

Edgar Filing: EOG RESOURCES INC - Form 8-K

EOG RESOURCES INC  
Form 8-K  
October 22, 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: October 21, 2002

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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)

EOG RESOURCES, INC.

Item 9. Regulation FD Disclosure

I. Fourth Quarter and Full Year 2002

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The forecast items for the fourth quarter and full year 2002 set forth below for EOG Resources, Inc. (EOG) are based on current available information and expectations as of the date of this document. The company continuously monitors commodity prices and in the event that prices and/or location differentials significantly change, EOG may modify drilling and production as appropriate.

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.

Estimates are provided in the attached table.

### II. Natural Gas and Crude Oil Financial Price Swap and Costless Collar Contracts

- Natural Gas Financial Price Swap and Costless Collar Contracts - Presented below is a summary of EOG's natural gas financial price swap contracts and costless collar contracts. EOG accounts for these price swap and costless collar contracts utilizing the mark-to-market accounting method.

#### Price Swaps

|                       | Average Price<br>(\$/MMBtu) | Volume<br>(MMBtud) |
|-----------------------|-----------------------------|--------------------|
| 2002                  |                             |                    |
| October (closed)      | \$ 3.13                     | 200,000            |
| November and December | \$ 3.35                     | 75,000             |

#### Costless Collars

EOG has costless collar contracts in place with a floor price of \$3.10 per MMBtu and ceiling prices that average \$3.43 per MMBtu covering notional volumes of 100,000 MMBtud for October 2002 which are closed.

- Crude Oil Financial Price Swap Contracts - EOG has contracts in place covering notional volumes of two thousand barrels of oil per day at a price of \$21.50 per barrel for the period October 2002 through December 2002. For the full year 2003, EOG has contracts in place covering notional volumes of one thousand barrels of oil per day at an average price of \$25.89 per barrel. EOG accounts for these price swap contracts utilizing the mark-to-market accounting method.

### III. 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 EOG 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

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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 EOG; the extent of EOG'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 terrorist activities; and financial market conditions. In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements might not occur. EOG undertakes no obligations to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

### Definitions

|          |   |
|----------|---|
| \$/Bbl   | US Dollars per barrel                         |
| \$/MMBtu | US Dollars per million British thermal units  |
| \$/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 21, 2002

By: /s/ TIMOTHY K. DRIGGERS  
Timothy K. Driggers  
Vice President, Accounting  
and Land Administration  
(Principal Accounting Officer)

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EOG Resources, Inc.  
Estimated Ranges

|  | 4Q 2002         | Full Year 2002  |
|--|-----------------|-----------------|
| Daily Production   |                 |                 |
| Natural Gas (MMcfd)  |                 |                 |
| US   | 625 - 650       | 629 - 636       |
| Canada   | 150 - 165       | 151 - 155       |
| Trinidad   | 120 - 150       | 126 - 133       |
| Total  | 895 - 965       | 906 - 924       |
| Crude Oil (Mbd)  |                 |                 |
| US   | 17.0 - 19.5     | 18.6 - 19.2     |
| Canada   | 1.5 - 2.0       | 1.9 - 2.0       |
| Trinidad   | 2.0 - 2.9       | 2.2 - 2.4       |
| Total  | 20.5 - 24.4     | 22.7 - 23.6     |
| Natural Gas Liquids (Mbd)  |                 |                 |
| US   | 2.0 - 3.0       | 2.9 - 3.1       |
| Canada   | 0.5 - 1.0       | 0.7 - 0.8       |
| Total  | 2.5 - 4.0       | 3.6 - 3.9       |
| Operating Costs  |                 |                 |
| Unit Costs (\$/Mcf)  |                 |                 |
| Lease and Well   | \$0.44 - \$0.47 | \$0.44 - \$0.46 |
| Total Depreciation, Depletion and Amortization   | \$0.98 - \$1.02 | \$0.99 - \$1.01 |
| Expenses (\$MM)  |                 |                 |
| Exploration, Dry Hole and Impairment   | 40.0 - 60.0     | 150.0 - 170.0   |
| General and Administrative   | 20.0 - 22.0     | 84.0 - 86.0     |
| Capitalized Interest   | 2.0 - 2.3       | 9.1 - 9.4       |
| Net Interest   | 15.0 - 18.0     | 60.0 - 63.0     |
| Taxes Other than Income (% of Revenue)   | 6.0 - 7.2       | 6.5 - 7.0       |
| Taxes  |                 |                 |
| Effective Rate   | 30% - 33%       | 30% - 33%       |
| Deferred Ratio   | >100%           | >100%           |
| Preferred Dividends (\$MM)   | 2.5 - 3.0       | 11.0 - 11.5     |
| Shares Outstanding (MM) at September 30, 2002  |                 |                 |
| Basic  | 115.2           |                 |
| Diluted (based on stock price of \$35.96)  | 116.7           |                 |
| Capital Expenditures Excluding Acquisitions<br>and Trinidad Ammonia Investments (\$MM) - FY 2002 |                 |                 |
| North America  |                 | 700 - 745       |
| International  |                 | 50 - 55         |
| Total  |                 | 750 - 800       |
| Pricing  |                 |                 |
| Natural Gas (\$/Mcf)   |                 |                 |
| Differentials (include the effect of physical contracts)   |                 |                 |
| United States - below NYMEX Henry Hub  | \$0.20 - \$0.40 | \$0.15 - \$0.20 |
| Canada - below NYMEX Henry Hub   | \$0.55 - \$0.75 | \$0.55 - \$0.60 |
| Realizations   |                 |                 |

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|                      |                 |                 |
|----------------------|-----------------|-----------------|
| Trinidad             | \$1.10 - \$1.20 | \$1.18 - \$1.21 |
| Crude Oil (\$/Bbl)   |                 |                 |
| Differentials        |                 |                 |
| US - below WTI       | \$1.50 - \$2.00 | \$1.30 - \$1.50 |
| Canada - below WTI   | \$2.50 - \$3.75 | \$2.30 - \$2.65 |
| Trinidad - below WTI | \$3.25 - \$4.00 | \$3.00 - \$3.30 |