

EOG RESOURCES INC
Form 10-Q
November 03, 2016

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 September 30, 2016

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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Yes o No ý

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 | 576,457,693 (as of October 26, 2016) |

EOG RESOURCES, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EOG RESOURCES, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In Thousands, Except Per Share Data)

(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|---------------|-----------------------|---------------|
| | September 30, 2016 | 2015 | September 30, 2016 | 2015 |
| Net Operating Revenues | | | | |
| Crude Oil and Condensate | \$1,137,717 | \$1,181,092 | \$2,951,118 | \$3,894,092 |
| Natural Gas Liquids | 112,439 | 95,217 | 299,401 | 311,137 |
| Natural Gas | 205,293 | 281,837 | 526,779 | 843,657 |
| Gains (Losses) on Mark-to-Market Commodity Derivative Contracts | 5,117 | 29,239 | (33,821) | 56,954 |
| Gathering, Processing and Marketing | 532,456 | 572,217 | 1,351,665 | 1,820,843 |
| Gains (Losses) on Asset Dispositions, Net | 108,204 | (1,185) | 101,801 | (5,142) |
| Other, Net | 17,278 | 14,011 | 51,650 | 39,126 |
| Total | 2,118,504 | 2,172,428 | 5,248,593 | 6,960,667 |
| Operating Expenses | | | | |
| Lease and Well | 226,348 | 283,221 | 685,606 | 934,366 |
| Transportation Costs | 200,862 | 203,594 | 570,787 | 641,739 |
| Gathering and Processing Costs | 32,635 | 35,497 | 90,385 | 106,503 |
| Exploration Costs | 25,455 | 31,344 | 85,843 | 114,548 |
| Dry Hole Costs | 10,390 | 198 | 10,464 | 14,317 |
| Impairments | 177,990 | 6,307,420 | 322,321 | 6,445,375 |
| Marketing Costs | 552,487 | 615,303 | 1,373,387 | 1,924,134 |
| Depreciation, Depletion and Amortization | 899,511 | 722,172 | 2,690,893 | 2,544,187 |
| General and Administrative | 94,397 | 90,959 | 292,633 | 257,580 |
| Taxes Other Than Income | 91,909 | 105,677 | 246,068 | 334,244 |
| Total | 2,311,984 | 8,395,385 | 6,368,387 | 13,316,993 |
| Operating Loss | (193,480) | (6,222,957) | (1,119,794) | (6,356,326) |
| Other (Expense) Income, Net | (7,912) | 8,607 | (33,345) | 7,996 |
| Loss Before Interest Expense and Income Taxes | (201,392) | (6,214,350) | (1,153,139) | (6,348,330) |
| Interest Expense, Net | 70,858 | 60,571 | 210,356 | 174,400 |
| Loss Before Income Taxes | (272,250) | (6,274,921) | (1,363,495) | (6,522,730) |
| Income Tax Benefit | (82,250) | (2,199,182) | (409,161) | (2,282,511) |
| Net Loss | \$(190,000) | \$(4,075,739) | \$(954,334) | \$(4,240,219) |
| Net Loss Per Share | | | | |
| Basic | \$(0.35) | \$(7.47) | \$(1.74) | \$(7.77) |
| Diluted | \$(0.35) | \$(7.47) | \$(1.74) | \$(7.77) |
| Dividends Declared per Common Share | \$0.1675 | \$0.1675 | \$0.5025 | \$0.5025 |
| Average Number of Common Shares | | | | |
| Basic | 547,838 | 545,920 | 547,295 | 545,466 |
| Diluted | 547,838 | 545,920 | 547,295 | 545,466 |
| Comprehensive Income (Loss) | | | | |
| Net Loss | \$(190,000) | \$(4,075,739) | \$(954,334) | \$(4,240,219) |

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|--|--------------|---------------|--------------|---------------|
| Other Comprehensive Income (Loss) | | | | |
| Foreign Currency Translation Adjustments | 141 | (7,004 |) 8,170 | (11,767) |
| Other, Net of Tax | 23 | 28 | 68 | (156) |
| Other Comprehensive Income (Loss) | 164 | (6,976 |) 8,238 | (11,923) |
| Comprehensive Loss | \$(189,836) | \$(4,082,715) | \$(946,096) | \$(4,252,142) |

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

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

| | September 30, 2016 | December 31, 2015 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$1,048,727 | \$718,506 |
| Accounts Receivable, Net | 920,189 | 930,610 |
| Inventories | 429,667 | 598,935 |
| Assets from Price Risk Management Activities | 2,185 | — |
| Income Taxes Receivable | 178 | 40,704 |
| Deferred Income Taxes | 137,098 | 147,812 |
| Other | 199,720 | 155,677 |
| Total | 2,737,764 | 2,592,244 |
| Property, Plant and Equipment | | |
| Oil and Gas Properties (Successful Efforts Method) | 50,465,979 | 50,613,241 |
| Other Property, Plant and Equipment | 4,013,602 | 3,986,610 |
| Total Property, Plant and Equipment | 54,479,581 | 54,599,851 |
| Less: Accumulated Depreciation, Depletion and Amortization | (31,835,196) | (30,389,130) |
| Total Property, Plant and Equipment, Net | 22,644,385 | 24,210,721 |
| Other Assets | 172,772 | 167,505 |
| Total Assets | \$25,554,921 | \$26,970,470 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts Payable | \$1,296,240 | \$1,471,953 |
| Accrued Taxes Payable | 143,257 | 93,618 |
| Dividends Payable | 91,842 | 91,546 |
| Current Portion of Long-Term Debt | 6,579 | 6,579 |
| Other | 195,045 | 155,591 |
| Total | 1,732,963 | 1,819,287 |
| Long-Term Debt | | |
| Other Liabilities | 975,763 | 971,335 |
| Deferred Income Taxes | 4,068,345 | 4,587,902 |
| Commitments and Contingencies (Note 8) | | |
| Stockholders' Equity | | |
| Common Stock, \$0.01 Par, 640,000,000 Shares Authorized and 551,425,785 Shares Issued at September 30, 2016 and 550,150,823 Shares Issued at December 31, 2015 | 205,514 | 205,502 |
| Additional Paid in Capital | 2,992,887 | 2,923,461 |
| Accumulated Other Comprehensive Loss | (25,100) | (33,338) |
| Retained Earnings | 8,641,704 | 9,870,816 |
| Common Stock Held in Treasury, 197,181 Shares at September 30, 2016 and 292,179 Shares at December 31, 2015 | (16,693) | (23,406) |
| Total Stockholders' Equity | 11,798,312 | 12,943,035 |

| | | |
|--|--------------|--------------|
| Total Liabilities and Stockholders' Equity | \$25,554,921 | \$26,970,470 |
|--|--------------|--------------|

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

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

| | Nine Months Ended September 30, | |
|---|------------------------------------|----------------|
| | 2016 | 2015 |
| Cash Flows from Operating Activities | | |
| Reconciliation of Net Loss to Net Cash Provided by Operating Activities: | | |
| Net Loss | \$(954,334) | \$(4,240,219) |
| Items Not Requiring (Providing) Cash | | |
| Depreciation, Depletion and Amortization | 2,690,893 | 2,544,187 |
| Impairments | 322,321 | 6,445,375 |
| Stock-Based Compensation Expenses | 97,072 | 101,926 |
| Deferred Income Taxes | (492,489) | (2,377,030) |
| (Gains) Losses on Asset Dispositions, Net | (101,801) | 5,142 |
| Other, Net | 42,149 | 3,735 |
| Dry Hole Costs | 10,464 | 14,317 |
| Mark-to-Market Commodity Derivative Contracts | | |
| Total Losses (Gains) | 33,821 | (56,954) |
| Net Cash (Payments for) Received from Settlements of Commodity Derivative Contracts | (22,219) | 661,021 |
| Excess Tax Benefits from Stock-Based Compensation | (22,071) | (24,219) |
| Other, Net | 7,513 | 8,904 |
| Changes in Components of Working Capital and Other Assets and Liabilities | | |
| Accounts Receivable | (11,860) | 448,311 |
| Inventories | 137,563 | 27,007 |
| Accounts Payable | (201,213) | (1,310,211) |
| Accrued Taxes Payable | 113,996 | 77,575 |
| Other Assets | (12,526) | 146,965 |
| Other Liabilities | 36,799 | (15,683) |
| Changes in Components of Working Capital Associated with Investing and Financing Activities | (119,760) | 519,203 |
| Net Cash Provided by Operating Activities | 1,554,318 | 2,979,352 |
| Investing Cash Flows | | |
| Additions to Oil and Gas Properties | (1,781,547) | (3,918,065) |
| Additions to Other Property, Plant and Equipment | (60,343) | (252,295) |
| Proceeds from Sales of Assets | 457,665 | 144,285 |
| Changes in Components of Working Capital Associated with Investing Activities | 120,614 | (519,323) |
| Net Cash Used in Investing Activities | (1,263,611) | (4,545,398) |
| Financing Cash Flows | | |
| Net Commercial Paper (Repayments) Borrowings | (259,718) | 29,700 |
| Long-Term Debt Borrowings | 991,097 | 990,225 |
| Long-Term Debt Repayments | (400,000) | (500,000) |
| Dividends Paid | (276,726) | (274,577) |
| Excess Tax Benefits from Stock-Based Compensation | 22,071 | 24,219 |
| Treasury Stock Purchased | (55,641) | (43,419) |
| Proceeds from Stock Options Exercised and Employee Stock Purchase Plan | 14,283 | 14,967 |
| Debt Issuance Costs | (1,602) | (5,933) |
| Repayment of Capital Lease Obligation | (4,746) | (4,599) |
| Other, Net | (854) | 120 |

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| | | |
|--|-------------|--------------|
| Net Cash Provided by Financing Activities | 28,164 | 230,703 |
| Effect of Exchange Rate Changes on Cash | 11,350 | (9,181) |
| Increase (Decrease) in Cash and Cash Equivalents | 330,221 | (1,344,524) |
| Cash and Cash Equivalents at Beginning of Period | 718,506 | 2,087,213 |
| Cash and Cash Equivalents at End of Period | \$1,048,727 | \$742,689 |

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

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EOG RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

General. The consolidated financial statements of EOG Resources, Inc., together with its subsidiaries (collectively, EOG), included herein have been prepared by management without audit pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Accordingly, they reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial results for the interim periods presented. Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures included either on the face of the financial statements or in these notes are sufficient to make the interim information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in EOG's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 25, 2016 (EOG's 2015 Annual Report).

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The operating results for the three and nine months ended September 30, 2016, are not necessarily indicative of the results to be expected for the full year.

Effective January 1, 2016, EOG adopted the provisions of Accounting Standards Update (ASU) 2015-03, "Interest - Computation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03). ASU 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct reduction from the related debt liability rather than as an asset. In connection with the adoption of ASU 2015-03, EOG restated its December 31, 2015 Consolidated Balance Sheet to reclassify \$4.8 million of unamortized debt issuance costs from "Other Assets" to "Long-Term Debt." Debt issuance costs related to EOG's senior unsecured credit facility remain classified as "Other Assets."

