EPG Commentary by Dan Steffens

EOG Resources (NYSE: EOG) is the largest company in our Sweet 16 Growth Portfolio. It is well positioned in the top three liquids resource plays in North America. They hold significant de-risked leasehold in the Eagle Ford, Bakken/Three Forks, and Permian Basin.

**Focused on growing their reserve base through down-spacing and improved completion technology:** In the 1st quarter, EOG announced two successful horizontal wells in the Austin Chalk formation that sits directly on top of the Eagle Ford. They also announced several successful Enhanced Oil Recovery (EOR) projects in the Eagle Ford. These accomplishments could significantly increase the company’s recoverable oil & gas reserves in Texas. **I have raised my valuation of EOG,** primarily because of their technical leadership in unconventional plays. I am forecasting that EOG’s production will be down slightly over the next two quarters, but I expect their production to ramp up in the 4th quarter as they accelerate well completions.

In response to lower oil prices, EOG has lowered capital spending and is now focused on improving efficiency in their Top Tier areas. Despite having very little of their production hedged, EOG should be able to fund their 2016 capital program with cash flow from operations. **See financial forecast model attached below.**

Our newsletters, company profiles and the information contained herein are strictly the opinion of the publishers (Energy Prospectus Group, a Division of DMS Publishing, LLC) and is intended for informational purposes only. Readers are encouraged to do their own research and due diligence before making any investment decisions. The publishers will not be held liable for any actions taken by the reader. Although the information in the newsletters and company profiles has been obtained from resources that the publishers believe to reliable, DMS Publishing, LLC dba Energy Prospectus Group does not guarantee its accuracy. Please note that the publishers may take positions in companies profiled.
EOG has done an outstanding job in lowering completed well costs. The combination of focusing this year on their Top Tier leasehold and precision targeting of their laterals is expected to result in very low finding & development costs per boe of reserve additions.

They are delaying completions until oil prices improve. If WTI moves back over $60/bbl, they will begin completing more wells. This is a smart move because horizontal wells in the Eagle Ford and Bakken plays come on so strong. It is foolish to deplete these wells in a low oil price environment.

**EOG Resources**

EOG is among the largest crude oil producers in the Eagle Ford, Permian Basin and North Dakota Bakken Plays. The company is on-track to become the largest crude oil producer in North America by the end of this decade. Even at current oil prices, the return on investment in their Eagle Ford and Permian Basin core areas is attractive and EOG has more than a decade of drilling inventory in their resource plays.

Our newsletters, company profiles and the information contained herein are strictly the opinion of the publishers (Energy Prospectus Group, a Division of DMS Publishing, LLC) and is intended for informational purposes only. Readers are encouraged to do their own research and due diligence before making any investment decisions. The publishers will not be held liable for any actions taken by the reader. Although the information in the newsletters and company profiles has been obtained from resources that the publishers believe to reliable, DMS Publishing, LLC dba Energy Prospectus Group does not guarantee its accuracy. Please note that the publishers may take positions in companies profiled.
EOG Resources, Inc.

Company Profile

May 17, 2016

**My Fair Value Estimate for EOG is now $91.00/share**

Compare to First Call’s Price Target of $84.50/share

Disclosure: I have a long position in EOG and I do not intend on buying or selling it in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

**Investment Considerations**

- EOG has large de-risked acreage positions in North America’s highest profile shale and tight oil plays with strong organic liquids production growth locked in.
- They have a strong balance sheet and strong cash flow to fund their development drilling programs.
- The company has raised the dividend on its common stock twice to $0.67/share.
- Their world-class positions in the Eagle Ford, Bakken, Barnett Combo and Wolfcamp/Leonard (Permian Basin) make them a prime takeover target for several majors and NOCs.
- EOG controls 100% working interest in most of their best acreage within their liquids resource plays giving them more control over spending and aggressive development. They have some of the best acreage in the Eagle Ford and the Bakken. They have recently discovered a high pressure oil zone in their Permian Basin leasehold that adds another area of significant growth potential.
- With current natural gas production of approximately 1.2 Bcf per day, EOG’s revenues will get a nice revenue boost from the improvement in natural gas prices expected in late 2016.
- EOG owns two sand mines and their own crude-by-rail system giving them an edge on the competition.
- The success reported in the Austin Chalk and Eagle Ford EOG pilot projects have the potential to add another billion boe of recoverable reserves in Texas.

