EOG Resources, Inc.

EOG Canada Agrees to Acquire Galveston LNG Inc.

HOUSTON, May 18 /PRNewswire-FirstCall/ -- EOG Resources, Inc. (NYSE: EOG) (EOG) today announced that its Canadian subsidiary, EOG Resources Canada Inc., has agreed to acquire the shares of Galveston LNG Inc. This Calgary-based corporation, through its wholly-owned subsidiary, Kitimat LNG Inc., owns 49 percent of the planned liquefied natural gas (LNG) export terminal to be located at Bish Cove, near the Port of Kitimat, about 405 miles (652 kilometres) north of Vancouver, British Columbia.

On January 13, 2010, Apache Corporation (Apache) announced an agreement with Kitimat LNG Inc. to acquire 51 percent of the planned Kitimat LNG project. Apache will be the operator of the project.

Planned capacity of the proposed Kitimat LNG terminal is about 700 million cubic feet of natural gas per day or 5 million metric tons of LNG per year. Preliminary construction costs, currently estimated to be approximately $3 billion (Canadian), will be revised at the conclusion of front-end engineering and design.

Under the terms of the agreement, EOG's offer to purchase the shares of Galveston LNG Inc. is conditioned upon the achievement of certain commercial and regulatory milestones.

"EOG is pleased to partner with Apache in the development of this new market opportunity for natural gas from our Canadian operations. By combining our experience and resources, we are confident we can move this project to completion," said Mark G. Papa, Chairman and Chief Executive Officer. "As a part of this process, we look forward to continuing to build on the relationship with the Haisla First Nation and being a part of Kitimat and surrounding communities."

"Alfred Sorensen and the Galveston LNG employees deserve credit for taking a great idea and advancing it to the point where it now has the potential to attract new markets for Western Canadian natural gas supply not only in the Asia-Pacific region but globally," Mr. Papa added.

About Kitimat LNG Project

The Kitimat LNG terminal is a project developed by Kitimat LNG Inc., a Calgary-based private company, focused on the development of LNG and related facilities in North America. Upon EOG's acquisition of the Galveston LNG Inc. shares, EOG and Apache propose to construct, own and operate the LNG terminal near the Port of Kitimat, British Columbia. At the terminal, natural gas will be cooled and liquefied in preparation for export via ship to growing global markets.

The Kitimat LNG terminal is designed to link to the pipeline transmission system serving Western Canada's natural gas producing regions via the proposed Pacific Trail Pipelines, a $1 billion (Canadian), 300-mile (463-kilometre) project originating at Summit Lake, British Columbia. Through its acquisition of Galveston LNG Inc., EOG will acquire a 24.5 percent interest in the Pacific Trail Pipelines, a partnership between Galveston LNG Inc., Apache and Pacific Northern Gas Ltd. The proposed pipeline has received environmental assessment approvals from both the federal and provincial governments.

About Galveston LNG Inc.

Galveston LNG Inc. is a privately owned Canadian energy development company capitalized with private and major institutional Canadian and United States investors.

About EOG

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, Trinidad, the United Kingdom and China. 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, including, among others, statements and projections regarding EOG's future financial position, operations, performance, business strategy, returns, budgets, reserves, levels of production and costs and statements regarding the plans and objectives of EOG's management for future operations, are forward-looking statements. EOG typically uses words such as "expect," "anticipate," "estimate," "project," "strategy," "intend," "plan," "target," "goal," "may," "will" 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 EOG's future operating results and returns or EOG's ability to replace or increase reserves, increase production or 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 reasonable and are based on reasonable assumptions, no assurance can be given that these assumptions are accurate or that any of these expectations will be achieved (in full or at all) or will prove to have been correct. Moreover, EOG's forward-looking statements may be affected by known and unknown risks, events or circumstances that may be outside EOG's control. Important factors that could cause EOG's 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 prices for natural gas, crude oil and related commodities;
- changes in demand for natural gas, crude oil and related commodities, including ammonia and methanol;
- the extent to which EOG is successful in its efforts to discover and market reserves and to acquire natural gas and crude oil properties;
- the extent to which EOG can optimize reserve recovery and economically develop its plays utilizing horizontal and vertical drilling and advanced completion technologies;
- the extent to which EOG is successful in its efforts to economically develop its acreage in, and to produce reserves and achieve anticipated production levels from, its existing and future natural gas and crude oil exploration and development projects, given the risks and uncertainties inherent in drilling, completing and operating natural gas and crude oil wells and the potential for interruptions of production, whether involuntary or intentional as a result of market or other conditions;
- the availability, proximity and capacity of, and costs associated with, gathering, processing, compression and transportation facilities;
- the availability, cost, terms and timing of issuance or execution of, and competition for, mineral licenses and leases and governmental and other permits and rights of way;
- changes in government policies, laws and regulations, including environmental and tax laws and regulations;
- competition in the oil and gas exploration and production industry for employees and other personnel, equipment, materials and services and, related thereto, the availability and cost of employees and other personnel, equipment, materials and services;
- EOG's ability to obtain access to surface locations for drilling and production facilities;
- the extent to which EOG's third-party-operated natural gas and crude oil properties are operated successfully and economically;
- EOG's ability to effectively integrate acquired natural gas and crude oil properties into its operations, fully identify existing and potential problems with respect to such properties and accurately estimate reserves, production and costs with respect to such properties;
- weather, including its impact on natural gas and crude oil demand, and weather-related delays in drilling and in the installation and operation of production, gathering, processing, compression and transportation facilities;
- the ability of EOG's customers and other contractual counterparties to satisfy their obligations to EOG and, related thereto, to access the credit and capital markets to obtain financing needed to satisfy their obligations to EOG;
- EOG's ability to access the commercial paper market and other credit and capital markets to obtain financing on terms it deems acceptable, if at all;
- the accuracy of reserve estimates, which by their nature involve the exercise of professional judgment and may therefore be imprecise;
- the timing and extent of changes in foreign currency exchange rates, interest rates, inflation rates, global and domestic financial market conditions and global and domestic general economic conditions;
- political developments around the world, including in the areas in which EOG operates;
- the extent and effect of any hedging activities engaged in by EOG;
- the timing and impact of liquefied natural gas imports;
- the use of competing energy sources and the development of alternative energy sources;
- the extent to which EOG incurs uninsured losses and liabilities;
- acts of war and terrorism and responses to these acts; and
- the other factors described under Item 1A, "Risk Factors," on pages 14 through 19 of EOG's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements may not occur, and, if any of such events do, we may not have anticipated the timing of their occurrence or the extent of their impact on our actual results. Accordingly, you should not place any undue reliance on any of EOG's forward-looking statements. EOG's forward-looking statements speak only as of the date made and EOG undertakes no obligation, other than as required by applicable law, to update or revise its forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise.

SOURCE EOG Resources, Inc.

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