



## EOG RESOURCES REPORTS THIRD QUARTER 2010 RESULTS

- **Records 30 Percent Total Crude Oil and Condensate Production Increase Over Third Quarter 2009**
- **Increases Confidence in South Texas Eagle Ford Crude Oil Potential**
- **Delivers Outstanding Well Results from Resource Play Drilling Programs**
- **Proves Up Additional Acreage in New Mexico Leonard Shale**
- **Targets 9 Percent Total Company Organic Production Growth in 2010**

FOR IMMEDIATE RELEASE: Tuesday, November 2, 2010

HOUSTON - [EOG Resources, Inc. \(EOG\)](#) today reported a third quarter 2010 net loss of \$70.9 million, or \$0.28 per share. This compares to third quarter 2009 net income of \$4.2 million, or \$0.02 per share.

The results for the third quarter 2010 included a \$208.3 million, net of tax (\$0.82 per share) impairment of certain Canadian shallow natural gas assets held for sale, \$41.4 million gain, net of tax (\$0.16 per share) on property dispositions and a previously disclosed non-cash net gain of \$61.0 million (\$39.1 million after tax, or \$0.16 per share) on the mark-to-market of financial commodity transactions. During the quarter, the net cash outflow related to financial commodity contracts was \$13.6 million (\$8.7 million after tax, or \$0.03 per share). Consistent with some analysts' practice of matching realizations to settlement months, and making certain other adjustments in order to exclude one-time items, adjusted non-GAAP net income for the quarter was \$46.6 million, or \$0.18 per share. Adjusted non-GAAP net income for the third quarter 2009 was \$203.9 million, or \$0.81 per share. (Please refer to the attached tables for the reconciliation of adjusted non-GAAP net income to GAAP net income.)

### **Operational Highlights**

EOG reported a 30 percent increase in total company crude oil and condensate production for the third quarter, compared to the same period in 2009. In the United States, crude and condensate production increased 29 percent.

In the South Texas Eagle Ford Play, EOG has steadily escalated the pace of both its drilling and completion operations. Results from the 77 wells drilled to date across its 120-mile, 505,000 net acre position in the mature oil window, reinforce EOG's confidence in its estimated 900 million barrels of oil equivalent, net after royalty resource potential, 77 percent of which is crude oil.

Patterned after successful development activity in its other resource plays, EOG is drilling and completing wells in batches to optimize resource recovery. Significant production increases are expected in 2011 as numerous clusters of wells are turned to production. Currently operating a 10-rig drilling program in the Eagle Ford, EOG plans to add one more rig by year-end and average 14 rigs in 2011.

Among EOG's South Texas Eagle Ford wells, in which EOG has a 100 percent working interest, are:

- Cusack Clampit #1H, #2H, #3H and #4H - This cluster of Gonzales County wells began flowing to sales at rates of 860 to 1,800 barrels of oil per day (Bopd) with 1,020 to 1,770 thousand cubic feet per day (Mcf) of rich natural gas.
- Beynon #1H - This Karnes County well was completed at an initial peak rate of 902 Bopd with 1,110 Mcf of rich natural gas.
- Greenlow #5H - Drilled in Karnes County, this well began initial production at a rate of 720 Bopd with 1,030 Mcf of rich natural gas.

"Well data generated throughout the year from the Eagle Ford reflects an increase in our estimates of recoveries per well relative to our April 2010 estimates. This upside not only enhances the rate of return of the play but indicates fewer wells than we originally anticipated will be needed to capture our net reserve potential of 900 million barrels of oil equivalent," said Mark G. Papa, Chairman and Chief Executive Officer.

With an active 16-rig drilling program in the Fort Worth Barnett Combo, this key EOG asset is in full development mode. After alleviating fracture crew constraints during the first half of 2010, EOG is focusing on multi-well development patterns in Montague and western Cooke Counties. Recent drilling results in Cooke County have expanded EOG's Core area from 150,000 to 160,000 net acres. EOG expects to exit 2010 with strong crude oil production momentum that will carry into 2011

and beyond. In the current natural gas environment, Combo economics are bolstered by the mix of oil and rich natural gas production with total liquids production contributing over 90 percent of revenue. In the past, liquids had contributed roughly 66 percent of the revenue stream from the play.

EOG's Barnett Shale Combo well highlights from Cooke and Montague Counties include:

- Christian C #3H - This Cooke County well, in which EOG has a 98 percent working interest, began producing to sales at a gross rate of 954 Bopd with 1,608 Mcfd of rich natural gas.
- Strickland A #2H - Drilled horizontally, this Cooke County well began flowing to sales at a gross rate of 1,118 Bopd with 1,801 Mcfd of rich natural gas. EOG has a 90 percent working interest in the well.
- Strickland #1 - This vertically drilled Cooke County well, in which EOG has a 96 percent working interest, began production at a gross rate of 865 Bopd with 1,212 Mcfd of rich natural gas.
- Settle C #3H - EOG has a 91 percent working interest in this Cooke County well that was completed at a rate of 731 Bopd with 2,135 Mcfd of rich natural gas, gross.
- Nutter #1H - Drilled in western Cooke County, this well began flowing to sales at a rate of 672 Bopd with 838 Mcfd of rich natural gas, gross. EOG has a 99 percent working interest in the well.
- Slagle #2H and #1 - Drilled in the western part of Cooke County, these wells were completed with initial rates of 495 and 539 Bopd with 138 and 307 Mcfd of rich natural gas, respectively. The Slagle #2H was drilled and completed horizontally, while the Slagle #1 was drilled and completed vertically. EOG has a 100 percent working interest in both wells.
- Posey C#3H - Brought to sales at a rate of 536 Bopd with 416 Mcfd of rich natural gas, this well, in which EOG has a 100 percent working interest, was drilled in western Montague County.

In EOG's largest crude oil producing asset, the North Dakota Bakken, well completion operations resumed during the second quarter following the winter 2009-2010 drilling program. A significant number of wells began flowing to sales, contributing to EOG's overall crude oil production increase. These results included a number of horizontal Mandaree wells on EOG's 18,000 net acres in McKenzie County, North Dakota, southwest of Parshall. These wells were turned to sales in the third quarter with strong initial production rates and favorable economics.

EOG's North Dakota and Montana Bakken well highlights are:

- Mandaree 4-15H - This well was completed in the second quarter at a peak production rate of 1,490 Bopd, gross. EOG has a 69 percent working interest in the well.
- Mandaree 2-9H - EOG holds an 88 percent working interest in this well, which was drilled and completed to sales at a maximum rate of 1,358 Bopd, gross.
- Mandaree 1-10H - Maximum initial production from this well, in which EOG has a 90 percent working interest, was 1,659 Bopd, gross.
- Ed and Paul 1-17H - EOG has an 80 percent working interest in the well, which was drilled in Richland County, Montana and was completed to sales at a maximum gross rate of over 2,000 Bopd.

In its sixth year of development in the Bakken, EOG is operating a 10-rig drilling program in North Dakota and Montana.

In the New Mexico Leonard Shale, EOG reported continued drilling success on an additional 18,000 acres and, combined with previous reported success on 31,000 acres, has now proven up 49,000 of its 120,000 total net acre position. The Elk Wallow 11 State #1H has been producing for over 30 days at an average rate of 337 Bopd with 3,070 Mcfd of rich natural gas. The Elk Wallow 11 State #2H has been producing for 11 days at an average rate of 505 Bopd with 4,770 Mcfd of rich natural gas. EOG has 100 percent working interest in these Eddy County wells.

"EOG is delivering remarkable organic production growth from its portfolio of crude oil and liquids resource plays. In 2011, approximately 67 percent of EOG's North American revenue will be derived from liquids," said Papa. "By mid-2011, EOG expects to have optimized its South Texas Eagle Ford crude oil production such that it will be a meaningful long-term crude oil producer both for EOG and for the United States."

Based on reduced cash flows resulting from weak natural gas prices and fracture equipment delays, EOG has reduced its 2010 total company organic production growth forecast from 13 percent to 9 percent. Decreases in North American natural gas drilling activity account for 70 percent of the 2010 volume reduction. For 2011 and 2012, EOG has provided preliminary total company organic production growth forecasts of 10 percent and 12 percent, respectively. EOG expects crude oil and condensate production increases of 53 percent and 30 percent, respectively, to drive total company production growth for that two-year period.

### **Capital Structure**

At September 30, 2010, EOG's total debt was \$3,769 million for a debt-to-total capitalization ratio of 27 percent. Taking into account cash on the balance sheet of \$28 million, at the end of the quarter EOG's net debt was \$3,741 million and the net debt-to-total capitalization ratio was 27 percent. (Please refer to the attached tables for the reconciliation of net debt (non-GAAP) to current and long-term debt (GAAP) and the reconciliation of net debt-to-total capitalization ratio (non-GAAP) to debt-

to-total capitalization ratio (GAAP).)

To maintain a low debt-to-total capitalization ratio, during 2010 EOG has marketed certain of its properties, primarily natural gas. EOG expects to sell between \$600 million and \$1 billion of both producing and non-producing properties in North America. The majority of these transactions are expected to close during the fourth quarter of 2010. EOG incurred a \$208.3 million, net of tax, impairment during the third quarter associated with certain of its Canadian shallow natural gas assets held for sale.

### **2011 Strategy**

Following a comparison of its inventory of attractive rate of return, liquids-rich drilling opportunities against depressed natural gas prices, EOG has elected to pursue additional natural gas asset sales in 2011. Proceeds from these sales will be used primarily to offset any funding gap between planned capital expenditures and estimated cash flows. While previously targeting a maximum net debt-to-total capitalization ratio of 25 percent, EOG has set the maximum net debt-to-total capitalization ratio at 30 percent to 35 percent in order to optimally fund its portfolio of liquids-rich drilling opportunities.

"EOG remains committed to its long-term philosophy of delivering strong returns to shareholders and maintaining a conservative balance sheet," Mr. Papa said. "However, EOG does not intend to sell-down or joint venture any of its crude oil resource plays as we continue our strategic shift from natural gas to liquids. The growth potential of these robust assets is expected to accelerate EOG's shift toward liquids, while increasing our margins in the coming years."

### **Conference Call Scheduled for November 3, 2010**

EOG's third quarter 2010 results conference call will be available via live audio webcast at 8 a.m. Central Daylight Time (9 a.m. Eastern Daylight Time) on Wednesday, November 3, 2010. To listen, log on to [www.eogresources.com](http://www.eogresources.com). The webcast will be archived on EOG's website through November 17, 2010.

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, including the accompanying forecast and benchmark commodity pricing information, 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.

Effective January 1, 2010, the United States Securities and Exchange Commission (SEC) now permits oil and gas companies, in their filings with the SEC, to disclose not only "proved" reserves (i.e., quantities of oil and gas that are estimated to be recoverable with a high degree of confidence), but also "probable" reserves (i.e., quantities of oil and gas that are as likely as not to be recovered) as well as "possible" reserves (i.e., additional quantities of oil and gas that might be recovered, but with a lower probability than probable reserves). As noted above, statements of reserves are only estimates and may not correspond to the ultimate quantities of oil and gas recovered. Any reserve estimates provided in this press release that are not specifically designated as being estimates of proved reserves may include estimated reserves not necessarily calculated in accordance with, or contemplated by, the SEC's latest reserve reporting guidelines. Investors are urged to consider closely the disclosure in EOG's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, available from EOG at P.O. Box 4362, Houston, Texas 77210-4362 (Attn: Investor Relations). You can also obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC's website at [www.sec.gov](http://www.sec.gov).

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