Recently Issued Accounting Standards. In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-15, "Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments" (ASU 2016-15). ASU 2016-15 reduces existing diversity in practice by providing guidance on the classification of eight specific cash receipts and cash payments transactions in the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is permitted. EOG does not expect the adoption of the new standard to have a material impact on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting" (ASU 2016-09), which amends certain aspects of accounting for share-based payment arrangements. ASU 2016-09 revises or provides alternative accounting for the tax impacts of share-based payment arrangements, forfeitures and minimum statutory tax withholdings and prescribes certain disclosures to be made in the period the new standard is adopted. ASU 2016-09 is effective for interim and annual periods beginning after December 15, 2016, and early application is permitted. EOG is evaluating ASU 2016-09 in order to determine what impact the new standard will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" (ASU 2016-02), which significantly changes accounting for leases by requiring that lessees recognize a right-of-use asset and a related lease liability representing the obligation to make lease payments, for virtually all lease transactions. Additional disclosures about an entity's lease transactions will also be required. ASU 2016-02 defines a lease as "a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (an identified asset) for a period of time in exchange for consideration." ASU 2016-02 is effective for interim and annual periods beginning after December 31, 2018 and early application is permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented in the financial statements using a modified retrospective approach. EOG is reviewing the provisions of ASU 2016-02 to determine the impact on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" (ASU 2015-17), which simplifies the presentation of deferred taxes in a classified balance sheet by eliminating the requirement to separate deferred income tax liabilities and assets into current and noncurrent amounts. Instead, ASU 2015-17 requires that all deferred tax liabilities and assets be shown as noncurrent in a classified balance sheet. ASU 2015-17 is effective for financial statements issued for interim and annual periods beginning after December 15, 2016, and early application is permitted.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

EOG does not intend to early-adopt ASU 2015-17 and does not expect the new standard to have a material impact on its consolidated financial statements and related disclosures.

In July 2015, the FASB issued ASU 2015-11, "Accounting for Inventory" (ASU 2015-11), which requires entities to measure most inventory at lower of cost or net realizable value. ASU 2015-11 defines net realizable value as "the estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation." ASU 2015-11 is effective prospectively for interim and annual periods beginning after December 15, 2016, and early application is permitted. EOG is reviewing the requirements of the new standard and does not believe that the adoption of ASU 2015-11 will have a material impact on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, "Revenue From Contracts With Customers" (ASU 2014-09), which will require entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will supersede most current guidance related to revenue recognition when it becomes effective. The new standard also will require expanded disclosures regarding the nature, amount, timing and certainty of revenue and cash flows from contracts with customers. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2017, and early adoption is permitted. The new standard permits adoption through the use of either the full retrospective approach or a modified retrospective approach. In May 2016, the FASB issued ASU 2016-11 which rescinds certain SEC guidance in the Accounting Standards Codification, including guidance related to the use of the "entitlements" method of revenue recognition used by EOG. EOG does not intend to early-adopt ASU 2014-09 and has not determined which transition method it will use. EOG continues to analyze ASU 2014-09, as well as subsequent guidance which amends and clarifies certain aspects of ASU 2014-09, in order to determine what impact it will have on EOG's consolidated financial statements and related disclosures.

2. Stock-Based Compensation

As more fully discussed in Note 7 to the Consolidated Financial Statements included in EOG's 2015 Annual Report, EOG maintains various stock-based compensation plans. Stock-based compensation expense is included on the Consolidated Statements of Income and Comprehensive Income based upon the job function of the employees receiving the grants as follows (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------|--|--------|--|---------|
| | 2016 | 2015 | 2016 | 2015 |
| Lease and Well | \$8.9 | \$10.3 | \$28.2 | \$32.9 |
| Gathering and Processing Costs | 0.4 | 0.4 | 1.0 | 1.0 |
| Exploration Costs | 4.1 | 6.0 | 15.6 | 19.3 |
| General and Administrative | 24.2 | 23.6 | 52.3 | 48.8 |
| Total | \$37.6 | \$40.3 | \$97.1 | \$102.0 |

The Amended and Restated EOG Resources, Inc. 2008 Omnibus Equity Compensation Plan (2008 Plan) provides for grants of stock options, stock-settled stock appreciation rights (SARs), restricted stock and restricted stock units, performance units and performance stock and other stock-based awards. At September 30, 2016, approximately 21.4

million common shares remained available for grant under the 2008 Plan. EOG's policy is to issue shares related to the 2008 Plan from previously authorized unissued shares or treasury shares to the extent treasury shares are available.

Stock Options and Stock-Settled Stock Appreciation Rights and Employee Stock Purchase Plan. The fair value of stock option grants and SAR grants is estimated using the Hull-White II binomial option pricing model. The fair value of Employee Stock Purchase Plan (ESPP) grants is estimated using the Black-Scholes-Merton model. Stock-based compensation expense related to stock option, SAR and ESPP grants totaled \$18.8 million and \$20.0 million during the three months ended September 30, 2016 and 2015, respectively, and \$45.0 million and \$43.3 million during the nine months ended September 30, 2016 and 2015, respectively.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

Weighted average fair values and valuation assumptions used to value stock option, SAR and ESPP grants during the nine-month periods ended September 30, 2016 and 2015 are as follows:

| | Stock Options/SARs | | ESPP | |
|---------------------------------------|---------------------------------------|--------------|---------------------------------------|--------------|
| | Nine Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Weighted Average Fair Value of Grants | \$25.77 | \$21.87 | \$19.28 | \$21.40 |
| Expected Volatility | 31.52 % | 38.04 % | 36.54 % | 32.54 % |
| Risk-Free Interest Rate | 0.78 % | 0.83 % | 0.43 % | 0.12 % |
| Dividend Yield | 0.76 % | 0.85 % | 0.82 % | 0.72 % |
| Expected Life | 5.4 years | 5.3 years | 0.5 years | 0.5 years |

Expected volatility is based on an equal weighting of historical volatility and implied volatility from traded options in EOG's common stock. The risk-free interest rate is based upon United States Treasury yields in effect at the time of grant. The expected life is based upon historical experience and contractual terms of stock option, SAR and ESPP grants.

The following table sets forth stock option and SAR transactions for the nine-month periods ended September 30, 2016 and 2015 (stock options and SARs in thousands):

| | Nine Months Ended September 30, 2016 | | Nine Months Ended September 30, 2015 | |
|--|---|---------------------------------------|---|---------------------------------------|
| | Number of Stock Options/ SARs | Weighted Average Grant Price | Number of Stock Options/ SARs | Weighted Average Grant Price |
| Outstanding at January 1 | 10,744 | \$ 67.98 | 10,493 | \$ 64.96 |
| Granted | 1,821 | 94.87 | 2,029 | 69.95 |
| Exercised ⁽¹⁾ | (1,673) | 49.85 | (1,291) | 47.25 |
| Forfeited | (241) | 85.77 | (203) | 80.12 |
| Outstanding at September 30 ⁽²⁾ | 10,651 | \$ 75.02 | 11,028 | \$ 67.67 |
| Vested or Expected to Vest ⁽³⁾ | 10,300 | \$ 74.60 | 10,653 | \$ 67.22 |
| Exercisable at September 30 ⁽⁴⁾ | 6,302 | \$ 66.46 | 6,121 | \$ 57.34 |

The total intrinsic value of stock options/SARs exercised for the nine months ended September 30, 2016 and 2015 (1) was \$58.7 million and \$52.4 million, respectively. The intrinsic value is based upon the difference between the market price of EOG's common stock on the date of exercise and the grant price of the stock options/SARs.

The total intrinsic value of stock options/SARs outstanding at September 30, 2016 and 2015 was \$240.8 million (2) and \$136.9 million, respectively. At September 30, 2016 and 2015, the weighted average remaining contractual life was 4.1 years and 4.4 years, respectively.

(3) The total intrinsic value of stock options/SARs vested or expected to vest at September 30, 2016 and 2015 was \$237.2 million and \$135.7 million, respectively. At September 30, 2016 and 2015, the weighted average remaining

contractual life was 4.0 years and 4.3 years, respectively.

The total intrinsic value of stock options/SARs exercisable at September 30, 2016 and 2015 was \$196.3 million (4) and \$121.6 million, respectively. At September 30, 2016 and 2015, the weighted average remaining contractual life was 2.8 years and 3.1 years, respectively.

At September 30, 2016, unrecognized compensation expense related to non-vested stock option, SAR and ESPP grants totaled \$106.1 million. Such unrecognized expense will be amortized on a straight-line basis over a weighted average period of 3.0 years.

Restricted Stock and Restricted Stock Units. Employees may be granted restricted (non-vested) stock and/or restricted stock units without cost to them. Stock-based compensation expense related to restricted stock and restricted stock units totaled \$13.1 million and \$16.2 million for the three months ended September 30, 2016 and 2015, respectively, and \$45.5 million and \$53.9 million for the nine months ended September 30, 2016 and 2015, respectively.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

The following table sets forth restricted stock and restricted stock unit transactions for the nine-month periods ended September 30, 2016 and 2015 (shares and units in thousands):

| | Nine Months Ended September 30, 2016 | | Nine Months Ended September 30, 2015 | |
|--|---|---|---|---|
| | Number of Shares and Units | Weighted Average Grant Date Fair Value | Number of Shares and Units | Weighted Average Grant Date Fair Value |
| Outstanding at January 1 | 4,908 | \$ 70.35 | 5,394 | \$ 64.39 |
| Granted | 833 | 87.76 | 1,036 | 77.90 |
| Released ⁽¹⁾ | (1,392) | 53.15 | (1,250) | 51.02 |
| Forfeited | (269) | 76.40 | (152) | 74.83 |
| Outstanding at September 30 ⁽²⁾ | 4,080 | \$ 79.37 | 5,028 | \$ 70.18 |

(1) The total intrinsic value of restricted stock and restricted stock units released for the nine months ended September 30, 2016 and 2015 was \$116.3 million and \$102.5 million, respectively. The intrinsic value is based upon the closing price of EOG's common stock on the date the restricted stock and restricted stock units are released.

(2) The total intrinsic value of restricted stock and restricted stock units outstanding at September 30, 2016 and 2015 was \$394.6 million and \$366.0 million, respectively.

At September 30, 2016, unrecognized compensation expense related to restricted stock and restricted stock units totaled \$170.3 million. Such unrecognized expense will be amortized on a straight-line basis over a weighted average period of 2.8 years.

Performance Units and Performance Stock. EOG grants performance units and/or performance stock (Performance Awards) to its executive officers. As more fully discussed in the grant agreements, the performance metric applicable to these performance-based grants is EOG's total shareholder return over a three-year performance period relative to the total shareholder return of a designated group of peer companies (Performance Period). Upon the application of the performance multiple at the completion of the Performance Period, a minimum of 0% and a maximum of 200% of the Performance Awards granted could be outstanding. Subject to the termination provisions set forth in the grant agreements and the applicable performance multiple, the grants of Performance Awards will "cliff" vest five years from the date of grant. The fair value of the Performance Awards is estimated using a Monte Carlo simulation.

