

EOG RESOURCES INC
Form 8-K
January 06, 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: January 6, 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 | | 77002 (Zip code) |
| (Address of principal executive offices) | | |

713-651-7000

(Registrant's telephone number, including area code)

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. Price Risk Management

With the objective of enhancing the certainty of future revenues, from time to time EOG Resources, Inc. (EOG) enters into New York Mercantile Exchange 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.

II.J005 Fourth Quarter Financial Commodity Contracts

For the fourth quarter of 2005, EOG anticipates a gain of \$11.4 million from mark-to-market financial commodity collar and price swap contracts compared to a gain of \$2.8 million for the prior year period. During the fourth quarter of 2005, there was no cash realized related to financial commodity contracts compared to a net cash outflow related to settled natural gas financial collar contracts, premium payments associated with certain natural gas financial collar contracts and settled natural gas financial price swap contracts of \$12.7 million for the prior year period.

III.J006 Natural Gas Financial Collar Contracts and Natural Gas Financial Price Swap Contracts

(a) Natural Gas Financial Collar Contracts

Since EOG filed its Quarterly Report on Form 10-Q on November 1, 2005, EOG has entered into natural gas financial collar contracts covering notional volumes of 50,000 million British thermal units per day (MMBtud) for the period February 2006 through August 2006 at an average floor price of \$11.06 per million British thermal units (MMBtu) and an average ceiling price of \$13.63 per MMBtu. EOG accounts for these financial collar contracts using the mark-to-market accounting method.

(b) Natural Gas Financial Price Swap Contracts

Since EOG filed its Quarterly Report on Form 10-Q on November 1, 2005, EOG has entered into natural gas financial price swap contracts covering average notional volumes of 46,630 MMBtud for the period March 2006 through August 2006 at an average price of \$10.36 per MMBtu. EOG accounts for these financial price swap contracts using the mark-to-market accounting method.

(c) Presented below is a summary of EOG's 2006 natural gas financial collar and price swap contracts as of January 6, 2006.

| Natural Gas Financial Contracts | | Price Swap Contracts |
|---------------------------------|---------------|----------------------|
| Collar Contracts | | |
| Floor Price | Ceiling Price | Weighted |
| Weighted | Weighted | |

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| <u>Month</u> | <u>Volume (MMBtud)</u> | <u>Floor Range (\$/MMBtu)</u> | <u>Average Price (\$/MMBtu)</u> | <u>Ceiling Range (\$/MMBtu)</u> | <u>Average Price (\$/MMBtu)</u> | <u>Volume (MMBtud)</u> | <u>Average Price (\$/MMBtud)</u> |
|--------------|------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------|----------------------------------|
| February | 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 | 30,000 | \$10.98 |
| April | 50,000 | 10.00 - 10.50 | 10.23 | 12.60 - 13.00 | 12.77 | 50,000 | 10.32 |
| May | 50,000 | 9.75 - 10.00 | 9.87 | 12.15 - 12.60 | 12.31 | 50,000 | 10.23 |
| June | 50,000 | 9.75 - 10.00 | 9.87 | 12.20 - 12.60 | 12.34 | 50,000 | 10.26 |
| July | 50,000 | 9.75 - 10.00 | 9.87 | 12.35 - 12.85 | 12.50 | 50,000 | 10.29 |
| August | 50,000 | 9.75 - 10.00 | 9.87 | 12.50 - 13.00 | 12.67 | 50,000 | 10.33 |

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.

SIGNATURE

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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: January 6, 2006

By: /s/ TIMOTHY K. DRIGGERS

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