

EOG RESOURCES INC
Form 10-Q
August 02, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-9743

EOG RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware 47-0684736

(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

1111 Bagby, Sky Lobby 2, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

713-651-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of each class	Number of shares
Common Stock, par value \$0.01 per share	579,200,784 (as of July 25, 2018)

EOG RESOURCES, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EOG RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In Thousands, Except Per Share Data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Operating Revenues and Other				
Crude Oil and Condensate	\$2,377,528	\$1,445,454	\$4,478,836	\$2,875,515
Natural Gas Liquids	286,354	146,907	507,769	300,351
Natural Gas	300,845	224,008	600,611	454,610
Gains (Losses) on Mark-to-Market Commodity Derivative Contracts	(185,883)	9,446	(245,654)	71,466
Gathering, Processing and Marketing	1,436,436	778,797	2,538,258	1,505,334
Losses on Asset Dispositions, Net	(6,317)	(8,916)	(21,286)	(25,674)
Other, Net	29,114	16,776	60,705	41,435
Total	4,238,077	2,612,472	7,919,239	5,223,037
Operating Expenses				
Lease and Well	314,604	255,186	614,668	510,963
Transportation Costs	177,797	186,356	354,754	365,070
Gathering and Processing Costs	109,169	34,746	210,514	72,890
Exploration Costs	47,478	34,711	82,314	91,605
Dry Hole Costs	4,902	27	4,902	27
Impairments	51,708	78,934	116,317	272,121
Marketing Costs	1,420,463	790,599	2,526,853	1,527,135
Depreciation, Depletion and Amortization	848,674	865,384	1,597,265	1,681,420
General and Administrative	104,083	108,507	198,781	205,745
Taxes Other Than Income	194,268	130,114	373,352	260,407
Total	3,273,146	2,484,564	6,079,720	4,987,383
Operating Income	964,931	127,908	1,839,519	235,654
Other Income (Expense), Net	(8,551)	4,972	(7,824)	8,123
Income Before Interest Expense and Income Taxes	956,380	132,880	1,831,695	243,777
Interest Expense, Net	63,444	70,413	125,400	141,928
Income Before Income Taxes	892,936	62,467	1,706,295	101,849
Income Tax Provision	196,205	39,414	370,975	50,279
Net Income	\$696,731	\$23,053	\$1,335,320	\$51,570
Net Income Per Share				
Basic	\$1.21	\$0.04	\$2.32	\$0.09
Diluted	\$1.20	\$0.04	\$2.30	\$0.09
Dividends Declared per Common Share	\$0.1850	\$0.1675	\$0.3700	\$0.3350
Average Number of Common Shares				
Basic	576,135	574,439	575,953	574,162
Diluted	580,375	578,483	580,007	578,573
Comprehensive Income				
Net Income	\$696,731	\$23,053	\$1,335,320	\$51,570

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Other Comprehensive Income (Loss)				
Foreign Currency Translation Adjustments	(3,229) 1,260	1,773	1,569
Other, Net of Tax	6	(86) 12	(49
Other Comprehensive Income (Loss)	(3,223) 1,174	1,785	1,520
Comprehensive Income	\$693,508	\$24,227	\$1,337,105	\$53,090

The accompanying notes are an integral part of these condensed consolidated financial statements.

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EOG RESOURCES, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In Thousands, Except Share Data)
 (Unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$1,008,215	\$834,228
Accounts Receivable, Net	1,907,990	1,597,494
Inventories	670,994	483,865
Assets from Price Risk Management Activities	1,840	7,699
Income Taxes Receivable	364,119	113,357
Other	278,694	242,465
Total	4,231,852	3,279,108
Property, Plant and Equipment		
Oil and Gas Properties (Successful Efforts Method)	55,319,050	52,555,741
Other Property, Plant and Equipment	4,141,479	3,960,759
Total Property, Plant and Equipment	59,460,529	56,516,500
Less: Accumulated Depreciation, Depletion and Amortization	(32,306,734)	(30,851,463)
Total Property, Plant and Equipment, Net	27,153,795	25,665,037
Deferred Income Taxes	17,067	17,506
Other Assets	689,666	871,427
Total Assets	\$32,092,380	\$29,833,078
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$2,336,952	\$1,847,131
Accrued Taxes Payable	213,461	148,874
Dividends Payable	106,569	96,410
Liabilities from Price Risk Management Activities	195,457	50,429
Current Portion of Long-Term Debt	1,262,540	356,235
Other	182,322	226,463
Total	4,297,301	2,725,542
Long-Term Debt		
Other Liabilities	5,172,257	6,030,836
Deferred Income Taxes	1,304,624	1,275,213
Commitments and Contingencies (Note 8)	3,865,804	3,518,214
Stockholders' Equity		
Common Stock, \$0.01 Par, 1,280,000,000 Shares Authorized and 579,597,990 Shares Issued at June 30, 2018 and 578,827,768 Shares Issued at December 31, 2017	205,796	205,788
Additional Paid in Capital	5,591,643	5,536,547
Accumulated Other Comprehensive Loss	(17,512)	(19,297)
Retained Earnings	11,714,656	10,593,533
Common Stock Held in Treasury, 410,969 Shares at June 30, 2018 and 350,961 Shares at December 31, 2017	(42,189)	(33,298)

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Total Stockholders' Equity	17,452,394	16,283,273
Total Liabilities and Stockholders' Equity	\$32,092,380	\$29,833,078

The accompanying notes are an integral part of these condensed consolidated financial statements.

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EOG RESOURCES, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In Thousands)
 (Unaudited)

	Six Months Ended June 30,	
	2018	2017
Cash Flows from Operating Activities		
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net Income	\$1,335,320	\$51,570
Items Not Requiring (Providing) Cash		
Depreciation, Depletion and Amortization	1,597,265	1,681,420
Impairments	116,317	272,121
Stock-Based Compensation Expenses	67,289	58,061
Deferred Income Taxes	347,586	35,162
Losses on Asset Dispositions, Net	21,286	25,674
Other, Net	13,507	(6,691)
Dry Hole Costs	4,902	27
Mark-to-Market Commodity Derivative Contracts		
Total (Gains) Losses	245,654	(71,466)
Net Cash Received from (Payments for) Settlements of Commodity Derivative Contracts	(88,334)	2,591
Other, Net	(261)	(185)
Changes in Components of Working Capital and Other Assets and Liabilities		
Accounts Receivable	(309,751)	103,786
Inventories	(192,219)	(6,129)
Accounts Payable	455,977	76,704
Accrued Taxes Payable	22,535	(39,124)
Other Assets	(62,843)	(61,089)
Other Liabilities	(53,168)	(66,869)