At December 31, 2015, 405,000 Performance Awards were outstanding. Upon completion of the Performance Period for the Performance Awards granted in 2012, a performance multiple of 200% was applied to the 2012 grants resulting in an additional grant of 142,556 Performance Awards in February 2016. During the nine-month period ended September 30, 2016, a total of 71,805 Performance Awards were granted. A total of 134,016 Performance Awards were released during the nine months ended September 30, 2016, with a total intrinsic value of \$9.7 million, based upon the closing price of EOG's common stock on the release date. Upon the application of the performance multiple at the completion of the remaining Performance Periods, a minimum of 151,096 and a maximum of 819,594 Performance Awards could be outstanding. There were 485,345 Performance Awards outstanding as of September 30,

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2016. The total intrinsic value of Performance Awards outstanding at September 30, 2016 was \$46.9 million.

Weighted average fair values and valuation assumptions used to value performance unit and performance stock grants of Performance Awards during the nine-month periods ended September 30, 2016 and 2015 are as follows:

| | Nine Months Ended | | | |
|---------------------------------------|-------------------|----------|--|--|
| | September 30, | | | |
| | 2016 | 2015 | | |
| Weighted Average Fair Value of Grants | \$ 112.09 | \$ 80.64 | | |
| Expected Volatility | 32.01 % | 29.35 % | | |
| Risk-Free Interest Rate | 0.89 % | 1.07 % | | |

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EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

Expected volatility is based on the term-matched historical volatility over the simulated term, which is calculated as the time between the grant date and the end of the performance period. The risk-free interest rate is based on a 3.25 year zero-coupon risk-free interest rate derived from the Treasury Constant Maturities yield curve on the grant date.

Stock-based compensation expense related to the Performance Award grants totaled \$5.7 million and \$4.1 million for the three month periods ended September 30, 2016 and 2015, respectively, and \$6.6 million and \$4.8 million for the nine month periods ended September 30, 2016 and 2015, respectively. At September 30, 2016, unrecognized compensation expense related to Performance Awards totaled \$7.4 million. Such unrecognized expense will be amortized on a straight-line basis over a weighted average period of 3.3 years.

3. Net Loss Per Share

The following table sets forth the computation of Net Loss Per Share for the three-month and nine-month periods ended September 30, 2016 and 2015 (in thousands, except per share data):

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|---------------|-------------------|---------------|
| | September 30, | | September 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Numerator for Basic and Diluted Earnings Per Share - Net Loss | \$(190,000) | \$(4,075,739) | \$(954,334) | \$(4,240,219) |
| Denominator for Basic Earnings Per Share - Weighted Average Shares | 547,838 | 545,920 | 547,295 | 545,466 |
| Potential Dilutive Common Shares - Stock Options/SARs | — | — | — | — |
| Restricted Stock/Units and Performance Units/Stock | — | — | — | — |
| Denominator for Diluted Earnings Per Share - Adjusted Diluted Weighted Average Shares | 547,838 | 545,920 | 547,295 | 545,466 |
| Net Loss Per Share | | | | |
| Basic | \$(0.35 |) \$(7.47 |) \$(1.74 |) \$(7.77 |
| Diluted | \$(0.35 |) \$(7.47 |) \$(1.74 |) \$(7.77 |

The diluted earnings per share calculation excludes stock options, SARs, restricted stock and units and performance units and stock that were anti-dilutive. Shares underlying the excluded stock options and SARs totaled 9.9 million and 9.8 million shares for the three months ended September 30, 2016 and 2015, respectively, and 10.2 million and 10.0 million shares for the nine months ended September 30, 2016 and 2015, respectively. For both the three months and nine months ended September 30, 2016, 4.6 million shares of restricted stock, restricted stock units and performance units were excluded. For both the three months and nine months ended September 30, 2015, 5.4 million shares of restricted stock, restricted stock units and performance units were excluded.

EOG RESOURCES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
 (Unaudited)

4. Supplemental Cash Flow Information

Net cash paid for interest and income taxes was as follows for the nine-month periods ended September 30, 2016 and 2015 (in thousands):

| | Nine Months Ended | |
|---------------------------------------|-------------------|-----------|
| | September 30, | |
| | 2016 | 2015 |
| Interest ⁽¹⁾ | \$184,476 | \$152,590 |
| Income Taxes, Net of Refunds Received | \$(2,094) | \$69,281 |

⁽¹⁾ Net of capitalized interest of \$25 million and \$33 million for the nine months ended September 30, 2016 and 2015, respectively.

EOG's accrued capital expenditures at September 30, 2016 and 2015 were \$375 million and \$437 million, respectively.

5. Segment Information

Selected financial information by reportable segment is presented below for the three-month and nine-month periods ended September 30, 2016 and 2015 (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|------------------------------------|--------------------|---------------|-------------------|---------------|
| | September 30, | | September 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Net Operating Revenues | | | | |
| United States | \$2,023,130 | \$2,040,881 | \$5,007,119 | \$6,622,781 |
| Trinidad | 57,937 | 98,493 | 183,461 | 290,758 |
| Other International ⁽¹⁾ | 37,437 | 33,054 | 58,013 | 47,128 |
| Total | \$2,118,504 | \$2,172,428 | \$5,248,593 | \$6,960,667 |
| Operating (Loss) Income | | | | |
| United States | \$(193,453) | \$(6,110,284) | \$(1,099,030) | \$(6,271,908) |
| Trinidad | 15,688 | 46,230 | 41,620 | 139,116 |
| Other International ⁽¹⁾ | (15,715) | (158,903) | (62,384) | (223,534) |
| Total | (193,480) | (6,222,957) | (1,119,794) | (6,356,326) |
| Reconciling Items | | | | |
| Other (Expense) Income, Net | (7,912) | 8,607 | (33,345) | 7,996 |
| Interest Expense, Net | (70,858) | (60,571) | (210,356) | (174,400) |
| Loss Before Income Taxes | \$(272,250) | \$(6,274,921) | \$(1,363,495) | \$(6,522,730) |

⁽¹⁾ Other International primarily includes EOG's United Kingdom, China and Canada operations.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

Total assets by reportable segment are presented below at September 30, 2016 and December 31, 2015 (in thousands):

| | At September 30, 2016 | At December 31, 2015 |
|------------------------------------|--------------------------------|-------------------------------|
| Total Assets | | |
| United States | \$23,949,843 | \$25,347,134 |
| Trinidad | 873,069 | 886,826 |
| Other International ⁽¹⁾ | 732,009 | 736,510 |
| Total | \$25,554,921 | \$26,970,470 |

(1) Other International primarily consists of EOG's United Kingdom, China and Canada operations.

6. Asset Retirement Obligations

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of short-term and long-term legal obligations associated with the retirement of property, plant and equipment for the nine-month periods ended September 30, 2016 and 2015 (in thousands):

| | Nine Months Ended September 30, | |
|--|------------------------------------|-----------|
| | 2016 | 2015 |
| Carrying Amount at Beginning of Period | \$811,554 | \$752,718 |
| Liabilities Incurred | 40,080 | 38,095 |
| Liabilities Settled ⁽¹⁾ | (52,518) | (12,929) |
| Accretion | 24,462 | 23,810 |
| Revisions | (26,307) | (13,576) |
| Foreign Currency Translations | (7,851) | (4,361) |
| Carrying Amount at End of Period | \$789,420 | \$783,757 |
| Current Portion | \$10,133 | \$11,592 |
| Noncurrent Portion | \$779,287 | \$772,165 |

(1) Includes settlements related to asset sales.

The current and noncurrent portions of EOG's asset retirement obligations are included in Current Liabilities - Other and Other Liabilities, respectively, on the Consolidated Balance Sheets.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

7. Exploratory Well Costs

EOG's net changes in capitalized exploratory well costs for the nine-month period ended September 30, 2016, are presented below (in thousands):

| | Nine Months Ended September 30, 2016 |
|--|--|
| Balance at January 1 | \$ 8,955 |
| Additions Pending the Determination of Proved Reserves | 6,688 |
| Reclassifications to Proved Properties | (5,274) |
| Costs Charged to Expense | (10,369) |
| Balance at September 30 | \$ — |

8. Commitments and Contingencies

There are currently various suits and claims pending against EOG that have arisen in the ordinary course of EOG's business, including contract disputes, personal injury and property damage claims and title disputes. While the ultimate outcome and impact on EOG cannot be predicted, management believes that the resolution of these suits and claims will not, individually or in the aggregate, have a material adverse effect on EOG's consolidated financial position, results of operations or cash flow. EOG records reserves for contingencies when information available indicates that a loss is probable and the amount of the loss can be reasonably estimated.

9. Pension and Postretirement Benefits

EOG has defined contribution pension plans in place for most of its employees in the United States, Trinidad and the United Kingdom, and a defined benefit pension plan covering certain of its employees in Trinidad. For the nine months ended September 30, 2016 and 2015, EOG's total costs recognized for these pension plans were \$28 million and \$27 million, respectively. EOG also has postretirement medical and dental plans in place for eligible employees in the United States and Trinidad, the costs of which are not material.

10. Long-Term Debt

During the nine months ended September 30, 2016 and 2015, EOG utilized commercial paper borrowings bearing market interest rates, for various corporate financing purposes. At September 30, 2016 and 2015, EOG had zero and \$30 million, respectively, of outstanding commercial paper borrowings and no uncommitted credit facility borrowings. The average borrowings outstanding under the commercial paper program were \$155 million and \$7 million during the nine months ended September 30, 2016 and 2015, respectively. The weighted average interest rates for commercial paper borrowings during the nine months ended September 30, 2016 and 2015 was 0.76% and 0.45%, respectively.

At September 30, 2016, \$600 million aggregate principal amount of EOG's 5.875% Senior Notes due 2017 were reclassified as long-term debt based upon its intent and ability to ultimately replace such amount with other long-term debt.

On February 1, 2016, EOG repaid upon maturity the \$400 million aggregate principal amount of its 2.500% Senior Notes due 2016 (2016 Notes).

On January 14, 2016, EOG closed its sale of \$750 million aggregate principal amount of its 4.15% Senior Notes due 2026 and \$250 million aggregate principal amount of its 5.10% Senior Notes due 2036 (collectively, the Notes). Interest on the Notes is payable semi-annually in arrears on January 15 and July 15 of each year beginning on July 15, 2016. Net proceeds from the Notes offering totaled approximately \$991 million and were used to repay the 2016 Notes when they matured on February 1, 2016, and for general corporate purposes, including repayment of outstanding commercial paper borrowings and funding of capital expenditures.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

EOG currently has a \$2.0 billion senior unsecured Revolving Credit Agreement (Agreement) with domestic and foreign lenders. The Agreement has a scheduled maturity date of July 21, 2020, and includes an option for EOG to extend, on up to two occasions, the term for successive one-year periods subject to certain terms and conditions. Advances under the Agreement will accrue interest based, at EOG's option, on either the London InterBank Offered Rate plus an applicable margin (Eurodollar rate) or the base rate (as defined in the Agreement) plus an applicable margin. At September 30, 2016, there were no borrowings or letters of credit outstanding under the Agreement. The Eurodollar rate and applicable base rate, had there been any amounts borrowed under the Agreement, would have been 1.53% and 3.50%, respectively.