**Company Overview**

EOG Resources, Inc. (NYSE: EOG) is one of the largest independent (non-integrated) oil and natural gas companies based in the United States with proved reserves in the United States, Canada, Trinidad, the United Kingdom, Argentina and China. EOG Resources, Inc., a Delaware corporation organized in 1985, together with its subsidiaries (collectively, EOG), explores for, develops, produces and markets crude oil and natural gas primarily in major producing basins in the United States of America, Canada, The Republic of Trinidad and Tobago (Trinidad), the United Kingdom (U.K.), The People’s Republic of China (China), the Argentine Republic (Argentina) and, from time to time, select other international areas.
EOG Resources, Inc.

Company Profile
May 17, 2016

Our newsletters, company profiles and the information contained herein are strictly the opinion of the publishers (Energy Prospectus Group, a Division of DMS Publishing, LLC) and is intended for informational purposes only. Readers are encouraged to do their own research and due diligence before making any investment decisions. The publishers will not be held liable for any actions taken by the reader. Although the information in the newsletters and company profiles has been obtained from resources that the publishers believe to reliable, DMS Publishing, LLC dba Energy Prospectus Group does not guarantee its accuracy. Please note that the publishers may take positions in companies profiled.
**EOG Resources, Inc.**

**Company Profile**

**May 17, 2016**

**Areas of Operation**

**United States and Canada**

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 price of crude oil and condensate, NGLs and natural gas in 2016 will impact the amount of cash generated from operating activities, which will in turn impact EOG's financial position. For the first quarter of 2016, the average U.S. New York Mercantile Exchange (NYMEX) crude oil and natural gas prices were $33.51 per barrel and $2.04 per million British thermal units (MMBtu), respectively, representing declines of 31% and 24%, respectively, 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 NGL production to decline modestly as compared to 2015.

In the first quarter 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 quarter 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 71% of United States production during the first quarter of 2016, consistent with the same comparable period of 2015. During the first quarter of 2016, drilling and completion activities occurred primarily in the Eagle Ford, Delaware Basin and Rocky Mountain plays. EOG’s major producing areas in the United States are in New Mexico, North Dakota, Texas, Utah and Wyoming.
United Kingdom

In the United Kingdom, EOG continues to make progress in the development of its 100% working interest East Irish Sea Conwy crude oil discovery. Modifications to the nearby third-party-owned Douglas platform, which is used to process Conwy production, continued throughout the first three months of 2016. During March 2016, first production was achieved on the Conwy project, and EOG sold its first crude oil cargo in late March 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 2016, EOG expects to drill and complete one net well and install infrastructure in the Sercan Area.

Argentina

EOG’s activity in Argentina is focused on the Vaca Muerta oil shale formation in the Neuquén Province. Management is currently evaluating options for this investment.

China

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

EOG's business strategy is to maximize 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. EOG is focused on cost-effective utilization of advanced technology associated with three-dimensional seismic and microseismic data, the development of reservoir simulation models, the use of improved drill bits, mud motors and mud additives for horizontal drilling, formation evaluation, and horizontal completion methods. These advanced technologies are used, as appropriate, throughout EOG to reduce the risks associated with all aspects of oil and gas exploration, development and exploitation. EOG implements its strategy by emphasizing the drilling of internally generated prospects in order to find and develop low-cost reserves.
Reserves

At year-end, total company net proved reserves were 2,118 MMBoe, comprised of 52 percent crude oil and condensate, 18 percent NGLs and 30 percent natural gas. Net proved reserve additions, excluding revisions due to price, replaced 192 percent of EOG’s 2015 production at a finding and development cost of $11.91 per barrel of oil equivalent. Revisions due to price reduced net proved reserves by 574 MMBoe. Driven by declines in commodity prices, total company net proved reserves decreased 15 percent in 2015.

For the 28th consecutive year, internal reserve estimates were within 5 percent of estimates independently prepared by DeGolyer and MacNaughton.

