	618	42 (e)	660
Advances from joint owners	40		40
Asset retirement obligation			