11. Fair Value Measurements

As more fully discussed in Note 13 to the Consolidated Financial Statements included in EOG's 2015 Annual Report, certain of EOG's financial and nonfinancial assets and liabilities are reported at fair value on the Consolidated Balance Sheets. The following table provides fair value measurement information within the fair value hierarchy for certain of EOG's financial assets and liabilities carried at fair value on a recurring basis at September 30, 2016. There were no such amounts outstanding at December 31, 2015. Amounts shown in millions.

| | Fair Value Measurements Using: | | | |
|---------------------------------|--|---|--|-------|
| | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| At September 30, 2016 | | | | |
| Financial Assets ⁽¹⁾ | | | | |
| Crude Oil Collars | \$ — | 1 | \$ — | —\$ 1 |
| Natural Gas Price Swaps/Options | — | 4 | — | 4 |

(1) At September 30, 2016, \$2.2 million is included in "Current Assets - Assets From Price Risk Management Activities" and \$2.5 million is included in "Other Assets" on the Consolidated Balance Sheets.

The estimated fair value of commodity derivative contracts was based upon forward commodity price curves based on quoted market prices. Commodity derivative contracts were valued by utilizing an independent third-party derivative valuation provider who uses various types of valuation models, as applicable.

The initial measurement of asset retirement obligations at fair value is calculated using discounted cash flow techniques and based on internal estimates of future retirement costs associated with property, plant and equipment. Significant Level 3 inputs used in the calculation of asset retirement obligations include plugging costs and reserve lives. A reconciliation of EOG's asset retirement obligations is presented in Note 6.

Proved oil and gas properties and other assets with a carrying amount of \$625 million were written down to their fair value of \$518 million, resulting in pretax impairment charges of \$107 million for the nine months ended September 30, 2016. Included in the \$107 million pretax impairment charges are \$103 million of impairments of proved oil and gas properties and other property, plant and equipment for which EOG utilized an accepted offer from a third-party purchaser as the basis for determining fair value.

Fair Value of Debt. At September 30, 2016 and December 31, 2015, EOG had outstanding \$6,990 million and \$6,390 million, respectively, aggregate principal amount of senior notes, which had estimated fair values of approximately \$7,395 million and \$6,524 million, respectively. The estimated fair value of debt was based upon quoted market prices and, where such prices were not available, other observable (Level 2) inputs regarding interest rates available to EOG at the end of each respective period.

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

12. Risk Management Activities

Commodity Price Risk. As more fully discussed in Note 12 to the Consolidated Financial Statements included in EOG's 2015 Annual Report, EOG engages in price risk management activities from time to time. These activities are intended to manage EOG's exposure to fluctuations in commodity prices for crude oil and natural gas. EOG utilizes financial commodity derivative instruments, primarily price swap, option, swaption, collar and basis swap contracts, as a means to manage this price risk. EOG has not designated any of its financial commodity derivative contracts as accounting hedges and, accordingly, accounts for financial commodity derivative contracts using the mark-to-market accounting method.

Commodity Derivative Contracts. Presented below is a comprehensive summary of EOG's crude oil price swap contracts for the nine months ended September 30, 2016, with notional volumes expressed in barrels per day (Bbld) and prices expressed in dollars per barrel (\$/Bbl).

Crude Oil Price Swap Contracts

| | Volume (Bbld) | Weighted Average Price (\$/Bbl) |
|--|------------------|--|
| 2016 | | |
| April 12, 2016 through April 30, 2016 (closed) | 90,000 | \$ 42.30 |
| May 1, 2016 through June 30, 2016 (closed) | 128,000 | 42.56 |

EOG has entered into crude oil collar contracts, which establish ceiling and floor prices for the sale of notional volumes of crude oil as specified in the collar contracts. The collars require that EOG pay the difference between the ceiling price and the average NYMEX West Texas Intermediate crude oil price for the contract month (Index Price) in the event the Index Price is above the ceiling price. The collars grant EOG the right to receive the difference between the floor price and the Index Price in the event the Index Price is below the floor price. Presented below is a comprehensive summary of EOG's crude oil collar contracts for the nine months ended September 30, 2016, with notional volumes expressed in Bbld and prices expressed in \$/Bbl.

Crude Oil Collar Contracts

| | Volume (Bbld) | Weighted Average Price (\$/Bbl) | Ceiling Price | Floor Price |
|---|------------------|---------------------------------------|------------------|----------------|
| 2016 | | | | |
| September 2016 (closed) | 70,000 | \$54.25 | \$45.00 | |
| October 1, 2016 through December 31, 2016 | 70,000 | 54.25 | 45.00 | |

Presented below is a comprehensive summary of EOG's natural gas price swap contracts for the nine months ended September 30, 2016, with notional volumes expressed in million British thermal units (MMBtu) per day (MMBtud) and prices expressed in dollars per MMBtu (\$/MMBtu).

Natural Gas Price Swap Contracts

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| | Volume (MMBtud) | Weighted Average Price (\$/MMBtu) |
|--|--------------------|--|
| 2016 | | |
| March 1, 2016 through August 31, 2016 (closed) | 60,000 | \$ 2.49 |
| 2017 | | |
| March 1, 2017 through November 30, 2017 | 30,000 | \$ 3.10 |

EOG has sold call options which establish a ceiling price for the sale of notional volumes of natural gas as specified in the call option contracts. The call options require that EOG pay the difference between the call option strike price and either the average or last business day NYMEX Henry Hub natural gas price for the contract month (Henry Hub Index Price) in the event the Henry Hub Index Price is above the call option strike price.

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EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

In addition, EOG has purchased put options which establish a floor price for the sale of notional volumes of natural gas as specified in the put option contracts. The put options grant EOG the right to receive the difference between the put option strike price and the Henry Hub Index Price in the event the Henry Hub Index Price is below the put option strike price. Presented below is a comprehensive summary of EOG's natural gas call and put option contracts for the nine months ended September 30, 2016, with notional volumes expressed in MMBtud and prices expressed in \$/MMBtu.

Natural Gas Option Contracts

| | Call Options Sold | | Put Options Purchased | |
|---|-------------------|------------------------|-----------------------|------------------------|
| | Volume | Weighted Average Price | Volume | Weighted Average Price |
| | (MMBtud) | (\$/MMBtu) | (MMBtud) | (\$/MMBtu) |
| 2016 | | | | |
| September 2016 (closed) | 56,250 | \$ 3.46 | — | \$ — |
| October 2016 (closed) | 106,250 | 3.48 | — | — |
| November 2016 | 106,250 | 3.48 | — | — |
| 2017 | | | | |
| March 1, 2017 through November 30, 2017 | 168,750 | \$ 3.41 | 135,000 | \$ 2.90 |
| 2018 | | | | |
| March 1, 2018 through November 30, 2018 | 75,000 | \$ 3.30 | 60,000 | \$ 2.90 |

Credit Risk. Notional contract amounts are used to express the magnitude of a financial derivative. The amounts potentially subject to credit risk, in the event of nonperformance by the counterparties, are equal to the fair value of such contracts (see Note 11). EOG evaluates its exposure to significant counterparties on an ongoing basis, including those arising from physical and financial transactions. In some instances, EOG renegotiates payment terms and/or requires collateral, parent guarantees or letters of credit to minimize credit risk.

All of EOG's derivative instruments are covered by International Swap Dealers Association Master Agreements (ISDAs) with counterparties. The ISDAs may contain provisions that require EOG, if it is the party in a net liability position, to post collateral when the amount of the net liability exceeds the threshold level specified for EOG's then-current credit ratings. In addition, the ISDAs may also provide that as a result of certain circumstances, including certain events that cause EOG's credit ratings to become materially weaker than its then-current ratings, the counterparty may require all outstanding derivatives under the ISDAs to be settled immediately. There were no derivative instruments in a net liability position at September 30, 2016. EOG had no collateral posted and held no collateral at September 30, 2016 and December 31, 2015.

13. Divestitures

During the first nine months of 2016, EOG received proceeds of approximately \$458 million primarily from sales of producing properties and acreage in Texas, the Rocky Mountain area and Oklahoma. Additionally, in the third quarter of 2016, EOG signed purchase and sale agreements for the sale of certain properties in the United States. At September 30, 2016, the book value of these proved oil and gas properties and other property, plant and equipment

held for sale and the related asset retirement obligations were \$55 million and \$14 million, respectively. During the first nine months of 2015, EOG received proceeds of approximately \$144 million primarily from sales of gathering and processing assets.

During the third quarter of 2016, EOG completed the sale of all its Argentina assets.

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EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Concluded)

(Unaudited)

14. Subsequent Event

On October 4, 2016, EOG completed its previously announced mergers and related asset purchase transactions with Yates Petroleum Corporation (YPC), Abo Petroleum Corporation (ABO), MYCO Industries, Inc. (MYCO) and certain affiliated entities (collectively with YPC, ABO and MYCO, the Yates Entities). Subject to the terms of the agreements, EOG issued to the shareholders of YPC, ABO and MYCO and to certain of the sellers under the related asset purchase transactions an aggregate of approximately 25 million shares of EOG common stock and paid to certain of the sellers under the asset purchase transactions an aggregate of approximately \$16 million in cash for total consideration transferred of \$2.4 billion. In addition, under the terms of the transactions, EOG repaid approximately \$164 million of debt owed by the Yates Entities, which was offset by approximately \$64 million of cash of the Yates Entities.

The assets of the Yates Entities include producing wells in addition to acreage in the Delaware Basin Core, the Delaware Basin Shelf, the Powder River Basin and other Western basins. The financial results of YPC, ABO and MYCO will be included in EOG's consolidated financial statements beginning October 4, 2016.

EOG will account for the mergers with YPC, ABO and MYCO and related asset purchase transactions as a business combination under the acquisition method with EOG as the acquirer. Under the acquisition method, the consideration transferred is allocated to the assets acquired and liabilities assumed based on their estimated fair values, with any excess of the consideration transferred over the estimated fair value of the identifiable net assets acquired recorded as goodwill. Acquisition-related costs are expensed as incurred.

Due to the limited time elapsed since the acquisition date, the initial accounting for the business combination is incomplete. As a result, EOG is unable to provide amounts recognized as of October 4, 2016, the acquisition date, for major classes of assets acquired and liabilities assumed from these transactions. This information will be included in EOG's Annual Report on Form 10-K for the year ended December 31, 2016.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS EOG RESOURCES, INC.

Overview

EOG Resources, Inc., together with its subsidiaries (collectively, EOG), is one of the largest independent (non-integrated) crude oil and natural gas companies in the United States with proved reserves in the United States, Trinidad, the United Kingdom and China. EOG operates under a consistent business and operational strategy that focuses predominantly on maximizing the rate of return on investment of capital by controlling operating and capital costs and maximizing reserve recoveries. This strategy is intended to enhance the generation of cash flow and earnings from each unit of production on a cost-effective basis, allowing EOG to deliver long-term production growth while maintaining a strong balance sheet. EOG implements its strategy by emphasizing the drilling of internally generated prospects in order to find and develop low-cost reserves. Maintaining the lowest possible operating cost structure that is consistent with prudent and safe operations is also an important goal in the implementation of EOG's strategy.

United States. EOG's efforts to identify plays with large reserve potential have proven to be successful. EOG continues to drill numerous wells in large acreage plays, which in the aggregate have contributed substantially to, and are expected to continue to contribute substantially to, EOG's crude oil and liquids-rich natural gas production. EOG has placed an emphasis on applying its horizontal drilling and completion expertise to unconventional crude oil and liquids-rich reservoirs.