1st Quarter 2016 Highlights

Highlights

• Completes First Economic Enhanced Oil Recovery Test in U.S. Horizontal Shale Reservoir
  o Concludes Four Pilot Projects in the Eagle Ford
  o Adds New Reserve Potential at Single Digit Per Barrel Costs
  o Generates High Net Present Value
  o Delivers Rates of Return on Investment Exceeding 30 Percent at $40 Oil Price
  o Extends EOG’s Horizontal Technology Gains
• Announces Successful South Texas Austin Chalk Exploratory Results
• Reports Strong Quarterly Operating Results, Exceeds U.S. Oil Production and Cost Reduction Targets

Financial Results

EOG reported a first quarter 2016 net loss of $471.8 million, or $0.86 per share. This compares to a first quarter 2015 net loss of $169.7 million, or $0.31 per share.

Adjusted non-GAAP net loss for the first quarter 2016 was $455.4 million, or $0.83 per share, compared to adjusted non-GAAP net income of $16.8 million, or $0.03 per share, for the same prior year period. Adjusted non-GAAP net income (loss) is calculated by matching realizations to settlement months and making certain other adjustments in order to exclude one-time items.
Lower commodity prices more than offset significant well productivity improvements and cost reductions, resulting in decreases to adjusted non-GAAP net income, discretionary cash flow and EBITDAX during the first quarter 2016 compared to the first quarter 2015.

**Operations Highlights**

In the first quarter 2016, EOG implemented its previously announced strategy to focus capital in areas which generate premium rates of return. This move significantly improved average well performance and contributed to EOG’s strong production in the first quarter 2016. U.S. crude oil volumes exceeded the high end of the company’s forecast in the first quarter 2016.

In addition, EOG continued to reduce costs across its operations. During the first quarter of 2016, lease and well expenses decreased 29 percent and transportation costs decreased 12 percent compared to the same prior year period, both on a per-unit basis. Total general and administrative expenses decreased 7 percent compared to the first quarter 2015, excluding expenses related to a voluntary retirement program.

EOG’s East Irish Sea Conwy project in the United Kingdom achieved first production in March 2016.

EOG also continued to improve capital efficiency. For the first quarter 2016, exploration and development expenditures (excluding property acquisitions) decreased 61 percent, while total crude oil and condensate production declined by only 10 percent, compared to the first quarter 2015. Total natural gas production for the first quarter 2016 decreased 3 percent versus the prior year period.

"Our premium drilling strategy is extending EOG’s performance leadership in the upstream industry... Excellent well performance and cost reductions drove tremendous capital efficiency gains and gave EOG a great start on another successful year. EOG is steadily approaching its goal of becoming one of the lowest cost global oil producers through its sustainable advantages in asset quality, technology, cost reductions and operational execution.” – William R. “Bill” Thomas, Chairman and Chief Executive Officer
**EOG Resources**

**South Texas Eagle Ford Oil**

- **Largest Oil Producer and Acreage Holder in the Eagle Ford**
  - Average 5 Rigs operating in 2016
  - Complete 150 Net Wells in 2016 vs. 329 in 2015
- **Estimated Resource Potential** 3.2 BnBoe+ 7,200 Net Wells
  - EUR 450 MBoe/Well, NAR at 4 Ac-Acre Spacing
- **Precision Targeting**
  - Lateral Drilling Window 20’ vs. Prior 150’
- **Acreage 91% Held by Production at YE 2015**
- **2016 Operations**
  - Focused on Premium Locations
  - Few Lease Retention Obligations
  - Testing Stacked-Staggered “W” Patterns 200’ to 250’ Apart
  - Reducing Operating Costs Through Sustainable Efficiencies

---

**South Texas Eagle Ford**

EOG continued to achieve strong well performance and capital efficiencies in the Eagle Ford during the first quarter 2016. In Gonzales County, EOG completed the Stills Unit 2H with average 30-day initial production rates of 2,775 Bopd, 345 Bpd of NGLs and 2.2 MMcfd of natural gas and the Neets Unit 9H with average 30-day initial production rates of 2,355 Bopd, 255 Bpd of NGLs and 1.7 MMcfd of natural gas. Also in Gonzales County, EOG completed the Fleetwood Unit 5H-8H wells in a four-well pattern with average 30-day initial production rates per well of 2,330 Bopd, 320 Bpd of NGLs and 2.1 MMcfd of natural gas. In Lavaca County, EOG completed the Boedeker 18H with average 30-day initial production rates of 2,305 Bopd, 220 Bpd of NGLs and 1.4 MMcfd of natural gas.

