

Edgar Filing: EOG RESOURCES INC - Form 8-K

EOG RESOURCES INC  
Form 8-K  
July 31, 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: July 30, 2001

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EOG RESOURCES, INC.  
(Exact name of registrant as specified in its charter)

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

|   |                     |
|---|---------------------|
| 333 Clay<br>Suite 4200<br>Houston, Texas<br>(Address of principal<br>executive offices) | 77002<br>(Zip code) |
|---|---------------------|

713/651-7000  
(Registrant's telephone number, including area code)

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EOG Resources, Inc.

Item 9. Regulation FD Disclosure

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 EOG Resources, Inc. ('the Company') believes its expectations reflected in forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations

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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 judgement 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.

### Third Quarter and Full Year 2001 -----

The third 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 continues to target 4 percent growth in North America production for 2001.

There are price swap contracts in place covering notional volumes of 115,000 MMBtud of natural gas for August - December 2001 at an average price of \$3.38 per MMBtu. A Canadian subsidiary of the Company has fixed prices on approximately 41,000 MMBtud of its physical gas sales for August - December 2001 at an average price of US\$3.44 per MMBtu less applicable basis (location) adjustments.

There are price collars in place for natural gas for the period July 2001 to 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.

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There are price swap contracts in place for crude oil as detailed below.

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

Capital expenditures for the full year 2001, excluding acquisitions, are expected to be between \$800 and \$900 million.

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.

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2002

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There are price swap contracts in place covering notional volumes of 50,000 MMBtud of natural gas for January - December 2002 at an average price of \$3.56 per MMBtu. A Canadian subsidiary of the Company has fixed prices on approximately 48,000 MMBtud of its physical sales for January - December 2002 at an average price of US\$3.56 per MMBtu less applicable basis (location) adjustments.

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.

Additional estimates are shown in the attached table.

Definitions

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|         |   |
|---------|---|
| \$/Bbl  | US Dollars per barrel                         |
| \$/Mcf  | US Dollars per thousand cubic feet            |
| \$/Mcfe | US Dollars per thousand cubic feet equivalent |
| Bcfe    | Billion cubic feet equivalent                 |
| Bpd     | Barrels per day                               |
| 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                        |

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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: July 30, 2001

By: /s/ TIMOTHY K. DRIGGERS

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

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EOG Resources, Inc.  
Estimated Ranges

|  | 3Q 2001 |   |        | Full Year 2001 |    |        |
|--|---------|---|--------|----------------|----|--------|
|  | -----   |   |        | -----          |    |        |
| North America Production Growth Target (Bcfe)      |         |   |        |                | 4% |        |
| Daily Production                                   |         |   |        |                |    |        |
| Natural Gas (MMcfd)                                |         |   |        |                |    |        |
| US   | 685     | - | 700    | 695            | -  | 705    |
| Canada   | 120     | - | 130    | 125            | -  | 135    |
| Trinidad   | 100     | - | 125    | 100            | -  | 125    |
| Total  | 905     | - | 955    | 920            | -  | 965    |
| Crude Oil (Mbd)                                    |         |   |        |                |    |        |
| US   | 23.0    | - | 25.0   | 23.0           | -  | 24.0   |
| Canada   | 1.5     | - | 2.0    | 1.5            | -  | 2.0    |
| Trinidad   | 1.5     | - | 2.0    | 1.5            | -  | 2.0    |
| Total  | 26.0    | - | 29.0   | 26.0           | -  | 28.0   |
| Natural Gas Liquids (Mbd)                          |         |   |        |                |    |        |
| US   | 2.5     | - | 3.0    | 3.0            | -  | 3.5    |
| Canada   | 0.5     | - | 1.0    | 0.5            | -  | 1.0    |
| Total  | 3.0     | - | 4.0    | 3.5            | -  | 4.5    |
| Operating Costs                                    |         |   |        |                |    |        |
| Unit Costs (\$/Mcf)                                |         |   |        |                |    |        |
| Lease and Well                                     | \$0.39  | - | \$0.42 | \$0.39         | -  | \$0.42 |
| Depreciation, Depletion and Amortization           | \$0.95  | - | \$1.00 | \$0.95         | -  | \$1.00 |
| Expenses (\$MM)                                    |         |   |        |                |    |        |
| Exploration, Dry Hole and Impairment               | 40.0    | - | 50.0   | 180.0          | -  | 210.0  |
| General and Administrative                         | 20.0    | - | 22.0   | 80.0           | -  | 85.0   |
| Net Interest                                       | 11.0    | - | 14.0   | 50.0           | -  | 55.0   |
| Capitalized Interest                               | 1.8     | - | 2.0    | 8.0            | -  | 9.0    |
| Taxes Other than Income (% of Revenue)             | 6.8     | - | 7.2    | 6.0            | -  | 7.0    |
| Taxes  |         |   |        |                |    |        |
| Effective Rate                                     | 35%     | - | 45%    | 35%            | -  | 40%    |
| Deferred Ratio                                     | 75%     | - | 100%   | 45%            | -  | 55%    |
| Preferred Dividends (\$MM)                         | 2.8     | - | 3.0    | 10.0           | -  | 12.0   |
| Average Shares Outstanding (MM)                    |         |   |        |                |    |        |
| Basic  | 115.8   | - | 116.1  | 115.8          | -  | 116.2  |
| Fully Diluted                                      | 118.0   | - | 118.3  | 118.0          | -  | 118.4  |
| Capital Expenditures Excluding Acquisitions (\$MM) |         |   |        |                |    |        |
| North America                                      |         |   |        | 725            | -  | 820    |
| International                                      |         |   |        | 75             | -  | 80     |
| Total  |         |   |        | 800            | -  | 900    |
| Pricing  |         |   |        |                |    |        |
| Natural Gas (\$/Mcf)                               |         |   |        |                |    |        |
| Differentials                                      |         |   |        |                |    |        |

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|                                |        |   |        |        |   |        |
|--------------------------------|--------|---|--------|--------|---|--------|
| US - below NYMEX Henry Hub     | \$0.10 | - | \$0.20 | \$0.05 | - | \$0.15 |
| Canada - below NYMEX Henry Hub | \$0.60 | - | \$0.90 | \$0.60 | - | \$0.90 |
| Realizations                   |        |   |        |        |   |        |
| Trinidad                       | \$1.22 |   |        | \$1.22 |   |        |
| Crude Oil (\$/Bbl)             |        |   |        |        |   |        |
| Differentials                  |        |   |        |        |   |        |
| US - below WTI                 | \$0.75 | - | \$1.00 | \$0.75 | - | \$1.00 |
| Canada - below WTI             | \$3.00 | - | \$3.50 | \$3.00 | - | \$3.50 |
| Trinidad - below WTI           | \$2.00 | - | \$2.75 | \$1.00 | - | \$2.00 |