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EOG RESOURCES INC
Form 8-K
October 01, 2003

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 1, 2003

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

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

EOG RESOURCES, INC.

Item 9. Regulation FD Disclosure

I. Canadian Acquisition

On October 1, 2003, the Canadian subsidiary of EOG Resources, Inc. (EOG) closed the previously announced asset purchase of natural gas properties in the Wintering Hills, Drumheller East and Twining areas of southeast Alberta from a subsidiary of Husky Energy Inc. for US \$320 million. These properties are essentially adjacent to existing EOG operations or are properties in which EOG already has a working interest.

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The transaction value, reserves and working interest in the properties are subject to adjustment if preferential rights on the properties are exercised.

II. 2003 Third Quarter Financial Commodity Contracts

For the third quarter of 2003, EOG anticipates a gain from mark-to-market financial commodity price swap and collar contracts of \$23.6 million compared to a loss of \$7.8 million for the prior year period. During the third quarter of 2003, net cash outflows related to settled natural gas and crude oil financial price swap contracts, settled natural gas financial collar contracts and premium payments associated with certain 2004 natural gas financial collar contracts were \$10.0 million compared to a net cash outflow of \$2.9 million for the comparable period in 2002.

III. 2003 Fourth Quarter and 2004 Natural Gas and Crude Oil Financial Price Swap and Natural Gas Financial Collar Contracts

With the objective of enhancing the certainty of future revenues, from time to time EOG enters into NYMEX-related financial commodity price swap and collar 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 which in turn affects average realized hydrocarbon prices.

Presented below is a summary of EOG's 2003 fourth quarter and 2004 natural gas and crude oil financial price swap contracts and natural gas financial collar contracts as of October 1, 2003. EOG accounts for these price swap and collar contracts using the mark-to-market accounting method.

(a) Natural Gas Financial Price Swap Contracts

| | Average Price (\$/MMBtu) | Net Volume (MMBtud) |
|------------------|-----------------------------|------------------------|
| 2003 | | |
| October (closed) | \$4.70 | 205,000 |
| November | 4.97 | 40,000 |
| December | 5.19 | 40,000 |
| 2004 | | |
| January | \$5.57 | 30,000 |
| February | 5.50 | 30,000 |
| March | 5.37 | 30,000 |
| April | 4.89 | 30,000 |
| May | 4.80 | 30,000 |
| June | 4.80 | 30,000 |
| July | 4.80 | 30,000 |
| August | 4.80 | 30,000 |
| September | 4.78 | 30,000 |
| October | 4.80 | 30,000 |

(b) Crude Oil Financial Price Swap Contracts

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| | Average Price (\$/Bbl) | Volume (Bbl/d) |
|----------|---------------------------|-------------------|
| 2003 | | |
| October | \$24.90 | 5,000 |
| November | 24.70 | 5,000 |
| December | 24.47 | 5,000 |

(c) Natural Gas Financial Collar Contracts

| Natural Gas Financial Collar Contracts | | | | | |
|--|--------------------|------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | | Floor Price | | Ceiling Price | |
| | Volume (MMBtud) | Floor Range (\$/MMBtu) | Weighted Average (\$/MMBtu) | Ceiling Range (\$/MMBtu) | Weighted Average (\$/MMBtu) |
| 2003(1) | | | | | |
| October (closed) | 125,000 | \$3.60 - 3.90 | \$3.75 | \$4.73 - 5.90 | \$5.27 |
| November | 255,000 | 3.77 - 5.07 | 4.38 | 4.90 - 6.04 | 5.42 |
| December | 255,000 | 3.92 - 5.27 | 4.57 | 5.05 - 6.18 | 5.61 |
| 2004 | | | | | |
| January (2) | 180,000 | \$5.06 - 5.39 | \$5.22 | \$5.86 - 6.43 | \$6.18 |
| February (2) | 180,000 | 5.02 - 5.32 | 5.16 | 5.82 - 6.37 | 6.13 |
| March (2) | 180,000 | 4.93 - 5.19 | 5.05 | 5.73 - 6.27 | 6.03 |
| April | 225,000 | 4.47 - 4.71 | 4.58 | 4.93 - 5.30 | 5.12 |
| May | 225,000 | 4.47 - 4.75 | 4.57 | 4.93 - 5.17 | 5.05 |
| June | 225,000 | 4.47 - 4.75 | 4.57 | 4.93 - 5.17 | 5.05 |
| July | 225,000 | 4.47 - 4.75 | 4.57 | 4.93 - 5.17 | 5.05 |
| August | 225,000 | 4.47 - 4.75 | 4.58 | 4.93 - 5.17 | 5.05 |
| September | 225,000 | 4.47 - 4.75 | 4.57 | 4.93 - 5.17 | 5.05 |
| October | 225,000 | 4.47 - 4.75 | 4.58 | 4.93 - 5.17 | 5.05 |