**South Texas Austin Chalk**

EOG expanded its inventory of high rate of return crude oil plays with successful drilling results in the South Texas Austin Chalk, which sits on top of the South Texas Eagle Ford shale. The initial test well, the Leonard AC Unit 101H, came online with average 30-day initial production rates of 2,100 barrels of oil per day.
EOG Resources, Inc.

May 17, 2016

EOG Resources
South Texas Austin Chalk

- New Geologic Concept In an Existing Play
- Precision Targeting Key
- Responds Well to EOG-Style Completions
- Overlays Existing Eagle Ford Acreage
- Exhibiting Premium-Level Well Performance
- Two Exploratory Wells Completed YTD; Plan 7 Additional Wells in 2016
  - Leonard AC Unit 101H 30-Day IP: 2,100 Bopd and 2,715 Boed
  - Denali Unit 101H 20-Day IP: 2,265 Bopd and 3,130 Boed

"EOG continues to demonstrate its organic growth capabilities by discovering a new geologic concept in an existing play," Thomas said. "Although the industry has known about the Austin Chalk for many years, it took a new approach to turn it into a high rate of return play which competes with EOG's top-tier assets. We expect the Austin Chalk to make a meaningful contribution to our future success."

day (Bopd) with 295 barrels per day (Bpd) of natural gas liquids (NGLs) and 1.9 million cubic feet per day (MMcfd) of natural gas. A second Austin Chalk well, the Denali Unit 101H, was brought online in April 2016, with average 20-day initial production rates of 2,265 Bopd with 415 Bpd of NGLs and 2.7 MMcfd of natural gas. EOG intends to drill seven additional Austin Chalk wells in 2016 to further delineate the formation's potential.
**Delaware Basin**

EOG’s advancements in precision targeting and completions technology continue to drive superior well results and rates of return in the Delaware Basin. In the Delaware Basin Wolfcamp in Lea County, N.M., EOG completed the Rattlesnake 21 Fed Com #701H and #702H with average 20-day initial production rates of 2,670 and 2,870 Bopd, 450 and 480 Bpd of NGLs and 3.7 and 4.0 MMcf/d of natural gas, respectively. Also in the Delaware Basin Wolfcamp in Lea County, N.M., EOG completed the Lomas Rojas 26 State Com #701H - #704H in a four-well pattern with average 30-day initial production rates per well of 1,910 Bopd, 300 Bpd of NGLs and 2.4 MMcf/d of natural gas.

EOG continues to improve well and completion designs in the Delaware Basin, which led to increased well productivity in the first quarter 2016.
**Enhanced Oil Recovery (EOR)**

EOG confirmed success of its internally developed EOR process in the Eagle Ford following more than three years of testing in four successful pilot projects with 15 producing wells. These four pilot projects, located across the field, demonstrated consistent reservoir responses from a group of mature producing wells. The pilots generated significant increases in crude oil production with relatively low capital cost. One additional EOR pilot project that encompasses 32 producing wells is planned for 2016.

EOG anticipates many benefits from the application of this new technology, including high incremental net present value and rates of return on investment, low finding and operating costs, reduced severance tax rates, lower production decline rates and increased reservoir recoveries. EOG's Eagle Ford shale acreage position possesses unique geologic properties ideally suited for the company's proprietary EOR techniques. These methods require very strong geologic containment that may not exist in most horizontal oil plays.
"Today's introduction of EOG's enhanced oil recovery potential for the Eagle Ford shale is another technical breakthrough to further enhance the value of EOG's Eagle Ford assets... Our proprietary EOR capabilities and first-mover advantages uniquely position the company to create substantial incremental shareholder value through this long-life project." – William R. “Bill” Thomas, Chairman and Chief Executive Officer

EOG Resources
Eagle Ford Enhanced Oil Recovery

- Four Gas Injection Pilot Projects with 15 Producing Wells
  - One Additional Project Planned for 2016 with 32 Wells
  - Geologically and Geographically Diverse
  - EOR Incremental Production in 2016 ≈1,000 Net Bopd

- Attractive Economics
  - ATROR* >30% and PVI** >2.0 at $40 Oil
  - Finding Cost <$6 per Barrel
  - Capital Investment ≈$1MM per Well
  - Long Reserve Life and Low Decline Rate

- Extended Development Timeline
  - Limited to Developed Areas
  - Evaluating Optimal EOR Development Plan
  - Studying Extent of EOR Applicability Across Field

- Not Widely Repeatable across Other Tight Oil Plays
  - Good Vertical Containment
  - Black Oil Window
  - EOG Eagle Ford Uniquely Positioned in Optimal Setting

Capital Structure
At March 31, 2016, EOG's total debt outstanding was $7.0 billion with a debt-to-total capitalization ratio of 36 percent. Taking into account cash on the balance sheet of $668 million at the end of the first quarter, EOG's net debt was $6.3 billion with a net debt-to-total capitalization ratio of 34 percent.

