

EOG Resources Reports Third Quarter 2007 Results

HOUSTON, Oct. 29 /[PRNewswire-FirstCall](#)/ -- EOG Resources, Inc. (NYSE: EOG) (EOG) today reported third quarter 2007 net income available to common of \$202.4 million, or \$0.82 per share. This compares to third quarter 2006 net income available to common of \$297.3 million, or \$1.21 per share.

The results for the third quarter 2007 included a previously disclosed \$43.6 million (\$28.1 million after tax, or \$0.11 per share) net gain on the mark-to-market of financial commodity transactions. During the quarter, the net cash realized related to financial commodity contracts was \$33.3 million (\$21.4 million after tax, or \$0.08 per share). Consistent with some analysts' practice of matching realizations to settlement months, adjusted non-GAAP net income available to common for the quarter was \$195.7 million, or \$0.79 per share. Adjusted non-GAAP net income available to common for the third quarter 2006 was \$276.9 million, or \$1.12 per share. (Please refer to the attached tables for the reconciliation of adjusted non-GAAP net income available to common to net income available to common.)

Operational Highlights

In the United States, EOG's total crude oil and condensate production increased 23 percent compared to the same quarter a year ago, driven by continued drilling success in North Dakota and the Mid Continent.

In Mountrail County, North Dakota, EOG has reported successful drilling from the Bakken Formation. The Wenco #1-30H, in which EOG has a 52 percent working interest, was completed to sales at the end of September at an initial production rate of 1,930 barrels of oil per day (Bopd), gross. Also in Mountrail County, the Austin #1-02H was completed to sales in October at an initial production rate of 2,000 Bopd. EOG has a 100 percent working interest in the well, which is located nine miles north of existing production. This is the northernmost location that EOG has drilled to date. To further confirm the northern extension of the field, following completion of the Austin #1-02H, EOG drilled an offset well, the Austin #2-03H that will be completed in November. Based on shows during drilling, EOG expects the well to produce at a rate similar to that of the Austin #1-02H. EOG has an 81 percent working interest in the Austin #2-03H. In the North Dakota Bakken Play, where it has accumulated over 175,000 net acres, EOG plans to increase drilling activity from six to eight rigs in early 2008.

"The results from the two Austin wells have given us the confidence to increase estimated reserves in the Bakken Play from the previously announced 60 million barrels of oil to approximately 80 million barrels, net to EOG. By extending the perimeter of the field, we have also increased our inventory of firm drilling locations. Therefore, we expect this area to have a significant impact on EOG's oil production in 2008 and beyond. The Bakken is currently the highest rate of return play in our drilling program," said Mark G. Papa, Chairman and Chief Executive Officer.

EOG's natural gas and natural gas liquids production in the United States increased 19 percent versus the same quarter in 2006, with the largest increase coming from the Fort Worth Basin Barnett Shale. In Johnson County, refinements in well completion processes are resulting in higher well production rates. Reflecting a more efficient drilling program and improved well results, overall natural gas production from the Barnett Shale has exceeded internal estimates. Therefore, EOG is increasing its net year-end exit rate from the Barnett Shale from 300 to approximately 350 million cubic feet per day.

Outside of the Barnett Shale, EOG's total production in the United States and Canada increased approximately 6 percent for the first nine months of 2007 as compared to the same period a year ago. Increases were driven by East Texas and Rocky Mountain natural gas activity and crude oil production in North Dakota.

2008 Operational Plans and Targets

EOG announced 2008 total company production growth targets, ranging from 13 to 17 percent, depending upon drilling economics and North American natural gas prices. Production growth next year will be driven by United States operations, particularly the Fort Worth Basin Barnett Shale natural gas and the North Dakota Bakken crude oil plays, both very high rate of return programs. Production from Canada, Trinidad and the United Kingdom North Sea in 2008 is expected to be relatively flat with 2007 production levels.

"While the economics of onshore drilling in North America remain strong, EOG is approaching its 2008 natural gas drilling and capital expenditure program with a measure of caution based on the uncertainty of natural gas pricing," said Papa. "We have set two alternate production growth targets, one more aggressive than the other. Our initial case assumes a more robust natural gas price environment with Henry Hub gas prices averaging \$8 or higher. In this

scenario, we are targeting 17 percent total company production growth. However, after the first quarter, if it appears that the industry is in a \$7 natural gas price environment for the year, we will reset the total company production growth target to 13 percent. In either case, we expect total company crude oil and condensate production to increase 33 percent in 2008 over 2007.

"In anticipation of our 2008 activity level and our robust prospect inventory, we are enthusiastic about achieving EOG's double-digit organic growth targets even taking into consideration that we plan to divest our Appalachian shallow assets during the first quarter. In either gas price environment, our goal is the same -- to pursue a high rate of return drilling program while maintaining flat net debt year over year," said Papa.

Conference Call Scheduled for October 30, 2007

EOG's third quarter 2007 results conference call will be available via live audio webcast at 9 a.m. Central Daylight Time (10 a.m. Eastern Daylight Time) Tuesday, October 30, 2007. To listen, log on to <http://www.eogresources.com>. The webcast will be archived on EOG's website through Tuesday, November 13, 2007.

EOG Resources, Inc. is one of the largest independent (non-integrated) oil and natural gas companies in the United States with proved reserves in the United States, Canada, offshore Trinidad and the United Kingdom North Sea. EOG Resources, Inc. is listed on the New York Stock Exchange and is traded under the ticker symbol "EOG."

This press release 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 or 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 the expectations reflected in its 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 EOG's 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, interest rates and financial market conditions;
- the extent and effect of any hedging activities engaged in by EOG;
- the timing and impact of liquefied natural gas imports;
- changes in demand or prices for ammonia or methanol;
- 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 ability to achieve production levels from existing and future oil and gas development projects due to operating hazards, drilling risks and the inherent uncertainties in predicting oil and gas reservoir performance;
- the availability and cost of drilling rigs, experienced drilling crews, tubular steel and other materials, equipment and services used in drilling and well completions;
- the availability, terms and timing of mineral licenses and leases and governmental and other permits and rights of way;
- access to surface locations for drilling and production facilities;
- the availability and capacity of gathering, processing and pipeline transportation facilities;
- the availability of compression uplift 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 and the enactment of new government policies, legislation and regulations;
- acts of war and terrorism and responses to these acts; and
- weather, including weather-related delays in the installation of gathering and production facilities.

In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements may not occur. EOG's 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.

The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. As noted above, statements of proved reserves are only estimates and may be imprecise. Any reserve estimates provided in this press release that are not specifically designated as being estimates of proved reserves may include not only proved reserves, but also other categories of reserves that the SEC's guidelines strictly prohibit EOG from including in filings with the SEC. Investors are urged to consider closely the disclosure in EOG's Annual Report on Form 10-K for fiscal year ended December 31, 2006, available from EOG at P.O. Box 4362, Houston, Texas 77210-4362 (Attn: Investor Relations). You can also obtain this form from the SEC by calling 1-800-SEC-0330 or from the SEC's website at <http://www.sec.gov>.

EOG RESOURCES, INC.
FINANCIAL REPORT
(Unaudited; in millions, except per share data)

	Quarter		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Net Operating Revenues	\$990.5	\$968.7	\$2,940.0	\$2,981.2
Net Income Available to Common	\$202.4	\$297.3	\$725.2	\$1,051.7
Net Income Per Share Available to Common				
Basic	\$0.83	\$1.23	\$2.98	\$4.35
Diluted	\$0.82	\$1.21	\$2.93	\$4.28
Average Number of Common Shares				
Basic	243.5	241.9	243.1	241.5
Diluted	247.4	246.1	247.3	246.0

SUMMARY INCOME STATEMENTS
(Unaudited; in thousands)

	Quarter		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Net Operating Revenues				
Wellhead Natural Gas	\$684,292	\$661,920	\$2,210,390	\$2,093,950
Wellhead Crude Oil, Condensate and Natural Gas Liquids	258,273	200,724	651,833	570,478
Gains on Mark-to- Market Commodity Derivative				
Contracts	43,591	104,696	47,893	302,742
Other, Net	4,307	1,386	29,871	13,999
Total	990,463	968,726	2,939,987	2,981,169

Operating Expenses				
Lease and Well	120,091	93,693	347,604	268,464
Transportation Costs	44,213	26,632	123,552	80,641
Exploration Costs	38,840	35,174	106,440	109,879
Dry Hole Costs	46,046	16,356	74,672	41,750
Impairments	42,014	22,106	86,860	67,559
Depreciation, Depletion and Amortization	279,189	216,071	783,311	586,651
General and Administrative	48,101	42,362	139,163	117,260
Taxes Other Than Income	47,111	54,066	149,806	154,618
Total	665,605	506,460	1,811,408	1,426,822
Operating Income	324,858	462,266	1,128,579	1,554,347
Other Income, Net	6,311	13,832	22,236	41,413
Income Before Interest Expense and Income				
Taxes	331,169	476,098	1,150,815	1,595,760
Interest Expense, Net	12,571	10,102	31,027	35,639
Income Before Income Taxes				
	318,598	465,996	1,119,788	1,560,121
Income Tax Provision	114,595	166,860	391,065	502,861
Net Income	204,003	299,136	728,723	1,057,260
Preferred Stock				
Dividends	1,637	1,858	3,502	5,574
Net Income Available to Common				
	\$202,366	\$297,278	\$725,221	\$1,051,686

EOG RESOURCES, INC.
OPERATING HIGHLIGHTS
(Unaudited)

	Quarter		Nine Months	
	Ended September 30, Ended September 30,			
	2007	2006	2007	2006
Wellhead Volumes and Prices				
Natural Gas Volumes (MMcfd)				
United States	997	837	958	791
Canada	216	224	223	226
United States & Canada	1,213	1,061	1,181	1,017
Trinidad	262	255	255	267
United Kingdom	22	28	25	29
Total	1,497	1,344	1,461	1,313
Average Natural Gas Prices (\$/Mcf)				
United States	\$5.56	\$6.21	\$6.24	\$6.74
Canada	5.49	5.65	6.22	6.60

United States & Canada				
Composite	5.55	6.09	6.24	6.71
Trinidad	2.20	2.21	2.35	2.28
United Kingdom	5.89	6.09	5.29	8.27
Composite	4.97	5.35	5.54	5.84

Crude Oil and Condensate Volumes

(MBbld)

United States	25.3	20.6	23.6	20.4
Canada	2.4	2.6	2.4	2.5
United States & Canada	27.7	23.2	26.0	22.9
Trinidad	4.2	4.4	4.2	4.9
United Kingdom	0.1	0.1	0.1	0.1
Total	32.0	27.7	30.3	27.9

Average Crude Oil and Condensate

Prices (\$/Bbl)

United States	\$70.86	\$67.35	\$62.52	\$65.00
Canada	69.99	63.87	60.54	59.42
United States & Canada				
Composite	70.78	66.96	62.33	64.35
Trinidad	67.03	74.26	67.22	66.50
United Kingdom	66.96	59.09	61.57	60.49
Composite	70.27	67.68	63.01	64.68

Natural Gas Liquids Volumes

(MBbld)

United States	10.8	8.8	10.3	8.4
Canada	0.9	0.7	1.0	0.7
Total	11.7	9.5	11.3	9.1

Average Natural Gas Liquids Prices

(\$/Bbl)

United States	\$47.94	\$44.33	\$43.73	\$41.10
Canada	46.71	52.21	41.52	47.15
Composite	47.84	44.89	43.52	41.55

Natural Gas Equivalent Volumes

(MMcfed)

United States	1,213	1,015	1,161	964
Canada	236	243	244	245
United States & Canada	1,449	1,258	1,405	1,209
Trinidad	288	281	280	296
United Kingdom	22	29	25	30
Total	1,759	1,568	1,710	1,535

Total Bcfe	161.9	144.2	466.8	419.1
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EOG RESOURCES, INC.

SUMMARY BALANCE SHEETS

(Unaudited; in thousands, except share data)

September 30,	December 31,
2007	2006

ASSETS

Current Assets

Cash and Cash Equivalents	\$301,944	\$218,255
Accounts Receivable, Net	678,762	754,134
Inventories	109,838	113,591
Assets from Price Risk Management		
Activities	68,354	130,612
Income Taxes Receivable	92,569	94,311
Other	58,758	39,177
Total	1,310,225	1,350,080

Oil and Gas Properties (Successful Efforts Method)	16,955,361	13,893,851
Less: Accumulated Depreciation, Depletion and Amortization	(6,921,155)	(5,949,804)
Net Oil and Gas Properties	10,034,206	7,944,047
Other Assets	123,276	108,033
Total Assets	\$11,467,707	\$9,402,160

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$964,515	\$896,572
Accrued Taxes Payable	102,518	130,984
Dividends Payable	22,095	14,718
Deferred Income Taxes	84,499	144,615
Current Portion of Long-Term Debt	98,442	-
Other	69,484	68,123
Total	1,341,553	1,255,012

Long-Term Debt	1,185,000	733,442
Other Liabilities	353,331	300,907
Deferred Income Taxes	1,960,675	1,513,128

Shareholders' Equity

Preferred Stock, \$0.01 Par, 10,000,000 Shares Authorized: Series B, Cumulative, \$1,000 Liquidation Preference Per Share, 43,260 Shares Outstanding at September 30, 2007 and 53,260 Shares Outstanding at December 31, 2006	43,035	52,887
Common Stock, \$0.01 Par, 640,000,000 Shares Authorized and 249,460,000 Shares Issued	202,495	202,495
Additional Paid In Capital	186,256	129,986
Accumulated Other Comprehensive Income	450,500	176,704
Retained Earnings	5,820,884	5,151,034
Common Stock Held in Treasury, 3,647,754 Shares at September 30, 2007 and 5,724,959 Shares at December 31, 2006	(76,022)	(113,435)
Total Shareholders' Equity	6,627,148	5,599,671
Total Liabilities and Shareholders' Equity	\$11,467,707	\$9,402,160

(Unaudited; in thousands)

Nine Months
Ended September 30,
2007 2006

Cash Flows from Operating Activities

Reconciliation of Net Income to Net Cash

Provided by Operating Activities:

Net Income \$728,723 \$1,057,260

Items Not Requiring (Providing) Cash

Depreciation, Depletion and

Amortization 783,311 586,651

Impairments 86,860 67,559

Stock-Based Compensation Expenses 46,732 38,407

Deferred Income Taxes 328,005 258,465

Other, Net (21,080) (19,271)

Dry Hole Costs 74,672 41,750

Mark-to-Market Commodity Derivative

Contracts

Total Gains (47,893) (302,742)

Realized Gains 99,188 166,892

Other, Net 20,778 17,849

Changes in Components of Working

Capital and Other Assets and

Liabilities

Accounts Receivable 78,283 110,517

Inventories 4,232 (54,021)

Accounts Payable 42,830 104,592

Accrued Taxes Payable (22,834) (49,083)

Other Assets (7,780) 27,623

Other Liabilities (3,765) (6,904)

Changes in Components of Working

Capital Associated with Investing

and Financing Activities (44,314) (65,996)

Net Cash Provided by Operating

Activities 2,145,948 1,979,548

Investing Cash Flows

Additions to Oil and Gas Properties (2,641,871) (1,953,209)

Proceeds from Sales of Assets 43,972 15,655

Changes in Components of Working

Capital Associated with

Investing Activities 44,325 66,054

Other, Net (38,997) (20,474)

Net Cash Used in Investing Activities (2,592,571) (1,891,974)

Financing Cash Flows

Net Commercial Paper and Revolving

Credit Facility Borrowings 10,000 -

Long-Term Debt Borrowings 600,000 37,000

Long-Term Debt Repayments (60,000) (192,550)

Dividends Paid (61,253) (44,015)

Excess Tax Benefits from Stock-

Based Compensation 17,422 27,139

Preferred Stock Redemptions (10,641) -

Proceeds from Stock Options

Exercised and Employee Stock

Purchase Plans 32,747 29,284

Debt Issuance Costs	(4,752)	-
Other, Net	(11)	(448)
Net Cash Provided by (Used in) Financing Activities	523,512	(143,590)
Effect of Exchange Rate Changes on Cash	6,800	8,136
Increase / (Decrease) in Cash and Cash Equivalents	83,689	(47,880)
Cash and Cash Equivalents at Beginning of Period	218,255	643,811
Cash and Cash Equivalents at End of Period	\$301,944	\$595,931

EOG RESOURCES, INC.

QUANTITATIVE RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON

(Non-GAAP) TO NET INCOME AVAILABLE TO COMMON (GAAP)

(Unaudited; in thousands, except per share data)

The following chart adjusts three-month and nine-month periods ended September 30 reported Net Income Available to Common (GAAP) to reflect actual cash realized from financial commodity price transactions by eliminating the unrealized mark-to-market gains from these transactions, to add the one-time tax expense related to Texas (US) franchise tax law revision in the second quarter of 2006 and to eliminate tax benefits related to the Alberta (Canada) provincial tax rate reduction and Canadian federal tax rate reduction in the second quarter of 2006. EOG believes this presentation may be useful to investors who follow the practice of some industry analysts who adjust reported company earnings to match realizations to production settlement months and make certain other adjustments to exclude one-time items. EOG management uses this information for comparative purposes within the industry.

	Quarter		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Reported Net Income Available to Common (GAAP)	\$202,366	\$297,278	\$725,221	\$1,051,686
Mark-to-Market (MTM) Commodity Derivative Contracts Impact				
Total Gains	(43,591)	(104,696)	(47,893)	(302,742)
Realized Gains	33,308	72,978	99,188	166,892
Subtotal	(10,283)	(31,718)	51,295	(135,850)
After Tax MTM Impact	(6,617)	(20,411)	33,008	(87,419)
Add: Tax Expense Related to Texas (US) Franchise Tax Law Revision	-	-	-	5,221
Less: Tax Benefit Related to Alberta (Canada) Provincial Tax Rate Reduction	-	-	-	(13,449)
Less: Tax Benefit Related to Canadian Federal Tax Rate Reduction	-	-	-	(18,593)
Adjusted Net Income Available to Common (Non-GAAP)	\$195,749	\$276,867	\$758,229	\$937,446

Adjusted Net Income Per				
Share Available to Common				
(Non-GAAP)				
Basic	\$0.80	\$1.14	\$3.12	\$3.88
Diluted	\$0.79	\$1.12	\$3.07	\$3.81

Average Number of Common				
Shares				
Basic	243,486	241,911	243,140	241,550
Diluted	247,425	246,136	247,275	245,990

EOG RESOURCES, INC.

QUANTITATIVE RECONCILIATION OF DISCRETIONARY CASH FLOW AVAILABLE TO COMMON
(Non-GAAP) TO NET CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)
(Unaudited; in thousands)

The following chart reconciles three-month and nine-month periods ended September 30 Net Cash Provided by Operating Activities (GAAP) to Discretionary Cash Flow Available to Common (Non-GAAP). EOG believes this presentation may be useful to investors who follow the practice of some industry analysts who adjust Net Cash Provided by Operating Activities for Exploration Costs (excluding Stock-Based Compensation Expenses), Changes in Components of Working Capital, Other Assets and Liabilities and Preferred Stock Dividends. EOG management uses this information for comparative purposes within the industry.

	Quarter		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Net Cash Provided by				
Operating Activities				
(GAAP)	\$724,260	\$603,116	\$2,145,948	\$1,979,548
Adjustments				
Exploration Costs				
(excluding				
Stock-Based				
Compensation				
Expenses)	35,268	30,853	96,842	101,513
Changes in Components				
of Working Capital				
and Other Assets and				
Liabilities				
Accounts Receivable	(57,549)	58,833	(78,283)	(110,517)
Inventories	(6,708)	18,955	(4,232)	54,021
Accounts Payable	(28,179)	(109,817)	(42,830)	(104,592)
Accrued Taxes Payable	49,025	37,613	22,834	49,083
Other Assets	3,097	537	7,780	(27,623)
Other Liabilities	(16,655)	(18,518)	3,765	6,904
Changes in Components				
of Working Capital				
Associated with				
Investing and Financing				
Activities	23,843	56,288	44,314	65,996

Preferred Stock

Dividends	(1,637)	(1,858)	(3,502)	(5,574)
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Discretionary Cash Flow

Available to Common

(Non-GAAP)	\$724,765	\$676,002	\$2,192,636	\$2,008,759
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SOURCE EOG Resources, Inc.

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