Crude oil and natural gas prices have been volatile, and this volatility is expected to continue. As a result of the many uncertainties associated with the world political environment, worldwide supplies of, and demand for, crude oil and condensate, natural gas liquids (NGLs) and natural gas and the availability of other worldwide energy supplies, EOG is unable to predict what changes may occur in crude oil and condensate, NGL, and natural gas prices in the future. The market prices of crude oil and condensate, NGLs and natural gas in 2016 will continue to impact the amount of cash generated from operating activities, which will in turn impact EOG's financial position and results of operations. For the first nine months of 2016, the average U.S. New York Mercantile Exchange (NYMEX) crude oil and natural gas prices were \$41.36 per barrel and \$2.26 per million British thermal units (MMBtu), respectively, representing declines of 15% each from the average NYMEX prices in 2015. Based on its 2016 drilling plan, which has been influenced by the continued low commodity price environment, EOG expects 2016 crude oil and condensate and natural gas production to decline slightly as compared to 2015.

During the first nine months of 2016, EOG continued to focus on increasing drilling and completion efficiencies using precision lateral targeting and advanced completion methods and reducing operating and capital costs through efficiency improvements and service cost reductions. These efficiency gains along with realized lower service costs resulted in lower drilling and completion costs and decreased operating expenses during the first nine months of 2016. EOG continues to look for opportunities to add drilling inventory through leasehold acquisitions, farm-ins or tactical acquisitions and to evaluate certain potential crude oil and liquids-rich natural gas exploration and development prospects. On a volumetric basis, as calculated using the ratio of 1.0 barrel of crude oil and condensate or NGLs to 6.0 thousand cubic feet of natural gas, crude oil and condensate and NGL production accounted for approximately 72% of United States production during the nine months of 2016 as compared to 71% for the same comparable period of 2015. During the first nine months of 2016, drilling and completion activities occurred primarily in the Eagle Ford play, Delaware Basin play and Rocky Mountain area. EOG's major producing areas in the United States are in New Mexico, North Dakota, Texas, Utah and Wyoming.

On October 4, 2016, EOG completed its previously announced mergers and related asset purchase transactions with Yates Petroleum Corporation (YPC), Abo Petroleum Corporation (ABO), MYCO Industries, Inc. (MYCO) and certain affiliated entities (collectively with YPC, ABO and MYCO, the Yates Entities). The Yates Entities had recent net production of approximately 28,600 barrels of oil equivalent per day, with 48 percent crude oil. The assets of the Yates Entities include 1.6 million total net acres, with approximately 180,000 net acres in the Delaware Basin Core, approximately 130,000 net acres in the Delaware Basin Shelf and approximately 200,000 net acres in the Powder River Basin. The financial results of YPC, ABO and MYCO will be included in EOG's consolidated financial statements beginning October 4, 2016.

Trinidad. In Trinidad, EOG continues to deliver natural gas under existing supply contracts. Several fields in the South East Coast Consortium (SECC) Block, Modified U(a) Block, Block 4(a), Modified U(b) Block and the Sercan Area (formerly known as the EMZ area) have been developed and are producing natural gas, which is sold to the National Gas Company of Trinidad and Tobago Limited and its subsidiary and crude oil and condensate which is sold to the Petroleum Company of Trinidad and Tobago Limited. In the third quarter of 2016, EOG installed a platform and pipeline in the Sercan Area in preparation for its fourth quarter 2016 and 2017 drilling program. In the fourth quarter of 2016, EOG expects to drill and complete one net well and initiate natural gas sales by year end.

Other International. In the United Kingdom, EOG began production from its 100% working interest East Irish Sea Conwy crude oil project in March 2016, selling its first crude oil cargo at the end of the first quarter. Modifications to the nearby third-party-owned Douglas platform, which is used to process Conwy production, were completed in the first quarter of 2016, and acceptance and performance testing is ongoing.

In the Sichuan Basin, Sichuan Province, China, EOG is evaluating future Shaximiao development opportunities in the Chuan Zhong Block.

During the third quarter of 2016, EOG completed the sale of all its Argentina assets.

EOG continues to evaluate other select crude oil and natural gas opportunities outside the United States primarily by pursuing exploitation opportunities in countries where indigenous crude oil and natural gas reserves have been identified.

Capital Structure. One of management's key strategies is to maintain a strong balance sheet with a consistently below average debt-to-total capitalization ratio as compared to those in EOG's peer group. EOG's debt-to-total capitalization ratio was 37% and 34% at September 30, 2016 and December 31, 2015, respectively. As used in this calculation, total capitalization represents the sum of total current and long-term debt and total stockholders' equity.

On October 4, 2016, in connection with the mergers and related asset purchase transactions with the Yates Entities, EOG issued to the Yates Entities an aggregate of approximately 25 million shares of EOG common stock, subject to the terms of the agreements, and paid to certain of the sellers under the asset purchase transactions an aggregate of approximately \$16 million in cash for total consideration transferred of \$2.4 billion. In addition, under the terms of the agreements, EOG repaid approximately \$164 million of debt owed by the Yates Entities, which was offset by approximately \$64 million of cash of the Yates Entities.

At September 30, 2016, \$600 million aggregate principal amount of EOG's 5.875% Senior Notes due 2017 were reclassified as long-term debt based upon its intent and ability to ultimately replace such amount with other long-term debt.

On February 1, 2016, EOG repaid upon maturity the \$400 million aggregate principal amount of its 2.500% Senior Notes due 2016 (2016 Notes).

On January 14, 2016, EOG closed its sale of \$750 million aggregate principal amount of its 4.15% Senior Notes due 2026 and \$250 million aggregate principal amount of its 5.10% Senior Notes due 2036 (collectively, the Notes). Interest on the Notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2016. Net proceeds from the Notes offering totaled approximately \$991 million and were used to repay the 2016 Notes when they matured on February 1, 2016, and for general corporate purposes, including repayment of outstanding commercial paper borrowings and funding of capital expenditures.

Total anticipated 2016 capital expenditures are estimated to range from approximately \$2.6 billion to \$2.8 billion, excluding acquisitions. The majority of 2016 expenditures will continue to be focused on United States crude oil drilling activities. EOG has significant flexibility with respect to financing alternatives, including borrowings under its commercial paper program and other uncommitted credit facilities, bank borrowings, borrowings under its \$2.0 billion senior unsecured revolving credit facility and equity and debt offerings.

When it fits EOG's strategy, EOG will make acquisitions that bolster existing drilling programs or offer incremental exploration and/or production opportunities. Management continues to believe EOG has one of the strongest prospect inventories in EOG's history.

Results of Operations

The following review of operations for the three months and nine months ended September 30, 2016 and 2015 should be read in conjunction with the consolidated financial statements of EOG and notes thereto included in this Quarterly Report on Form 10 Q.

Three Months Ended September 30, 2016 vs. Three Months Ended September 30, 2015

Net Operating Revenues. During the third quarter of 2016, net operating revenues decreased \$53 million, or 2%, to \$2,119 million from \$2,172 million for the same period of 2015. Total wellhead revenues, which are revenues generated from sales of EOG's production of crude oil and condensate, NGLs and natural gas, for the third quarter of 2016 decreased \$103 million, or 7%, to \$1,455 million from \$1,558 million for the same period of 2015. EOG recognized net gains on the mark-to-market of financial commodity derivative contracts of \$5 million for the third quarter of 2016 compared to net gains of \$29 million for the same period of 2015. Gathering, processing and marketing revenues for the third quarter of 2016 decreased \$40 million, or 7%, to \$532 million from \$572 million for the same period of 2015. Net gains on asset dispositions for the third quarter of 2016 were \$108 million, up \$109 million, from the net loss of \$1 million for the same period of 2015.

Wellhead volume and price statistics for the three-month periods ended September 30, 2016 and 2015 were as follows:

| | Three Months Ended | |
|---|-----------------------|---------------------|
| | September 30, 2016 | 2015 |
| Crude Oil and Condensate Volumes (MBbld) ⁽¹⁾ | | |
| United States | 275.7 | 278.3 |
| Trinidad | 0.7 | 1.0 |
| Other International ⁽²⁾ | 6.2 | 0.2 |
| Total | 282.6 | 279.5 |
| Average Crude Oil and Condensate Prices (\$/Bbl) ⁽³⁾ | | |
| United States | \$43.66 | \$45.93 |
| Trinidad | 34.81 | 38.56 |
| Other International ⁽²⁾ | 43.53 | 61.80 |
| Composite | 43.63 | 45.91 |
| Natural Gas Liquids Volumes (MBbld) ⁽¹⁾ | | |
| United States | 81.9 | 77.7 |
| Other International ⁽²⁾ | — | 0.1 |
| Total | 81.9 | 77.8 |
| Average Natural Gas Liquids Prices (\$/Bbl) ⁽³⁾ | | |
| United States | \$14.92 | \$13.25 |
| Other International ⁽²⁾ | — | 8.05 |
| Composite | 14.92 | 13.24 |
| Natural Gas Volumes (MMcfd) ⁽¹⁾ | | |
| United States | 791 | 889 |
| Trinidad | 329 | 355 |
| Other International ⁽²⁾ | 24 | 30 |
| Total | 1,144 | 1,274 |
| Average Natural Gas Prices (\$/Mcf) ⁽³⁾ | | |
| United States | \$1.94 | \$2.04 |
| Trinidad | 1.86 | 2.90 |
| Other International ⁽²⁾ | 3.74 | 7.18 ⁽⁵⁾ |
| Composite | 1.95 | 2.40 |
| Crude Oil Equivalent Volumes (MBoed) ⁽⁴⁾ | | |
| United States | 489.4 | 504.2 |
| Trinidad | 55.6 | 60.2 |
| Other International ⁽²⁾ | 10.2 | 5.2 |
| Total | 555.2 | 569.6 |
| Total MMBoe ⁽⁴⁾ | 51.1 | 52.4 |

(1) Thousand barrels per day or million cubic feet per day, as applicable.

(2) Other International includes EOG's United Kingdom, China and Canada operations.

(3) Dollars per barrel or per thousand cubic feet, as applicable. Excludes the impact of financial commodity derivative instruments (see Note 12 to the Consolidated Financial Statements).

(4)

Thousand barrels of oil equivalent per day or million barrels of oil equivalent, as applicable; includes crude oil and condensate, NGLs and natural gas. Crude oil equivalent volumes are determined using a ratio of 1.0 barrel of crude oil and condensate or NGLs to 6.0 thousand cubic feet of natural gas. MMBoe is calculated by multiplying the MBoed amount by the number of days in the period and then dividing that amount by one thousand.

- (5) Includes revenue adjustment of \$3.62 per Mcf related to a price adjustment for natural gas sales made in China during the period June 2012 through March 2015.

Wellhead crude oil and condensate revenues for the third quarter of 2016 decreased \$43 million, or 4%, to \$1,138 million from \$1,181 million for the same period of 2015. The decline was primarily due to a lower composite wellhead crude oil and condensate price (\$59 million), partially offset by an increase of 3 MBbld, or 1%, in wellhead crude oil and condensate production (\$16 million). Increased production was primarily due to increases in the Permian Basin and the commencement of production from Conwy, partially offset by declines in the Eagle Ford. EOG's composite wellhead crude oil and condensate price for the third quarter of 2016 decreased 5% to \$43.63 per barrel compared to \$45.91 per barrel for the same period of 2015.