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 36% and 34% at March 31, 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 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 July 15, 2016. Proceeds from the issuance of the Notes totaled approximately $991 million and were used to repay the $400 million aggregate principal amount of the 2016 Notes and for general corporate purposes, including repayment of outstanding commercial paper borrowings and funding of capital expenditures.

On February 1, 2016, EOG repaid upon maturity the $400 million aggregate principal amount of its 2.50% Senior Notes due 2016 (2016 Notes).

Total anticipated 2016 capital expenditures are estimated to range from approximately $2.4 billion to $2.6 billion, excluding acquisitions. The majority of 2016 expenditures will 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.

**Dividend**

The board of directors declared a dividend of $0.1675 per share on EOG's Common Stock, payable July 29, 2016, to stockholders of record as of July 15, 2016. The indicated annual rate is $0.67.

**Hedging**

For the period April 12 through April 30, 2016, EOG had crude oil financial price swap contracts in place for 90,000 Bopd at a weighted average price of $42.30 per barrel. For the period May 1 through June 30, 2016, EOG has crude oil financial price swap contracts in place for 128,000 Bopd at a weighted average price of $42.56 per barrel.

For the period March 1 through May 31, 2016, EOG had natural gas financial price swap contracts in place for 60,000 million British thermal units (MMBtu) per day at a weighted average price of $2.49 per...
MMBtu. For the period June 1 through August 31, 2016, EOG has natural gas financial price swap contracts in place for 60,000 MMBtu per day at a weighted average price of $2.49 per MMBtu.

EOG Resources
Conservative Financial Strategy

- Maintain Strong Balance Sheet
  - Investment Grade Credit Ratings
- Successful Efforts Accounting
- Zero Goodwill
- $2.7 Billion in Available Liquidity
  - $0.7 Billion Cash at December 31, 2015
  - $2.0 Billion Credit Facility – Undrawn at December 31, 2015
- Increased Dividend 16 Times in 17 Years
  - Current Indicated Annual Rate $0.67 per Share
- EOG Reserves Within 5% of Independent Engineering Analysis
  - Prepared by DeGolyer and MacNaughton
  - 28 Consecutive Years
  - Reviewed 86% of 2015 Proved Reserves

Capital Expenditures
Exploration and development expenditures of $578 million for the first three months of 2016 were $890 million lower than the same period of 2015 primarily due to decreased exploration and drilling expenditures in the United States ($549 million), Trinidad ($26 million) and Other International ($7 million); decreased facilities expenditures ($264 million); decreased leasehold acquisitions ($26 million) and decreased geological and geophysical expenditures ($7 million) in the United States. Exploration and development expenditures for the first three months of 2016 of $578 million consist of $510 million in development drilling and facilities, $50 million in exploration, $9 million in property acquisitions, and $9 million in capitalized interest. Exploration and development expenditures for the first three months of 2015 of $1,468

Our newsletters, company profiles and the information contained herein are strictly the opinion of the publishers (Energy Prospectus Group, a Division of DMS Publishing, LLC) and is intended for informational purposes only. Readers are encouraged to do their own research and due diligence before making any investment decisions. The publishers will not be held liable for any actions taken by the reader. Although the information in the newsletters and company profiles has been obtained from resources that the publishers believe to reliable, DMS Publishing, LLC dba Energy Prospectus Group does not guarantee its accuracy. Please note that the publishers may take positions in companies profiled.
Our newsletters, company profiles and the information contained herein are strictly the opinion of the publishers (Energy Prospectus Group, a Division of DMS Publishing, LLC) and is intended for informational purposes only. Readers are encouraged to do their own research and due diligence before making any investment decisions. The publishers will not be held liable for any actions taken by the reader. Although the information in the newsletters and company profiles has been obtained from resources that the publishers believe to reliable, DMS Publishing, LLC dba Energy Prospectus Group does not guarantee its accuracy. Please note that the publishers may take positions in companies profiled.

