

EOG RESOURCES INC
Form 8-K
February 01, 2006

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: February 1, 2006

EOG RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-9743	47-0684736
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(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)

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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. First Quarter and Full Year 2006 Forecast and Benchmark Commodity Pricing

(a) First Quarter and Full Year 2006 Forecast

The forecast items for the first quarter and full year 2006 set forth below for EOG Resources, Inc. (EOG) are based on current available information and expectations as of the date of this document. This forecast replaces and supersedes any previously issued guidance or forecast.

Estimates are provided in the attached table, which is incorporated by reference herein.

(b) Benchmark Commodity Pricing

EOG bases United States and Canada natural gas price differentials upon the natural gas price at Henry Hub, Louisiana using the average of the NYMEX settlement prices for the last three trading days for the subject (prompt) month.

EOG bases United States, Canada and Trinidad crude oil and condensate price differentials upon the West Texas Intermediate crude oil price at Cushing, Oklahoma using the simple average of the NYMEX settlement prices for the prompt month for each trading day within the subject calendar month.

II. Price Risk Management

With the objective of enhancing the certainty of future revenues, from time to time EOG enters into NYMEX related financial commodity collar and price swap contracts. In addition to these 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 various physical commodity contracts is included in revenues at the time of settlement, which in turn affects average realized hydrocarbon prices.

III. 2006 Natural Gas Financial Collar Contracts and Natural Gas Financial Price Swap Contracts

(a) Natural Gas Financial Price Swap Contracts

Since EOG filed its Current Report on Form 8-K on January 6, 2006, EOG has entered into additional natural gas financial price swap contracts covering average notional volumes of 129,959 MMBtu for the period March 2006 through October 2006 at an average price of \$9.30 per MMBtu. EOG accounts for these financial price swap contracts

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using the mark-to-market accounting method.

(b) Presented below is a summary of EOG's 2006 natural gas financial collar and price swap contracts as of February 1, 2006.

<u>Month</u>	Natural Gas Financial Contracts						Price Swap Contracts	
	<u>Volume</u> <u>(MMBtud)</u>	Collar Contracts			Ceiling Price		<u>Volume</u> <u>(MMBtud)</u>	<u>Weighted</u> <u>Average</u> <u>Price</u> <u>(\$/MMBtu)</u>
		<u>Floor Range</u> <u>(\$/MMBtu)</u>	<u>Floor Price</u>		<u>Ceiling</u> <u>Range</u> <u>(\$/MMBtu)</u>	<u>Weighted</u> <u>Average</u> <u>Price</u> <u>(\$/MMBtu)</u>		
			<u>Weighted</u> <u>Average</u> <u>Price</u> <u>(\$/MMBtu)</u>					
February (closed)	50,000	\$13.65 - 14.50	\$14.05	\$16.20 - 17.04	\$16.59	-	-	
March	50,000	13.50 - 14.30	13.87	15.95 - 17.05	16.46	170,000	\$9.54	
April	50,000	10.00 - 10.50	10.23	12.60 - 13.00	12.77	180,000	9.49	
May	50,000	9.75 - 10.00	9.87	12.15 - 12.60	12.31	180,000	9.50	
June	50,000	9.75 - 10.00	9.87	12.20 - 12.60	12.34	180,000	9.54	
July	50,000	9.75 - 10.00	9.87	12.35 - 12.85	12.50	190,000	9.57	
August	50,000	9.75 - 10.00	9.87	12.50 - 13.00	12.67	190,000	9.63	
September	-	-	-	-	-	140,000	9.40	
October	-	-	-	-	-	90,000	9.46	