NGL revenues for the third quarter of 2016 increased \$17 million, or 18%, to \$112 million from \$95 million for the same period of 2015 due to a higher composite average price (\$13 million) and an increase of 4 MBbld, or 5%, in NGL deliveries (\$4 million) primarily in the Permian Basin. EOG's composite NGL price for the third quarter of 2016 increased 13% to \$14.92 per barrel compared to \$13.24 per barrel for the same period of 2015.

Wellhead natural gas revenues for the third quarter of 2016 decreased \$77 million, or 27%, to \$205 million from \$282 million for the same period of 2015. The decrease was due to a lower composite wellhead natural gas price (\$48 million) and a decrease in natural gas deliveries (\$29 million). Natural gas deliveries for the third quarter of 2016 decreased 130 MMcfd, or 10%, compared to the same period of 2015 due primarily to lower production in the United States (98 MMcfd) and Trinidad (26 MMcfd). The decrease in the United States was due primarily to decreased production in the Fort Worth Basin Barnett Shale, Eagle Ford and South Texas areas, partially offset by increased production of associated natural gas from the Permian Basin. The decrease in Trinidad was primarily due to lower contractual deliveries. EOG's composite wellhead natural gas price for the third quarter of 2016 decreased 19% to \$1.95 per Mcf compared to \$2.40 per Mcf for the same period of 2015.

During the third quarter of 2016, EOG recognized net gains on the mark-to-market of financial commodity derivative contracts of \$5 million compared to net gains of \$29 million for the same period of 2015. During the third quarter of 2016, net cash paid for settlements of financial commodity derivative contracts was \$25 million compared to net cash received of \$100 million for the same period of 2015.

Gathering, processing and marketing revenues are revenues generated from sales of third-party crude oil, NGLs and natural gas as well as gathering fees associated with gathering third-party natural gas and revenues from sales of EOG-owned sand. Purchases and sales of third-party crude oil and natural gas are utilized in order to balance firm transportation capacity with production in certain areas and to utilize excess capacity at EOG-owned facilities. Marketing costs represent the costs of purchasing third-party crude oil and natural gas and the associated transportation costs as well as costs associated with EOG-owned sand sold to third parties.

Gathering, processing and marketing revenues less marketing costs for the third quarter of 2016 increased \$23 million as compared to the same prior year period. The increase primarily reflects higher margins in 2016 on crude oil marketing activities.

Operating and Other Expenses. For the third quarter of 2016, operating expenses of \$2,312 million were \$6,083 million lower than the \$8,395 million incurred during the third quarter of 2015. Third quarter 2015 operating expenses included impairments of proved properties, other property, plant and equipment and other assets of \$6,225 million related to commodity price declines. The following table presents the costs per barrel of oil equivalent (Boe) for the three-month periods ended September 30, 2016 and 2015:

Three Months
Ended

| | September 30, | |
|---|---------------|---------|
| | 2016 | 2015 |
| Lease and Well | \$4.42 | \$5.40 |
| Transportation Costs | 3.93 | 3.88 |
| Depreciation, Depletion and Amortization (DD&A) - | | |
| Oil and Gas Properties | 17.01 | 13.16 |
| Other Property, Plant and Equipment | 0.57 | 0.61 |
| General and Administrative (G&A) | 1.84 | 1.73 |
| Interest Expense, Net | 1.38 | 1.15 |
| Total ⁽¹⁾ | \$29.15 | \$25.93 |

(1) Total excludes gathering and processing costs, exploration costs, dry hole costs, impairments, marketing costs and taxes other than income.

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The primary factors impacting the cost components of per-unit rates of lease and well, DD&A and interest expense, net, for the three months ended September 30, 2016, compared to the same period of 2015 are set forth below. See "Net Operating Revenues" above for a discussion of production volumes.

Lease and well expenses include expenses for EOG-operated properties, as well as expenses billed to EOG from other operators where EOG is not the operator of a property. Lease and well expenses can be divided into the following categories: costs to operate and maintain crude oil and natural gas wells, the cost of workovers and lease and well administrative expenses. Operating and maintenance costs include, among other things, pumping services, salt water disposal, equipment repair and maintenance, compression expense, lease upkeep and fuel and power. Workovers are operations to restore or maintain production from existing wells.

Each of these categories of costs individually fluctuates from time to time as EOG attempts to maintain and increase production while maintaining efficient, safe and environmentally responsible operations. EOG continues to increase its operating activities by drilling new wells in existing and new areas. Operating and maintenance costs within these existing and new areas, as well as the costs of services charged to EOG by vendors, fluctuate over time.

Lease and well expenses of \$226 million for the third quarter of 2016 decreased \$57 million from \$283 million for the same prior year period primarily due to decreased operating and maintenance costs (\$46 million) and lower lease and well administrative expenses (\$14 million).

DD&A of the cost of proved oil and gas properties is calculated using the unit-of-production method. EOG's DD&A rate and expense are the composite of numerous individual DD&A group calculations. There are several factors that can impact EOG's composite DD&A rate and expense, such as field production profiles, drilling or acquisition of new wells, disposition of existing wells and reserve revisions (upward or downward) primarily related to well performance, economic factors and impairments. Changes to these factors may cause EOG's composite DD&A rate and expense to fluctuate from period to period. DD&A of the cost of other property, plant and equipment is generally calculated using the straight-line depreciation method over the useful lives of the assets.

DD&A expenses for the third quarter of 2016 increased \$178 million to \$900 million from \$722 million for the same prior year period. DD&A expenses associated with oil and gas properties for the third quarter of 2016 were \$180 million higher than the same prior year period. The increase primarily reflects increased rates in the United States (\$196 million) and commencement of crude oil production from Conwy in the United Kingdom (\$12 million), partially offset by decreased production in the United States (\$19 million) and Trinidad (\$3 million) and decreased rates in Trinidad (\$5 million). DD&A unit rates in the United States increased primarily due to downward revisions of reserves at December 31, 2015, as a result of lower commodity prices.

Exploration costs of \$25 million for the third quarter of 2016 decreased \$6 million from \$31 million for the same prior year period primarily due to decreased exploration administrative expenses (\$4 million) and decreased geological and geophysical costs (\$2 million), all in the United States.

Impairments include amortization of unproved oil and gas property costs, as well as impairments of proved oil and gas properties; other property, plant and equipment; and other assets. Unproved properties with acquisition costs that are not individually significant are aggregated, and the portion of such costs estimated to be nonproductive is amortized over the remaining lease term. When circumstances indicate that a proved property may be impaired, EOG compares expected undiscounted future cash flows at a DD&A group level to the unamortized capitalized cost of the asset. If the expected undiscounted future cash flows are lower than the unamortized capitalized cost, the capitalized cost is

reduced to fair value. Fair value is generally calculated by using the Income Approach described in the Fair Value Measurement Topic of the Financial Accounting Standards Board's Accounting Standards Codification. In certain instances, EOG utilizes accepted bids as the basis for determining fair value.

Impairments of \$178 million for the third quarter of 2016 were \$6,129 million lower than impairments for the same prior year period primarily due to decreased impairments of proved properties and related assets in the United States (\$5,977 million) and lower impairments of proved and unproved properties in Other International (\$155 million), partially offset by increased amortization of unproved property costs in the United States (\$5 million). Third quarter 2015 proved properties and related asset impairments in the United States were primarily related to legacy natural gas assets and marginal liquids plays. EOG recorded impairments of proved properties, other property, plant and equipment and other assets of \$104 million and \$6,225 million for the third quarter of 2016 and 2015, respectively.

Interest expense, net, of \$71 million for the third quarter of 2016 increased \$10 million compared to the same prior year period primarily due to interest expense on the Notes issued in January 2016 (\$11 million) and decreased capitalized interest (\$2 million), partially offset by reduced interest expense as a result of the repayment of the 2016 Notes during February 2016 (\$3 million).

Taxes other than income include severance/production taxes, ad valorem/property taxes, payroll taxes, franchise taxes and other miscellaneous taxes. Severance/production taxes are generally determined based on wellhead revenues, and ad valorem/property taxes are generally determined based on the valuation of the underlying assets.

Taxes other than income for the third quarter of 2016 decreased \$14 million to \$92 million (6.3% of wellhead revenues) compared to \$106 million (6.8% of wellhead revenues) for the same prior year period. The decrease in taxes other than income was primarily due to decreases in ad valorem/property taxes (\$10 million) and in severance/production taxes (\$3 million), primarily as a result of decreased wellhead revenues, both in the United States.

Other (expense) income, net for the third quarter of 2016 increased \$17 million compared to the same prior year period primarily due to increased deferred compensation expense, partially offset by a decrease in foreign currency exchange losses.

EOG recognized an income tax benefit of \$82 million for the third quarter of 2016 compared to an income tax benefit of \$2,199 million in the third quarter of 2015, primarily due to a decrease in pretax loss resulting from the absence of certain 2015 impairments. The net effective tax rate of 30% for the third quarter of 2016 was less than the statutory tax rate of 35% due mostly to foreign taxes. Based on events occurring during the period, EOG accrued interest of \$2 million related to unrecognized income tax benefits. These unrecognized tax benefits, if required to be paid, would result in additional tax credits available for future use. Accordingly, the impact to the consolidated balance sheet at September 30, 2016, included a \$36 million increase to both unrecognized tax benefits and deferred tax assets.

Nine Months Ended September 30, 2016 vs. Nine Months Ended September 30, 2015

Net Operating Revenues. During the first nine months of 2016, net operating revenues decreased \$1,712 million, or 25%, to \$5,249 million from \$6,961 million for the same period of 2015. Total wellhead revenues for the first nine months of 2016 decreased \$1,272 million, or 25%, to \$3,777 million from \$5,049 million for the same period of 2015. During the first nine months of 2016, EOG recognized net losses on the mark-to-market of financial commodity derivative contracts of \$34 million compared to net gains of \$57 million for the same period of 2015. Gathering, processing and marketing revenues for the first nine months of 2016 decreased \$469 million, or 26%, to \$1,352 million from \$1,821 million for the same period of 2015. Net gains on asset dispositions for the first nine months of 2016 increased \$107 million to \$102 million from net losses of \$5 million for the same period of 2015.