EOG Resources, Inc.

Company Profile
May 17, 2016

million consist of $1,332 million in development drilling and facilities, $117 million in exploration, $12 million in capitalized interest and $7 million in property acquisitions.

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.

![Low Financial Leverage
Net Debt to 2016E EBITDAX](image)


Peer Group: APA, AXP, CLP, CON, COP, CXP, DVN, HES, MRO, NBL, NFX, OXY, PXD and RRC.
2016 Capital Plan
For the year 2016, EOG’s budget for exploration and development and other property, plant and equipment expenditures is approximately $2.4 billion to $2.6 billion, excluding acquisitions. The table below sets out components of total expenditures for the three-month periods ended March 31, 2016 and 2015 (in millions):

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exploration and Development Drilling</td>
<td>$425</td>
<td>$1,007</td>
</tr>
<tr>
<td>Facilities</td>
<td>$87</td>
<td>$344</td>
</tr>
<tr>
<td>Leasehold Acquisitions</td>
<td>$18</td>
<td>$44</td>
</tr>
<tr>
<td>Property Acquisitions</td>
<td>$9</td>
<td>$7</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>$9</td>
<td>$12</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$548</td>
<td>$1,414</td>
</tr>
<tr>
<td>Exploration Costs</td>
<td>$30</td>
<td>$39</td>
</tr>
<tr>
<td>Dry Hole Costs</td>
<td>—</td>
<td>$15</td>
</tr>
<tr>
<td>Exploration and Development Expenditures</td>
<td>$378</td>
<td>$1,468</td>
</tr>
<tr>
<td>Asset Retirement Costs</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>Total Exploration and Development Expenditures</td>
<td>$388</td>
<td>$1,476</td>
</tr>
<tr>
<td>Other Property, Plant and Equipment</td>
<td>$25</td>
<td>$117</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>$613</td>
<td>$1,585</td>
</tr>
</tbody>
</table>

EOG Resources
2016 Game Plan

- **Focus on Returns**
  - Shifting to Premium Locations
    - Generate at Least 30% Direct ATROR* at $40 Oil
  - Premium Inventory >10 Years and Growing
    - Adding New Premium Inventory 2-3 Times Faster Than Drilling
    - Improve Existing Plays With Technology and Innovation
    - Organic Exploration and Tactical Acquisitions
  - Premium Drilling Significantly Increases Capital Productivity
    - Oil Production Declines Just 5% YOY With 47% Less Capital**
    - Drill ≈200 Net Wells and Complete ≈270 Net Wells
    - 230 Drilled Uncompleted Net Wells At YE 2016
  - Maintain Strong Balance Sheet

* See reconciliation schedule.
** Based on full-year estimates as of May 5, 2016, excluding acquisitions.

**REVENUES:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Natural gas</th>
<th>Crude oil, condensate &amp; NGLs</th>
<th>Gains on derivative contracts - cash</th>
<th>Gains on derivative contracts - non-cash</th>
<th>Gathering, processing and marketing</th>
<th>Gains on property disposotions, net</th>
<th>Other revenue</th>
<th>Total revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$1,916,386</td>
<td>$10,676,531</td>
<td>98,565</td>
<td>735,708</td>
<td>4,046,316</td>
<td>507,590</td>
<td>54,244</td>
<td>18,035,340</td>
</tr>
<tr>
<td>2015</td>
<td>$287,782</td>
<td>$1,372,234</td>
<td>367,707</td>
<td>201,699</td>
<td>570,270</td>
<td>1,807</td>
<td>41,407</td>
<td>2,318,538</td>
</tr>
<tr>
<td>2016</td>
<td>$274,038</td>
<td>$1,566,886</td>
<td>193,459</td>
<td>-241,928</td>
<td>678,356</td>
<td>-5,556</td>
<td>14,678</td>
<td>2,469,701</td>
</tr>
<tr>
<td>2017</td>
<td>$281,837</td>
<td>$1,276,309</td>
<td>99,879</td>
<td>-70,640</td>
<td>527,217</td>
<td>-1,185</td>
<td>14,011</td>
<td>2,172,428</td>
</tr>
</tbody>
</table>

**INCOME TAXES:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total revenues</th>
<th>Cashflow per share (before CapEx)</th>
<th>Interest capitalized</th>
<th>Interest expense</th>
<th>Other income (expenses)</th>
<th>Operating earnings</th>
<th>Total revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$18,035,340</td>
<td>$1,603,897</td>
<td>256,924</td>
<td>184,388</td>
<td>145,800</td>
<td>1,417</td>
<td>$2,318,538</td>
</tr>
<tr>
<td>2015</td>
<td>$2,318,538</td>
<td>$1,274,000</td>
<td>-97,241</td>
<td>-304,390</td>
<td>-11,478</td>
<td>23,045</td>
<td>$2,469,701</td>
</tr>
<tr>
<td>2016</td>
<td>$2,469,701</td>
<td>$1,294,992</td>
<td>729,500</td>
<td>70,250</td>
<td>22,000</td>
<td>12,000</td>
<td>$2,550,000</td>
</tr>
<tr>
<td>2017</td>
<td>$2,172,428</td>
<td>$1,136,991</td>
<td>279,500</td>
<td>227,000</td>
<td>56,000</td>
<td>20,000</td>
<td>$2,472,428</td>
</tr>
</tbody>
</table>

**EXPLANATIONS:**

- **Lease and well**
- **Transpantions costs**
- **Gathering and processing**
- **Exploration costs (Successful Efforts)**
- **Dry Hole Costs**
- **Impairment (FAS 21)**
- **Marketing Costs**
- **DD&A**
- **G&A**
- **Stock based compensation (non-cash)**
- **Taxes other than income**
- **Other**

**TOTAL EXPENSES:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total expenses</th>
<th>Operating earnings</th>
<th>Interest expense</th>
<th>Other income (expenses)</th>
<th>Operating earnings</th>
<th>Total expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$12,793,517</td>
<td>$589,367</td>
<td>374,882</td>
<td>256,924</td>
<td>184,388</td>
<td>$1,417</td>
</tr>
<tr>
<td>2015</td>
<td>$1,916,386</td>
<td>$80,200</td>
<td>-97,241</td>
<td>-304,390</td>
<td>-11,478</td>
<td>23,045</td>
</tr>
<tr>
<td>2016</td>
<td>$1,274,000</td>
<td>729,500</td>
<td>70,250</td>
<td>22,000</td>
<td>12,000</td>
<td>20,000</td>
</tr>
<tr>
<td>2017</td>
<td>$2,469,701</td>
<td>$2,318,538</td>
<td>227,000</td>
<td>56,000</td>
<td>20,000</td>
<td>$2,472,428</td>
</tr>
</tbody>
</table>

**INCOME BEFORE INCOME TAXES:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Income before income taxes</th>
<th>Income before income taxes</th>
<th>Income before income taxes</th>
<th>Income before income taxes</th>
<th>Income before income taxes</th>
<th>Income before income taxes</th>
<th>Income before income taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2,024,085</td>
<td>$2,024,085</td>
<td>$2,024,085</td>
<td>$2,024,085</td>
<td>$2,024,085</td>
<td>$2,024,085</td>
<td>$2,024,085</td>
</tr>
<tr>
<td>2015</td>
<td>$1,214,504</td>
<td>$1,214,504</td>
<td>$1,214,504</td>
<td>$1,214,504</td>
<td>$1,214,504</td>
<td>$1,214,504</td>
<td>$1,214,504</td>
</tr>
<tr>
<td>2016</td>
<td>$1,294,992</td>
<td>$1,294,992</td>
<td>$1,294,992</td>
<td>$1,294,992</td>
<td>$1,294,992</td>
<td>$1,294,992</td>
<td>$1,294,992</td>
</tr>
<tr>
<td>2017</td>
<td>$1,136,991</td>
<td>$1,136,991</td>
<td>$1,136,991</td>
<td>$1,136,991</td>
<td>$1,136,991</td>
<td>$1,136,991</td>
<td>$1,136,991</td>
</tr>
</tbody>
</table>

Our newsletters, company profiles and the information contained herein are strictly the opinion of the publishers (Energy Prospectus Group, a Division of DMS Publishing, LLC) and is intended for informational purposes only. Readers are encouraged to do their own research and due diligence before making any investment decisions. The publishers will not be held liable for any actions taken by the reader. Although the information in the newsletters and company profiles has been obtained from resources that the publishers believe to reliable, DMS Publishing, LLC dba Energy Prospectus Group does not guarantee its accuracy. Please note that the publishers may take positions in companies profiled.