IV. 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. All statements other than statements of historical facts, including, among others, statements regarding EOG's future financial position, business strategy, budgets, reserve information, projected levels of production, projected costs and plans and objectives of management for future operations, are forward-looking statements. EOG typically uses words such as "expect," "anticipate," "estimate," "strategy," "intend," "plan," "target" and "believe" or the negative of those terms or other variations of them or by comparable terminology to identify its forward-looking statements. In particular, statements, express or implied, concerning future operating results, the ability to replace or increase reserves or to increase production, or the ability to generate income or cash flows are forward-looking statements. 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 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, foreign currency exchange rates and interest rates; the timing and impact of liquefied natural gas imports and changes in demand or prices for ammonia or methanol; 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; the availability and cost of drilling rigs, experienced drilling crews, materials and equipment used in well completions, and tubular steel; the availability, terms and timing of governmental and other permits and rights of way; the availability of pipeline transportation capacity; the extent to which EOG can economically develop its Barnett Shale acreage outside of Johnson County, Texas; whether EOG is successful in its efforts to more densely develop its acreage in the Barnett Shale and other production areas; political developments around the world; acts of war and terrorism and responses to these acts; weather; and financial market conditions. In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements might not occur. 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.

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
\$MM	US Dollars in millions
Mbd	Thousand barrels per day
MMBtu	Million British thermal units
MMBtud	Million British thermal units per day
MMcfd	Million cubic feet per day
MMcfed	Million cubic feet equivalent per day
NYMEX	New York Mercantile Exchange
WTI	West Texas Intermediate

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.
(Registrant)

Date: February 1, 2006

By: /s/ TIMOTHY K. DRIGGERS

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

Estimated Ranges
(See text for additional information)

	1Q 2006			Full Year 2006		
Daily Production						
Natural Gas (MMcfd)						
US	735	-	775	820	-	900
Canada	220	-	235	225	-	260
Trinidad	245	-	285	220	-	245
UK North Sea	35	-	40	30	-	40
Total	1,235	-	1,335	1,295	-	1,445
Crude Oil and Condensate (Mbd)						

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US	19.4	-	21.8	20.5	-	22.5
Canada	2.2	-	2.5	2.3	-	2.7
Trinidad	4.7	-	5.5	4.0	-	4.5
Total	26.3	-	29.8	26.8	-	29.7
Natural Gas Liquids (Mbd)						
US	5.7	-	6.2	6.0	-	6.5
Canada	0.5	-	1.0	0.5	-	1.0
Total	6.2	-	7.2	6.5	-	7.5
Natural Gas Equivalent Volumes (MMcfed)						
US	886	-	943	979	-	1,074
Canada	236	-	256	242	-	282
Trinidad	273	-	318	244	-	272
UK North Sea	35	-	40	30	-	40
Total	1,430	-	1,557	1,495	-	1,668
Operating Costs						
Unit Costs (\$/Mcf)						
Lease and Well, including Transportation	\$0.79	-	\$0.84	\$0.79	-	\$0.84
Depreciation, Depletion and Amortization	\$1.28	-	\$1.32	\$1.29	-	\$1.36
Expenses (\$MM)						
Exploration, Dry Hole and Impairment	60.0	-	75.0	260.0	-	320.0
General and Administrative	35.0	-	40.0	145.0	-	160.0
Capitalized Interest	3.9	-	4.1	16.0	-	20.0
Net Interest	10.0	-	14.0	35.0	-	55.0
Taxes Other Than Income (% of Revenue)	5.8%	-	6.8%	6.0%	-	7.0%
Income Taxes						
Effective Rate				35%	-	38%
Deferred Ratio				30%	-	50%
Preferred Dividends (\$MM)	1.7	-	2.0	7.0	-	9.0
Capital Expenditures, excluding Acquisitions (\$MM) - FY 2006				Approximately		2,500
Pricing - Refer to <i>I.(b) Benchmark Commodity Pricing</i> in text						
Natural Gas (\$/Mcf)						
Differentials (include the effect of physical contracts)						
US - below NYMEX Henry Hub	\$1.00	-	\$2.00	\$0.50	-	\$1.00
Canada - below NYMEX Henry Hub	\$1.50	-	\$2.00	\$1.50	-	\$2.00
Realizations						
Trinidad	\$1.85	-	\$2.50	\$1.85	-	\$2.50
UK North Sea	\$10.00	-	\$14.00	\$8.00	-	\$12.00
Crude Oil and Condensate (\$/Bbl)						
Differentials						
US - below WTI	\$1.50	-	\$2.25	\$1.50	-	\$2.00
Canada - below WTI	\$4.00	-	\$6.00	\$4.00	-	\$6.00
Trinidad - below WTI	\$4.50	-	\$7.00	\$5.00	-	\$7.00