Wellhead volume and price statistics for the nine-month periods ended September 30, 2016 and 2015 were as follows:

| | Nine Months Ended September 30, | |
|---|---------------------------------------|---------------------|
| | 2016 | 2015 |
| Crude Oil and Condensate Volumes (MBbld) | | |
| United States | 269.0 | 284.4 |
| Trinidad | 0.8 | 0.9 |
| Other International | 3.0 | 0.2 |
| Total | 272.8 | 285.5 |
| Average Crude Oil and Condensate Prices (\$/Bbl) ⁽¹⁾ | | |
| United States | \$39.53 | \$49.94 |
| Trinidad | 31.36 | 41.98 |
| Other International | 35.30 | 58.44 |
| Composite | 39.46 | 49.92 |
| Natural Gas Liquids Volumes (MBbld) | | |
| United States | 81.9 | 76.2 |
| Other International | — | 0.1 |
| Total | 81.9 | 76.3 |
| Average Natural Gas Liquids Prices (\$/Bbl) | | |
| United States | \$13.34 | \$14.94 |
| Other International | — | 6.05 |
| Composite | 13.34 | 14.93 |
| Natural Gas Volumes (MMcfd) | | |
| United States | 813 | 895 |
| Trinidad | 346 | 342 |
| Other International | 25 | 31 |
| Total | 1,184 | 1,268 |
| Average Natural Gas Prices (\$/Mcf) ⁽¹⁾ | | |
| United States | \$1.46 | \$2.14 |
| Trinidad | 1.88 | 3.01 |
| Other International | 3.57 | 4.63 ⁽²⁾ |
| Composite | 1.62 | 2.44 |
| Crude Oil Equivalent Volumes (MBoed) | | |
| United States | 486.4 | 509.8 |
| Trinidad | 58.5 | 57.9 |
| Other International | 7.2 | 5.4 |
| Total | 552.1 | 573.1 |
| Total MMBoe | 151.3 | 156.5 |

(1) Excludes the impact of financial commodity derivative instruments.

(2) Includes revenue adjustment of \$1.19 per Mcf related to a price adjustment for natural gas sales made in China during the period June 2012 through March 2015.

Wellhead crude oil and condensate revenues for the first nine months of 2016 decreased \$943 million, or 24%, to \$2,951 million from \$3,894 million for the same period of 2015 due primarily to a lower composite wellhead crude oil and condensate price (\$782 million) and a decrease of 13 MBbld, or 4%, in wellhead crude oil and condensate production (\$161 million). Decreased production was primarily due to declines in the Eagle Ford and the Rocky Mountain area, partially offset by increased production in the Permian Basin. EOG's composite wellhead crude oil and condensate price for the first nine months of 2016 decreased 21% to \$39.46 per barrel compared to \$49.92 per barrel for the same period of 2015.

NGL revenues for the first nine months of 2016 decreased \$12 million, or 4%, to \$299 million from \$311 million for the same period of 2015 due primarily to a lower composite average price (\$36 million), partially offset by an increase of 6 MBbld, or 7%, in NGL deliveries (\$24 million) primarily in the Permian Basin. EOG's composite NGL price for the first nine months of 2016 decreased 11% to \$13.34 per barrel compared to \$14.93 per barrel for the same period of 2015.

Wellhead natural gas revenues for the first nine months of 2016 decreased \$317 million, or 38%, to \$527 million from \$844 million for the same period of 2015 primarily due to a lower composite wellhead natural gas price (\$264 million) and a decrease of 84 MMcfd, or 7%, in natural gas deliveries (\$53 million) primarily due to lower production in the United States. The decrease in the United States was due primarily to decreased production in the Fort Worth Basin Barnett Shale and South Texas areas, partially offset by increased production of associated natural gas from the Permian Basin. EOG's composite wellhead natural gas price for the first nine months of 2016 decreased 34% to \$1.62 per Mcf compared to \$2.44 per Mcf for the same period of 2015.

During the first nine months of 2016, EOG recognized net losses on the mark-to-market of financial commodity derivative contracts of \$34 million compared to net gains of \$57 million for the same period of 2015. During the first nine months of 2016, net cash paid from settlements of financial commodity derivative contracts was \$22 million compared to net cash received of \$661 million for the same period of 2015.

Gathering, processing and marketing revenues less marketing costs for the first nine months of 2016 increased \$82 million as compared to the same period of 2015. The increase primarily reflects higher margins in 2016 on crude oil marketing activities and sand sales, partially offset by lower margins in natural gas marketing activities.

Operating and Other Expenses. For the first nine months of 2016, operating expenses of \$6,368 million were \$6,949 million lower than the \$13,317 million incurred during the same period of 2015. Operating expenses for the first nine months of 2015 included impairments of proved properties, other property, plant and equipment and other assets of \$6,230 million related to commodity price declines. The following table presents the costs per Boe for the nine-month periods ended September 30, 2016 and 2015:

| | Nine Months Ended September 30, | |
|-------------------------------------|---------------------------------------|--------|
| | 2016 | 2015 |
| Lease and Well | \$4.53 | \$5.97 |
| Transportation Costs | 3.77 | 4.10 |
| DD&A - | | |
| Oil and Gas Properties | 17.23 | 15.64 |
| Other Property, Plant and Equipment | 0.57 | 0.61 |
| G&A | 1.93 | 1.65 |
| Interest Expense, Net | 1.39 | 1.11 |

Total ⁽¹⁾ \$29.42 \$29.08

(1) Total excludes gathering and processing costs, exploration costs, dry hole costs, impairments, marketing costs and taxes other than income.

The primary factors impacting the cost components of per-unit rates of lease and well, transportation costs, DD&A, G&A and interest expense, net, for the nine months ended September 30, 2016, compared to the same period of 2015 are set forth below. See "Net Operating Revenues" above for a discussion of production volumes.

Lease and well expenses of \$686 million for the first nine months of 2016 decreased \$248 million from \$934 million for the same prior year period primarily due to lower operating and maintenance costs (\$214 million) and lease and well administrative expenses (\$33 million), all in the United States.

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Transportation costs represent costs associated with the delivery of hydrocarbon products from the lease to a downstream point of sale. Transportation costs include transportation fees, costs associated with crude-by-rail operations, the cost of compression (the cost of compressing natural gas to meet pipeline pressure requirements), dehydration (the cost associated with removing water from natural gas to meet pipeline requirements), gathering fees and fuel costs.

Transportation costs of \$571 million for the first nine months of 2016 decreased \$71 million from \$642 million for the same prior year period primarily due to decreased transportation costs in the Rocky Mountain area (\$47 million), the Eagle Ford (\$18 million) and the Fort Worth Basin Barnett Shale area (\$14 million), partially offset by increased transportation costs in the Permian Basin (\$10 million).

DD&A expenses for the first nine months of 2016 increased \$147 million to \$2,691 million from \$2,544 million for the same prior year period. DD&A expenses associated with oil and gas properties for the first nine months of 2016 were \$156 million higher than the same prior year period. The increase primarily reflects increased rates in the United States (\$240 million) and the commencement of crude oil production from Conwy in the United Kingdom (\$14 million), partially offset by decreased production in the United States (\$96 million). DD&A unit rates in the United States increased primarily due to downward revisions of reserves at December 31, 2015, as a result of lower commodity prices.

Exploration costs of \$86 million for the first nine months of 2016 decreased \$29 million from \$115 million for the same prior year period primarily due to decreased geological and geophysical costs (\$16 million) and decreased administrative expenses (\$15 million) in the United States.

G&A expenses of \$293 million for the first nine months of 2016 increased \$35 million from \$258 million for the same prior year period primarily due to employee-related expenses in connection with certain voluntary retirements.

Interest expense, net, of \$210 million for the first nine months of 2016 increased \$36 million compared to the same prior year period primarily due to a net increase in debt outstanding (\$28 million) and decreased capitalized interest (\$8 million).

Gathering and processing costs represent operating and maintenance expenses and administrative expenses associated with operating EOG's gathering and processing assets.

Gathering and processing costs for the first nine months of 2016 decreased \$16 million to \$90 million compared to the same prior year period primarily due to decreased operating expenses in the Eagle Ford (\$11 million) and Fort Worth Basin Barnett Shale area (\$6 million), partially offset by costs associated with the commencement of crude oil production from Conwy in the United Kingdom (\$4 million) and increased activities in the Permian Basin (\$2 million).

Impairments of \$322 million for the first nine months of 2016 were \$6,123 million lower than impairments for the same prior year period primarily due to decreased impairments of proved properties and related assets in the United States (\$5,978 million) and lower impairments of proved and unproved properties in Other International (\$155 million), partially offset by increased amortization of unproved property costs in the United States (\$14 million), which was caused by higher amortization rates being applied to undeveloped leasehold costs in response to the significant decrease in commodity prices and an increase in EOG's estimates of undeveloped properties not expected to be developed before lease expiration. For the first nine months of 2015, proved property and related asset impairments in the United States were related to legacy natural gas assets and marginal liquids plays. EOG recorded

impairments of proved properties, other property, plant and equipment and other assets of \$107 million and \$6,230 million for the first nine months of 2016 and 2015, respectively.

Taxes other than income for the first nine months of 2016 decreased \$88 million to \$246 million (6.5% of wellhead revenues) from \$334 million (6.6% of wellhead revenues) for the same prior year period. The decrease in taxes other than income was primarily due to decreased severance/production taxes (\$58 million) as a result of decreased wellhead revenues and decreased ad valorem/property taxes (\$39 million) in the United States, partially offset by a decrease in credits available to EOG in 2016 for Texas high-cost gas severance tax rate reductions (\$11 million).

Other (expense) income, net for the first nine months of 2016 increased \$41 million compared to the same prior year period primarily due to an increase in foreign currency exchange losses and increased deferred compensation expense.

EOG recognized an income tax benefit of \$409 million for the first nine months of 2016 compared to an income tax benefit of \$2,283 million for the same period in 2015, primarily due to a decrease in pretax loss resulting from the absence of certain 2015 impairments. The net effective tax rate for the first nine months of 2016 was 30% primarily due to additional Trinidad taxes resulting from a tax settlement reached in the second quarter of 2016 (\$43 million).

Capital Resources and Liquidity

Cash Flow. The primary sources of cash for EOG during the nine months ended September 30, 2016, were funds generated from operations, net proceeds from the issuance of the Notes and proceeds from sales of assets. The primary uses of cash were funds used in operations; exploration and development expenditures; repayments of debt; dividend payments to stockholders; other property, plant and equipment expenditures; and purchases of treasury stock in connection with stock compensation plans. During the first nine months of 2016, EOG's cash balance increased \$330 million to \$1,049 million from \$719 million at December 31, 2015.

Net cash provided by operating activities of \$1,554 million for the first nine months of 2016 decreased \$1,425 million compared to the same period of 2015 primarily due to a decrease in wellhead revenues (\$1,272 million) and an unfavorable change in the net cash received from the settlement of commodity derivative contracts (\$683 million), partially offset by a decrease in cash operating expenses (\$420 million) and a favorable change in net cash paid for income taxes (\$71 million).

Net cash used in investing activities of \$1,264 million for the first nine months of 2016 decreased by \$3,282 million compared to the same period of 2015 due to a decrease in additions to oil and gas properties (\$2,137 million), favorable changes in working capital associated with investing activities (\$640 million), an increase in proceeds from sales of assets (\$313 million) and a decrease in additions to other property, plant and equipment (\$192 million).

Net cash provided by financing activities of \$28 million for the first nine months of 2016 included net proceeds from the issuance of the Notes (\$991 million). Cash used in financing activities for the first nine months of 2016 included repayments of the 2016 Notes (\$400 million), cash dividend payments (\$277 million), net commercial paper repayments (\$260 million) and purchases of treasury stock in connection with stock compensation plans (\$56 million). Net cash provided by financing activities of \$231 million for the first nine months of 2015 included net proceeds from the issuance of long-term debt (\$990 million), net commercial paper borrowings (\$30 million), excess tax benefits from stock-based compensation (\$24 million) and proceeds from stock options exercised and employee stock purchase plan activity (\$15 million). Cash used in financing activities for the first nine months of 2015 included repayments of long-term debt (\$500 million), cash dividend payments (\$275 million) and purchases of treasury stock in connection with stock compensation plans (\$43 million).

Total Expenditures. For the year 2016, EOG's budget for exploration and development and other property, plant and equipment expenditures is approximately \$2.6 billion to \$2.8 billion, excluding acquisitions. The table below sets out components of total expenditures for the nine-month periods ended September 30, 2016 and 2015 (in millions):

| Expenditure Category | Nine Months Ended September 30, | |
|--------------------------------------|---------------------------------------|---------|
| | 2016 | 2015 |
| Capital | | |
| Exploration and Development Drilling | \$1,431 | \$2,723 |
| Facilities | 253 | 661 |
| Leasehold Acquisitions | 48 | 111 |
| Property Acquisitions | 14 | 376 |
| Capitalized Interest | 25 | 33 |
| Subtotal | 1,771 | 3,904 |
| Exploration Costs | 86 | 115 |

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| | | |
|--|---------|---------|
| Dry Hole Costs | 10 | 14 |
| Exploration and Development Expenditures | 1,867 | 4,033 |
| Asset Retirement Costs | 14 | 26 |
| Total Exploration and Development Expenditures | 1,881 | 4,059 |
| Other Property, Plant and Equipment | 61 | 253 |
| Total Expenditures | \$1,942 | \$4,312 |

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Exploration and development expenditures of \$1,867 million for the first nine months of 2016 were \$2,166 million lower than the same period of 2015 primarily due to decreased exploration and drilling expenditures in the United States (\$1,207 million), Trinidad (\$79 million) and Other International (\$6 million); decreased facilities expenditures (\$408 million); decreased property acquisitions (\$362 million); decreased leasehold acquisitions (\$63 million); and decreased geological and geophysical expenditures (\$16 million). Exploration and development expenditures for the first nine months of 2016 of \$1,867 million consisted of \$1,686 million in development drilling and facilities, \$142 million in exploration, \$25 million in capitalized interest and \$14 million in property acquisitions. Exploration and development expenditures for the first nine months of 2015 of \$4,033 million consisted of \$3,339 million in development drilling and facilities, \$376 million in property acquisitions, \$285 million in exploration and \$33 million in capitalized interest.

The level of exploration and development expenditures, including acquisitions, will vary in future periods depending on energy market conditions and other related economic factors. EOG has significant flexibility with respect to financing alternatives and the ability to adjust its exploration and development expenditure budget as circumstances warrant. While EOG has certain continuing commitments associated with expenditure plans related to its operations, such commitments are not expected to be material when considered in relation to the total financial capacity of EOG.

Commodity Derivative Transactions. As more fully discussed in Note 12 to the Consolidated Financial Statements included in EOG's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 25, 2016, EOG engages in price risk management activities from time to time. These activities are intended to manage EOG's exposure to fluctuations in commodity prices for crude oil and natural gas. EOG utilizes financial commodity derivative instruments, primarily price swap, option, swaption, collar and basis swap contracts, as a means to manage this price risk. EOG has not designated any of its financial commodity derivative contracts as accounting hedges and, accordingly, accounts for financial commodity derivative contracts using the mark-to-market accounting method. Under this accounting method, changes in the fair value of outstanding financial instruments are recognized as gains or losses in the period of change and are recorded as Gains (Losses) on Mark-to-Market Commodity Derivative Contracts on the Consolidated Statements of Income and Comprehensive Income. The related cash flow impact is reflected in Cash Flows from Operating Activities.

The total fair value of EOG's commodity derivative contracts was reflected on the Consolidated Balance Sheets at September 30, 2016, as a net asset of \$5 million. Presented below is a comprehensive summary of EOG's crude oil price swap contracts through November 3, 2016, with notional volumes expressed in barrels per day (Bbld) and prices expressed in dollars per barrel (\$/Bbl).

Crude Oil Price Swap Contracts

| | Volume (Bbld) | Weighted Average Price (\$/Bbl) |
|--|------------------|--|
| 2016 | | |
| April 12, 2016 through April 30, 2016 (closed) | 90,000 | \$ 42.30 |
| May 1, 2016 through June 30, 2016 (closed) | 128,000 | 42.56 |

EOG has entered into crude oil collar contracts, which establish ceiling and floor prices for the sale of notional volumes of crude oil as specified in the collar contracts. The collars require that EOG pay the difference between the ceiling price and the average NYMEX West Texas Intermediate crude oil price for the contract month (Index Price) in the event the Index Price is above the ceiling price. The collars grant EOG the right to receive the difference between

the floor price and the Index Price in the event the Index Price is below the floor price. Presented below is a comprehensive summary of EOG's crude oil collar contracts through November 3, 2016, with notional volumes expressed in Bbl and prices expressed in \$/Bbl.

Crude Oil Collar Contracts

| | | Weighted Average Price (\$/Bbl) | Volume (Bbl) | Ceiling Price | Floor Price |
|---|--------|---------------------------------------|-----------------|------------------|----------------|
| 2016 | | | | | |
| September 1, 2016 through October 31, 2016 (closed) | 70,000 | \$54.25 | | \$45.00 | |
| November 1, 2016 through December 31, 2016 | 70,000 | 54.25 | | 45.00 | |

Presented below is a comprehensive summary of EOG's natural gas price swap contracts through November 3, 2016, with notional volumes expressed in MMBtu per day (MMBtud) and prices expressed in dollars per MMBtu (\$/MMBtu).

Natural Gas Price Swap Contracts

| | Volume (MMBtud) | Weighted Average Price (\$/MMBtu) |
|--|--------------------|--|
| 2016 | | |
| March 1, 2016 through August 31, 2016 (closed) | 60,000 | \$ 2.49 |
| 2017 | | |
| March 1, 2017 through November 30, 2017 | 30,000 | \$ 3.10 |

EOG has sold call options which establish a ceiling price for the sale of notional volumes of natural gas as specified in the call option contracts. The call options require that EOG pay the difference between the call option strike price and either the average or last business day NYMEX Henry Hub natural gas price for the contract month (Henry Hub Index Price) in the event the Henry Hub Index Price is above the call option strike price.

In addition, EOG has purchased put options which establish a floor price for the sale of notional volumes of natural gas as specified in the put option contracts. The put options grant EOG the right to receive the difference between the put option strike price and the Henry Hub Index Price in the event the Henry Hub Index Price is below the put option strike price. Presented below is a comprehensive summary of EOG's natural gas call and put option contracts through November 3, 2016, with notional volumes expressed in MMBtud and prices expressed in \$/MMBtu.

Natural Gas Option Contracts

| | Call Options Sold | | Put Options Purchased | |
|--|-------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Volume | Weighted Average Price (\$/MMBtu) | Volume | Weighted Average Price (\$/MMBtu) |
| 2016 | | | | |
| September 2016 (closed) | 56,250 | \$ 3.46 | — | \$ — |
| October 1, 2016 through November 30, 2016 (closed) | 106,250 | 3.48 | — | — |
| 2017 | | | | |
| March 1, 2017 through November 30, 2017 | 213,750 | \$ 3.44 | 171,000 | \$ 2.92 |
| 2018 | | | | |
| March 1, 2018 through November 30, 2018 | 120,000 | \$ 3.38 | 96,000 | \$ 2.94 |

Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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, statements regarding future commodity prices 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," "should" 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, reduce or otherwise control operating and capital costs, generate income or cash flows or pay dividends 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, unknown or currently unforeseen 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, extent and duration of changes in prices for, supplies of, and demand for, crude oil and condensate, natural gas liquids, natural gas and related commodities;
- the extent to which EOG is successful in its efforts to acquire or discover additional reserves;
- the extent to which EOG is successful in its efforts to economically develop its acreage in, produce reserves and achieve anticipated production levels from, and maximize reserve recovery from, its existing and future crude oil and natural gas exploration and development projects;
- the extent to which EOG is successful in its efforts to market its crude oil and condensate, natural gas liquids, natural gas and related commodity production;
- the availability, proximity and capacity of, and costs associated with, appropriate gathering, processing, compression, transportation and refining 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, and EOG's ability to retain mineral licenses and leases;
- the impact of, and changes in, government policies, laws and regulations, including tax laws and regulations; environmental, health and safety laws and regulations relating to air emissions, disposal of produced water, drilling fluids and other wastes, hydraulic fracturing and access to and use of water; laws and regulations imposing conditions or restrictions on drilling and completion operations and on the transportation of crude oil and natural gas; laws and regulations with respect to derivatives and hedging activities; and laws and regulations with respect to the import and export of crude oil, natural gas and related commodities;
- EOG's ability to effectively integrate acquired crude oil and natural gas 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;
- the extent to which EOG's third-party-operated crude oil and natural gas properties are operated successfully and economically;
- competition in the oil and gas exploration and production industry for the acquisition of licenses, leases and properties, employees and other personnel, facilities, equipment, materials and services;
- the availability and cost of employees and other personnel, facilities, equipment, materials (such as water) and services;

the accuracy of reserve estimates, which by their nature involve the exercise of professional judgment and may therefore be imprecise;

weather, including its impact on crude oil and natural gas demand, and weather-related delays in drilling and in the installation and operation (by EOG or third parties) of production, gathering, processing, refining, 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, and to otherwise satisfy its capital expenditure requirements;

the extent and effect of any hedging activities engaged in by EOG;

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 conditions and developments around the world (such as political instability and armed conflict), including in the areas in which EOG operates;

- the use of competing energy sources and the development of alternative energy sources;
- the extent to which EOG incurs uninsured losses and liabilities or losses and liabilities in excess of its insurance coverage;
- acts of war and terrorism and responses to these acts;
- physical, electronic and cyber security breaches; and

the other factors described under ITEM 1A, Risk Factors, on pages 13 through 21 of EOG's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and any updates to those factors set forth in EOG's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

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 duration and 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.

PART I. FINANCIAL INFORMATION

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK EOG RESOURCES, INC.

EOG's exposure to commodity price risk, interest rate risk and foreign currency exchange rate risk is discussed in (i) the "Derivative Transactions," "Financing," "Foreign Currency Exchange Rate Risk" and "Outlook" sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources and Liquidity" on pages 39 through 41 of EOG's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 25, 2016 (EOG's 2015 Annual Report); and (ii) Note 12, "Risk Management Activities," to EOG's Consolidated Financial Statements on pages F-25 through F-26 of EOG's 2015 Annual Report. There have been no material changes in this information. For additional information regarding EOG's financial commodity derivative contracts and physical commodity contracts, see (i) Note 12, "Risk Management Activities," to EOG's Consolidated Financial Statements in this Quarterly Report on Form 10-Q; (ii) "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Net Operating Revenues" in this Quarterly Report on Form 10-Q; and (iii) "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources and Liquidity - Commodity Derivative Transactions" in this Quarterly Report on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES EOG RESOURCES, INC.

Disclosure Controls and Procedures. EOG's management, with the participation of EOG's principal executive officer and principal financial officer, evaluated the effectiveness of EOG's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of the end of the period covered by this Quarterly Report on Form 10-Q (Evaluation Date). Based on this evaluation, EOG's principal executive officer and principal financial officer have concluded that EOG's disclosure controls and procedures were effective as of the Evaluation Date in ensuring that information that is required to be disclosed in the reports EOG files or furnishes under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated a