
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2004

☐ **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

(State or other jurisdiction
of incorporation or organization)

47-0684736

(I.R.S. Employer
Identification No.)

333 Clay Street, Suite 4200, Houston, Texas 77002-7361

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: 713-651-7000

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 is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 22, 2004.

Title of each class
Common Stock, \$.01 par value

Number of shares
116,562,439

EOG RESOURCES, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS **EOG RESOURCES, INC.** **CONSOLIDATED STATEMENTS OF INCOME** *(In Thousands, Except Per Share Amounts)* *(Unaudited)*

	Three Months Ended March 31,	
	2004	2003
Net Operating Revenues		
Natural Gas	\$ 417,389	\$ 434,091
Crude Oil, Condensate and Natural Gas Liquids	90,458	75,508
Losses on Mark-to-Market Commodity Derivative Contracts	(44,455)	(45,221)
Other, Net	<u>928</u>	<u>291</u>
Total	464,320	464,669
Operating Expenses		
Lease and Well	64,417	48,339
Exploration Costs	25,996	17,458
Dry Hole Costs	10,027	6,620
Impairments	17,648	11,956
Depreciation, Depletion and Amortization	113,797	103,553
General and Administrative	24,915	20,421
Taxes Other Than Income	<u>36,084</u>	<u>30,193</u>
Total	<u>292,884</u>	<u>238,540</u>
Operating Income	171,436	226,129
Other Income (Expense), Net	<u>(2,729)</u>	<u>152</u>
Income Before Interest Expense and Income Taxes	168,707	226,281
Interest Expense, Net	<u>16,683</u>	<u>15,318</u>
Income Before Income Taxes	152,024	210,963
Income Tax Provision	<u>51,171</u>	<u>74,407</u>
Net Income Before Cumulative Effect of Change in Accounting Principle	100,853	136,556
Cumulative Effect of Change in Accounting Principle, Net of Income Tax	<u>-</u>	<u>(7,131)</u>
Net Income	100,853	129,425
Preferred Stock Dividends	<u>2,758</u>	<u>2,758</u>
Net Income Available to Common	<u>\$ 98,095</u>	<u>\$ 126,667</u>
Net Income Per Share Available to Common		
Basic		
Net Income Available to Common Before Cumulative Effect of		
Change in Accounting Principle	\$ 0.85	\$ 1.17
Cumulative Effect of Change in Accounting Principle, Net of Income Tax		<u>-</u>
(0.06)		
Net Income Per Share Available to Common	<u>\$ 0.85</u>	<u>\$ 1.11</u>
Diluted		
Net Income Available to Common Before Cumulative Effect of		
Change in Accounting Principle	\$ 0.83	\$ 1.15
Cumulative Effect of Change in Accounting Principle, Net of Income Tax		<u>-</u>
(0.06)		
Net Income Per Share Available to Common	<u>\$ 0.83</u>	<u>\$ 1.09</u>
Average Number of Common Shares		
Basic	<u>115,645</u>	<u>114,441</u>
Diluted	<u>117,621</u>	<u>116,224</u>

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

PART I. FINANCIAL INFORMATION – (Continued)

ITEM 1. FINANCIAL STATEMENTS – (Continued)

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

	March 31, 2004	December 31, 2003
	(Unaudited)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 95,717	\$ 4,443
Accounts Receivable, Net	303,566	295,118
Inventories	23,758	21,922
Deferred Income Taxes	46,515	31,548
Other	34,288	42,983
Total	503,844	396,014
Oil And Gas Properties (Successful Efforts Method)	8,384,989	8,189,062
Less: Accumulated Depreciation, Depletion and Amortization	(4,048,682)	(3,940,145)
Net Oil and Gas Properties	4,336,307	4,248,917
Other Assets	114,902	104,084
Total Assets	\$ 4,955,053	\$ 4,749,015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 296,457	\$ 282,379
Accrued Taxes Payable	51,305	33,276
Dividends Payable	7,377	6,175
Liabilities from Price Risk Management Activities	80,196	37,779
Deferred Income Taxes	14,274	73,611
Other	43,415	43,299
Total	493,024	476,519
Long-Term Debt	1,085,822	1,108,872
Other Liabilities	180,729	171,115
Deferred Income Taxes	879,921	769,128
Shareholders' Equity		
Preferred Stock, \$.01 Par, 10,000,000 Shares Authorized:		
Series B, 100,000 Shares Issued, Cumulative, \$100,000,000 Liquidation Preference	98,648	98,589
Series D, 500 Shares Issued, Cumulative, \$50,000,000 Liquidation Preference	49,872	49,827
Common Stock, \$.01 Par, 320,000,000 Shares Authorized and 124,730,000 Shares Issued	201,247	201,247
Additional Paid in Capital	8,180	1,625
Unearned Compensation	(29,411)	(23,473)
Accumulated Other Comprehensive Income	61,761	73,934
Retained Earnings	2,212,300	2,121,214
Common Stock Held in Treasury, 8,452,475 shares at March 31, 2004 and 8,819,600 shares at December 31, 2003	(287,040)	(299,582)
Total Shareholders' Equity	2,315,557	2,223,381
Total Liabilities and Shareholders' Equity	\$ 4,955,053	\$ 4,749,015

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

PART I. FINANCIAL INFORMATION – (Continued)

ITEM 1. FINANCIAL STATEMENTS – (Continued)
EOG RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2004	2003
Cash Flows From Operating Activities		
Reconciliation of Net Income to Net Operating Cash Inflows:		
Net Income	\$ 100,853	\$ 129,425
Items Not Requiring Cash		
Depreciation, Depletion and Amortization	113,797	103,553
Impairments	17,648	11,956
Deferred Income Taxes	32,016	50,441
Cumulative Effect of Change in Accounting Principle, Net of Income Tax	-	7,131
Other, Net	7,432	2,611
Exploration Costs	25,996	17,458
Dry Hole Costs	10,027	6,620
Mark-to-Market Commodity Derivative Contracts		
Total Losses	44,455	45,221
Realized Losses	(2,342)	(27,929)
Tax Benefits from Stock Options Exercised	2,419	2,959
Other, Net	(825)	69
Changes in Components of Working Capital and Other Liabilities		
Accounts Receivable	(8,404)	(111,034)
Inventories	(1,836)	646
Accounts Payable	14,382	20,670
Accrued Taxes Payable	23,946	23,872
Other Liabilities	4,603	(1,532)
Other, Net	2,815	(698)
Changes in Components of Working Capital Associated with Investing and Financing Activities	<u>10,306</u>	<u>8,832</u>
Net Operating Cash Inflows	397,288	290,271
Investing Cash Flows		
Additions to Oil and Gas Properties	(230,516)	(140,213)
Exploration Costs	(25,996)	(17,458)
Dry Hole Costs	(10,027)	(6,620)
Proceeds from Sales of Assets	5,954	7,320
Changes in Components of Working Capital Associated with Investing Activities	(11,892)	(8,860)
Other, Net	<u>(11,032)</u>	<u>(5,479)</u>
Net Investing Cash Outflows	(283,509)	(171,310)
Financing Cash Flows		
Long-Term Debt Repayments	(23,050)	(100,924)
Dividends Paid	(8,461)	(7,241)
Treasury Stock Purchased	-	(21,295)
Proceeds from Stock Options Exercised	8,775	7,456
Other, Net	<u>231</u>	<u>28</u>
Net Financing Cash Outflows	(22,505)	(121,976)
Increase (Decrease) in Cash and Cash Equivalents	91,274	(3,015)
Cash and Cash Equivalents at Beginning of Period	4,443	9,848
Cash and Cash Equivalents at End of Period	<u>\$ 95,717</u>	<u>\$ 6,833</u>

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

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Continued)

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated financial statements of EOG Resources, Inc. and subsidiaries (EOG) included herein have been prepared by management without audit pursuant to the rules and regulations of the 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. Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures are adequate to make the 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, 2003 (EOG's 2003 Annual Report).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Certain reclassifications have been made to prior period financial statements to conform with the current presentation.

As more fully discussed in Note 12 to the consolidated financial statements included in EOG's 2003 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 natural gas and crude oil. EOG utilizes commodity derivative financial instruments, primarily price swaps and collars, as the means to manage this price risk. In addition to these financial transactions, EOG is a party to various physical commodity contracts for the sale of hydrocarbons that cover varying periods of time and have varying pricing provisions. The financial impact of these various physical commodity contracts is included in revenues at the time of settlement, which in turn affects average realized hydrocarbon prices. During the first quarter of 2004 and 2003, EOG elected not to designate any of its commodity derivative financial contracts as accounting hedges, and accordingly, accounted for these commodity derivative financial contracts using the mark-to-market accounting method.

EOG is exposed to foreign currency exchange rate risk inherent in its operations in foreign countries, including Canada, Trinidad and the United Kingdom. From time to time, EOG engages in exchange rate risk management activities to manage its exposure to exchange rates. Effective March 9, 2004, EOG entered into a cross currency swap transaction with multiple banks to eliminate any exchange rate impacts that may result from the notes offered by one of the Canadian subsidiaries on the same date (see Note 8). EOG accounts for the cross currency swap transaction using the hedge accounting method, pursuant to the provisions of Statement of Financial Accounting Standards (SFAS) No. 133 – "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS Nos. 137, 138 and 149. Under those provisions, during the first quarter of 2004, EOG recorded the change in the fair value of the swap of \$3.6 million in Other Liabilities in the Liabilities section of the Consolidated Balance Sheets. The cross currency swap results in no net impact to the Consolidated Statements of Income or to the Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143 - "Accounting for Asset Retirement Obligations" effective for fiscal years beginning after June 15, 2002. SFAS No. 143 essentially requires entities to record the fair value of a liability for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. EOG adopted the statement on January 1, 2003. The impact of adopting the statement resulted in an after-tax charge of \$7.1 million, which was reported in the first quarter of 2003 as cumulative effect of change in accounting principle.

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Continued)

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In December 2002, the FASB issued SFAS No. 148 - "Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment of FASB Statement No. 123." This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation, along with the requirement of disclosure in both annual and interim financial statements about the method used and effect on reported results (see Note 7). On March 31, 2004, the FASB issued a proposed statement to amend SFAS No. 123 to require all companies to expense the value of employee stock options. This proposed statement sets a comment deadline of June 30, 2004 and would be effective prospectively beginning first quarter of 2005 for EOG. EOG is currently evaluating the effect of the proposed statement on its financial statements and continues to monitor further developments relating to the proposed statement.

During the third quarter of 2003, the SEC made comments to other registrants that oil and gas mineral rights acquired should be classified as an intangible asset pursuant to SFAS No. 141 - "Business Combinations," and SFAS No. 142 - "Goodwill and Other Intangible Assets." However, the SEC is not currently requiring all oil and gas producing companies to apply this classification or the disclosure requirements of intangible assets. Currently, EOG classifies the cost of oil and gas mineral rights as oil and gas properties and believes that this is consistent with oil and gas accounting and industry practice. The FASB has been asked to address this issue. If the FASB determines that the reclassification is required, EOG would reclassify these costs from oil and gas properties to intangible assets on the balance sheet. There would be no effect on the statement of income or cash flows. In March 2004, the FASB reached a consensus that for the mining industry all mineral rights are tangible assets and that SFAS Nos. 141 and 142 should be amended accordingly. EOG will continue to monitor the developments in this area until the final decision by the FASB emerges.

In January 2004, the FASB released its FASB Staff Position No. 106-1 - "Accounting and Disclosure Requirements related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP 106-1), which allows a company to make a one-time election to defer accounting for the effects of the Medicare Prescription Drug Improvement Act of 2003 (Act). On March 12, 2004, the FASB proposed FSP 106-b, which bears the same title as and would supersede FSP 106-1, to provide guidance on accounting for the effects of the Act for employers that sponsor postretirement health care plans that provide prescription drug benefits. While EOG is aware of the Act, any measures of the net periodic benefit cost in Footnote 7 do not reflect any amount associated with the Medicare subsidy because EOG is unable to conclude whether the benefits provided by the plan are actuarially equivalent to Medicare Part D under the Act. EOG has not decided whether it will elect to defer accounting for the effects of the Act and is currently evaluating the effect of the proposed statement on its financial statements and continues to monitor further developments relating to the proposed statement.

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Continued)

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. The following table sets forth the computation of net income per share available to common for the three-month periods ended March 31 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2004	2003
Numerator for Basic and Diluted Earnings Per Share - Net Income Available To Common	<u>\$ 98,095</u>	<u>\$ 126,667</u>
Denominator for Basic Earnings Per Share - Weighted Average Shares	115,645	114,441
Potential Dilutive Common Shares - Stock Options	1,596	1,541
Restricted Stock and Units	<u>380</u>	<u>242</u>
Denominator for Diluted Earnings Per Share - Adjusted Weighted Average Shares	<u>117,621</u>	<u>116,224</u>
Net Income Per Share Available to Common		
Basic	<u>\$ 0.85</u>	<u>\$ 1.11</u>
Diluted	<u>\$ 0.83</u>	<u>\$ 1.09</u>

3. The following table presents the components of EOG's comprehensive income for the three-month periods ended March 31 (in thousands):

	Three Months Ended March 31,	
	2004	2003
Comprehensive Income		
Net Income	\$ 100,853	\$ 129,425
Other Comprehensive Income		
Foreign Currency Translation Adjustment	(12,173)	39,256
Total	<u>\$ 88,680</u>	<u>\$ 168,681</u>

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Continued)

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Selected financial information about operating segments is reported below for the three-month periods ended March 31 (in thousands):

	Three Months Ended March 31,	
	2004	2003
Net Operating Revenues		
United States	\$ 334,767	\$ 358,514
Canada	100,802	80,691
Trinidad	28,750	25,464
Other	<u>1</u>	<u>-</u>
Total	<u>\$ 464,320</u>	<u>\$ 464,669</u>
Operating Income (Loss)		
United States	\$ 101,004	\$ 162,122
Canada	54,249	51,391
Trinidad	19,877	16,971
United Kingdom	(3,695)	(4,580)
Other	<u>1</u>	<u>225</u>
Total	<u>171,436</u>	<u>226,129</u>
Reconciling Items		
Other Income (Expense), Net	(2,729)	152
Interest Expense, Net	<u>16,683</u>	<u>15,318</u>
Income Before Income Taxes	<u>\$ 152,024</u>	<u>\$ 210,963</u>

5. EOG and numerous other companies in the natural gas industry are named as defendants in various lawsuits alleging violations of the Civil False Claims Act. These lawsuits have been consolidated for pre-trial proceedings in the United States District Court for the District of Wyoming. The plaintiffs contend that defendants have underpaid royalties on natural gas and natural gas liquids produced on federal and Indian lands through the use of below-market prices, improper deductions, improper measurement techniques and transactions with affiliated companies. Plaintiffs allege that the royalties paid by defendants were lower than the royalties required to be paid under federal regulations and that the forms filed by defendants with the Minerals Management Service reporting these royalty payments were false, thereby violating the Civil False Claims Act. The United States has intervened in certain of the cases as to some of the defendants, but has not intervened as to EOG. The plaintiffs in one of the two lawsuits in which EOG has been involved dismissed EOG from that case without prejudice. Based on EOG's present understanding of the remaining case in which it is a defendant, EOG believes that it has substantial defenses to the plaintiff's claims and intends to vigorously assert these defenses. However, if EOG is found to have violated the Civil False Claims Act, EOG could be subject to a variety of sanctions, including treble damages and substantial monetary fines.

EOG has been named as a potentially responsible party in certain Comprehensive Environmental Response Compensation and Liability Act proceedings. However, management does not believe that any potential assessments resulting from such proceedings will individually, or in the aggregate, have a materially adverse effect on the financial condition or results of operations of EOG.

There are various other suits and claims against EOG that have arisen in the ordinary course of business. However, management does not believe these suits and claims will individually, or in the aggregate, have a material adverse effect on the financial condition or results of operations of EOG.

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Continued)

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. The following table presents the reconciliation of the beginning and ending aggregate carrying amount of short-term and long-term legal obligations associated with the retirement of oil and gas properties pursuant to SFAS No. 143 for the three-month period ended March 31, 2004 (in thousands):

	Asset Retirement Obligations		
	Short-Term	Long-Term	Total
Balance at December 31, 2003	\$ 5,320	\$ 109,116	\$ 114,436
Liabilities Incurred	321	2,073	2,394
Liabilities Settled	(97)	(28)	(125)
Accretion	36	1,331	1,367
Reclassification	2,073	(2,073)	-
Foreign Currency Translation	(3)	(212)	(215)
Balance at March 31, 2004	<u>\$ 7,650</u>	<u>\$ 110,207</u>	<u>\$ 117,857</u>

7. EOG has various stock plans (Plans) under which employees and non-employee members of the Board of Directors of EOG and its subsidiaries have been or may be granted certain equity compensation.

Stock Options. EOG has in place compensatory stock option plans whereby participants have been or may be granted rights to purchase shares of common stock of EOG at a price not less than the market price of the stock at the date of grant.

Employee Stock Purchase Plan. EOG has in place an employee stock purchase plan, pursuant to Section 423 of the Internal Revenue Code of 1986, as amended, whereby participants are granted rights to purchase shares of common stock of EOG at a price that is 15% less than the market price of the stock on either the first day or the last day of a six-month offering period, whichever is less.

Pro Forma Information. EOG's pro forma net income available to common and net income per share available to common for the three-month periods ended March 31, 2004 and 2003, had compensation costs of stock options and the employee stock purchase plan been recorded using the fair value method in accordance with SFAS No. 123 – "Accounting for Stock-Based Compensation," as amended by SFAS No. 148 – "Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment of FASB Statement No. 123," are presented below pursuant to the disclosure requirement of SFAS No. 148 (in millions, except per share amounts):

	Three Months Ended	
	March 31,	
	2004	2003
Net Income Available to Common - As Reported	\$ 98.1	\$ 126.7
Deduct: Total Stock-Based Employee Compensation Expense, Net of Income Tax	<u>(2.5)</u>	<u>(3.3)</u>
Net Income Available to Common - Pro Forma	<u>\$ 95.6</u>	<u>\$ 123.4</u>
Net Income per Share Available to Common		
Basic - As Reported	<u>\$ 0.85</u>	<u>\$ 1.11</u>
Basic - Pro Forma	<u>\$ 0.83</u>	<u>\$ 1.08</u>
Diluted - As Reported	<u>\$ 0.83</u>	<u>\$ 1.09</u>
Diluted - Pro Forma	<u>\$ 0.81</u>	<u>\$ 1.06</u>

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Concluded)

EOG RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The effects of applying SFAS No. 123, as amended, in this pro forma disclosure should not be interpreted as being indicative of future effects. SFAS No. 123 does not apply to awards prior to 1995 and the extent and timing of additional future awards cannot be predicted.

Restricted Stock and Units. Under the Plans, employees may be granted restricted stock and/or units without cost to them. Related compensation expense for the three-month periods ended March 31, 2004 and 2003 was \$2.0 million and \$1.3 million, respectively.

Pension Plans. EOG has a non-contributory defined contribution pension plan and a matched defined contribution savings plan in place for most of its employees in the United States. EOG's contributions to these plans are based on various percentages of compensation, and in some instances, are based upon the amount of the employees' contributions to the plan. For the three-month periods ended March 31, 2004 and 2003, the contributions to these plans amounted to approximately \$3.0 million and \$1.9 million, respectively.

In addition, EOG's Canadian subsidiary maintains a non-contributory defined contribution pension plan and a matched savings plan and EOG's Trinidadian subsidiary maintains a contributory defined benefit pension plan and a matched savings plan. These plans are available to most employees of the Canadian and Trinidadian subsidiaries, and contributions related to these plans were \$205,000 and \$136,000 for the three-month periods ended March 31, 2004 and 2003, respectively.

Postretirement Plan. During 2000, EOG adopted postretirement medical and dental benefits for eligible employees and their eligible dependents. Benefits are provided under the provisions of a contributory defined dollar benefit plan. EOG accrues these postretirement benefit costs over the service lives of the employees expected to be eligible to receive such benefits.

The following table summarizes EOG's postretirement benefit expense for the three-month periods ended March 31 (in thousands):

	Three Months Ended	
	March 31,	
	2004	2003
Service Cost	\$ 70	\$ 44
Interest Cost	50	32
Expected Return on Plan Assets	-	-
Amortization of Prior Service Cost	33	19
Amortization of Net Actuarial (Gain) Loss	-	-
Net Periodic Benefit Cost	<u>\$ 153</u>	<u>\$ 95</u>

EOG previously disclosed in its financial statements for the year ended December 31, 2003, that it expected to contribute \$57,000 to its postretirement plan in 2004. As of March 31, 2004, \$14,000 of contributions have been made. EOG presently anticipates contributing an additional \$43,000 to fund its postretirement plan in 2004 for a total of \$57,000.

- On March 9, 2004, EOG Resources Canada Inc., a wholly owned subsidiary of EOG, issued notes with a total principal amount of US\$150 million, an annual interest rate of 4.75% and a maturity date of March 15, 2014, under Rule 144A of the Securities Act of 1933, as amended. The notes are guaranteed by EOG. In conjunction with the offering, EOG entered into a cross currency swap transaction with multiple banks for the equivalent amount of the notes, which has in effect converted this indebtedness into CAD\$201.3 million with a 5.275% interest rate.

PART I. FINANCIAL INFORMATION - (Continued)

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

Overview

EOG Resources, Inc. (EOG) is one of the largest independent (non-integrated) oil and gas companies in the United States and has substantial proved reserves in the U.S., Canada, offshore Trinidad and, to a lesser extent, the United Kingdom North Sea. EOG operates under a business strategy that focuses predominantly on three factors: achieving a strong reinvestment rate of return on its capital program, drilling internally generated prospects in order to find and develop low cost reserves, and maintaining a strong balance sheet, with a below industry average debt-to-total capitalization ratio.

Operations

United States and Canada. EOG's effort to identify plays with larger reserve potential has proven a successful supplement to its base development and exploitation program in the United States and Canada. EOG plans to continue to drill smaller wells in large acreage plays, which, in the aggregate, will contribute substantially to EOG's crude oil and natural gas production. EOG has several larger potential plays under way in Wyoming, Utah and Texas, including the Barnett Shale, where EOG has recently completed several successful wells. EOG continues to acquire acreage in the Barnett Shale play.

International. In Trinidad, EOG drilled two development wells at its Parula Discovery. Production from these wells will be among the sources to supply existing gas contracts, as well as feeding the new ammonia and methanol plants that are scheduled to commence operations in mid-2004 and 2005, respectively.

Although EOG continues to focus on United States and Canadian natural gas, EOG sees an increasing linkage between United States and Canadian natural gas demand and Trinidadian natural gas supply. For example, liquefied natural gas (LNG) imports from existing and planned facilities in Trinidad are serious contenders to meet increasing United States demand. In addition, ammonia, methanol and chemical production has been relocating from the United States and Canada to Trinidad, driven by attractive natural gas feedstock prices in the island nation. EOG anticipates that its existing position with the supply contracts to the two ammonia plants and the new methanol plant will continue to give its portfolio an even broader exposure to United States and Canadian natural gas fundamentals.

In EOG's new venue in the Southern Gas Basin of the United Kingdom North Sea, EOG is on track to commence production of approximately 40 MMcfd, net, from its two gas discoveries by the end of 2004. These wells were farm-in opportunities from major oil companies. EOG is reviewing additional farm-in opportunities in this area and expects to participate in several exploration wells in 2004. EOG is also setting up the necessary structures to begin operatorship in the United Kingdom later in 2004.

Capital Structure

As noted, one of management's key strategies is to keep a strong balance sheet with a consistently below industry average debt-to-total capitalization ratio. During the first quarter 2004, EOG reduced debt by \$23 million and increased its cash position by \$91 million. At March 31, 2004, its debt-to-total capitalization ratio was 31.9%, down from 33.3% at December 31, 2003. On March 9, 2004, EOG Resources Canada Inc., a wholly-owned subsidiary of EOG, issued notes with a total principal amount of US\$150 million. The proceeds from these notes, along with the excess cash provided from operating activities, allowed EOG to fund its entire first quarter 2004 capital program of \$267 million and pay down \$98 million on outstanding commercial paper borrowings and \$75 million on a senior unsecured term loan facility. As management currently assesses price forecast and demand trends for 2004, EOG continues to believe that operations and capital expenditure activity can be funded by cash generated from operations.

For 2004, EOG's estimated capital expenditure budget remains approximately \$1.1 billion, excluding acquisitions. EOG plans to spend about 5% of this estimated capital expenditure budget to drill new, internally generated, bigger target ideas. United States and Canadian natural gas continues to be a key component of this effort. When it fits EOG's strategy, EOG will make acquisitions that bolster existing drilling programs or offer EOG incremental exploration and/or production opportunities. Management continues to believe that EOG has one of the strongest prospect inventories in EOG's history.

PART I. FINANCIAL INFORMATION - (Continued)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
EOG RESOURCES, INC.**

Results of Operations

The following review of operations for the three-month periods ended March 31, 2004 and 2003 should be read in conjunction with the consolidated financial statements of EOG and notes thereto.

Net Operating Revenues

During the first quarter of 2004, net operating revenues of \$464 million and total wellhead revenues of \$507 million were essentially flat as compared to those in the same period of 2003. Wellhead volume and price statistics for the three-month periods ended March 31 were as follows:

	Three Months Ended March 31,	
	2004	2003
Natural Gas Volumes (MMcf per day)⁽¹⁾		
United States	618	642
Canada	<u>203</u>	<u>158</u>
United States and Canada	821	800
Trinidad	<u>154</u>	<u>154</u>
Total	<u>975</u>	<u>954</u>
Average Natural Gas Prices (\$/Mcf)⁽²⁾		
United States	\$ 5.40	\$ 5.92
Canada	4.98	5.18
United States and Canada Composite	5.30	5.77
Trinidad	1.49	1.32
Composite	4.70	5.05
Crude Oil and Condensate Volumes (MBbl per day)⁽¹⁾		
United States	20.0	18.4
Canada	<u>2.6</u>	<u>2.1</u>
United States and Canada	22.6	20.5
Trinidad	<u>2.6</u>	<u>2.3</u>
Total	<u>25.2</u>	<u>22.8</u>
Average Crude Oil and Condensate Prices (\$/Bbl)⁽²⁾		
United States	\$ 34.76	\$ 32.96
Canada	31.72	31.78
United States and Canada Composite	34.41	32.84
Trinidad	32.91	33.27
Composite	34.25	32.89
Natural Gas Liquids Volumes (MBbl per day)⁽¹⁾		
United States	4.8	3.1
Canada	<u>0.6</u>	<u>0.7</u>
Total	<u>5.4</u>	<u>3.8</u>
Average Natural Gas Liquids Prices (\$/Bbl)⁽²⁾		
United States	\$ 24.71	\$ 23.24
Canada	20.14	22.09
Composite	24.21	23.04
Natural Gas Equivalent Volumes (MMcfe per day)⁽³⁾		
United States	767	771
Canada	<u>222</u>	<u>174</u>
United States and Canada	989	945
Trinidad	<u>169</u>	<u>169</u>
Total	<u>1,158</u>	<u>1,114</u>
Total Bcfe⁽³⁾ Deliveries	105.4	100.3

(1) Million cubic feet per day or thousand barrels per day, as applicable.

(2) Dollars per thousand cubic feet or per barrel, as applicable.

(3) Million cubic feet equivalent per day or billion cubic feet equivalent, as applicable.

PART I. FINANCIAL INFORMATION - (Continued)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
EOG RESOURCES, INC.**

Wellhead natural gas revenues for the first quarter of 2004 decreased \$17 million, or 4%, due to the decrease in the composite average wellhead natural gas price (\$31 million), partially offset by the increase in natural gas deliveries (\$14 million). The composite average wellhead price for natural gas decreased 7% to \$4.70 per Mcf for the first quarter of 2004 from \$5.05 per Mcf for the same period of 2003.

Natural gas deliveries increased to 975 MMcf per day for the first quarter of 2004 from 954 MMcf per day for the comparable period in 2003, primarily due to a 29% increase in Canada to 203 MMcf per day in 2004. The increase in Canada was attributable to drilling activities (41 MMcf per day) and the property acquisitions in the fourth quarter of 2003 (32 MMcf per day), partially offset by natural decline.

Wellhead crude oil and condensate revenues increased \$11 million, or 16%, due to increases in both the wellhead crude oil and condensate deliveries (\$8 million) and the composite average wellhead crude oil and condensate price (\$3 million). The composite average wellhead crude oil and condensate price for first quarter of 2004 was \$34.25 per barrel compared to \$32.89 per barrel for the same period of 2003.

Wellhead crude oil and condensate deliveries increased 11% to 25.2 MBbl per day for the first quarter of 2004. The increase was primarily due to the increases in the United States resulting from the production from new wells (1.6 MBbl per day) and in Canada resulting from property acquisitions in the fourth quarter of 2003 (0.5 MBbl per day).

Natural gas liquids revenues were \$4 million higher than a year ago primarily due to increases in deliveries (\$3 million) and the composite average price (\$1 million).

During the first quarter of 2004, EOG recognized a loss on mark-to-market commodity derivative contracts of \$44 million compared to a loss of \$45 million for the same period in 2003. During the first quarter of 2004, net cash outflows related to settled natural gas financial collar contracts and settled natural gas and crude oil financial price swap contracts were \$2 million compared to net cash outflows of \$28 million for the comparable period in 2003.

Operating and Other Expenses

For the first quarter of 2004, operating expenses of \$293 million were \$54 million higher than the \$239 million incurred in the first three months of 2003. The following table presents the costs per Mcfe for the three-month periods ended March 31:

	Three Months Ended March 31,	
	2004	2003
Lease and Well	\$ 0.61	\$ 0.48
DD&A	1.08	1.03
G&A	0.24	0.21
Taxes Other than Income	0.34	0.30
Interest Expense, Net	0.16	0.15
Total Per-Unit Costs⁽¹⁾	<u>\$ 2.43</u>	<u>\$ 2.17</u>

(1) Total per-unit costs do not include exploration costs, dry hole costs and impairments.

PART I. FINANCIAL INFORMATION - (Continued)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
EOG RESOURCES, INC.**

The higher per-unit costs of lease and well, depreciation, depletion and amortization (DD&A), general and administrative (G&A), taxes other than income and net interest expense for the three-month period ended March 31, 2004 compared to the same period in 2003 were due primarily to the reasons set forth below.

Lease and well expenses of \$64 million were \$16 million higher than the prior year period due primarily to a general increase in service costs related to operating activities in the United States (\$5 million) and Canada (\$1 million), the increased production in Canada as discussed above (\$4 million), a general increase in transportation related costs in the United States (\$4 million) and changes in the Canadian exchange rate (\$2 million).

DD&A expenses of \$114 million increased \$10 million from the prior year period due primarily to increased Canadian production as discussed above (\$4 million), changes in the Canadian exchange rate (\$3 million) and increased Canadian DD&A rates from acquiring and developing reserves (\$2 million).

G&A expenses of \$25 million were \$5 million higher than the comparable prior year period due primarily to expanded operations (\$4 million).

Taxes other than income of \$36 million were \$6 million higher than the prior year period primarily due to the results of a production tax audit lawsuit in the first quarter of 2004 (\$5 million). Excluding the impact of the lawsuit, the per unit taxes other than income cost would have been \$0.04 per Mcfe lower, or \$0.30 per Mcfe, for the first quarter of 2004.

Net interest expense of \$17 million increased approximately \$1 million compared to the first quarter of 2003 primarily due to an interest charge related to the results of a production tax audit lawsuit in the first quarter of 2004 (\$2 million), which is partially offset by slightly lower average debt balance (\$1 million). Excluding the impact of the lawsuit, the per unit net interest expense would have been \$0.02 per Mcfe lower, or \$0.14 per Mcfe, for the first quarter of 2004.

Exploration costs of \$26 million were \$9 million higher than a year ago due primarily to increased geological and geoscience expenditures in the United States (\$8 million) and Canada (\$1 million).

Impairments increased \$6 million to \$18 million compared to the comparable prior year period due to higher amortization of unproved leases in the United States (\$3 million) and impairments to the carrying value of certain long-lived assets as a result of downward revisions in the future cash flow analysis for certain properties in the United States (\$3 million). Total impairments under Statement of Financial Accounting Standards No. 144 - "Accounting for the Impairment or Disposal of Long-Lived Assets" for the first quarter of 2004 and 2003 were \$3 million and less than \$1 million, respectively.

Net other expense was \$3 million for the first quarter of 2004 compared to net other income of less than \$1 million for the first quarter of 2003. The increased expense was primarily due to foreign currency transaction losses (\$6 million) as a result of applying the changes in the Canadian exchange rate to certain intercompany short-term loans that eliminate in consolidation, partially offset by equity income (\$2 million).

The income tax provision decreased \$23 million to \$51 million compared to the first quarter of 2003, primarily resulting from lower income before income taxes for federal (\$21 million) and state (\$1 million) and decreases in other adjustments (\$2 million), partially offset by higher effective foreign income tax rates (\$1 million). As a result of the above changes, the net effective tax rate for the first quarter of 2004 of 34% decreased from 35% for the same period of 2003.

PART I. FINANCIAL INFORMATION - (Continued)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
EOG RESOURCES, INC.**

Capital Resources and Liquidity

Cash Flow

The primary sources of cash for EOG during the three months ended March 31, 2004 included funds generated from operations, proceeds from sales of partial interests in certain equity investments, proceeds from new borrowings and proceeds from stock options exercised. Primary cash outflows included funds used in operations, exploration and development expenditures, repayment of debt and payment of dividends to shareholders.

Net operating cash inflows of \$397 million for the first three months of 2004 increased approximately \$107 million as compared to the same period in 2003 primarily reflecting a decreased need for working capital to be invested in accounts receivable (\$103 million).

Net investing cash outflows of approximately \$284 million for the first three months of 2004 increased by \$112 million as compared to the same period in 2003 due primarily to increased exploration and development expenditures (\$102 million) and unfavorable changes in working capital related to investing activities (\$3 million). Changes in Components of Working Capital Associated with Investing Activities included changes in accounts payable associated with the accrual of exploration and development expenditures and changes in inventories which represent materials and equipment used in drilling and related activities.

Cash used by financing activities was \$23 million for the first three months of 2004 versus cash used of \$122 million for the same period in 2003. Financing activities for 2004 included the net repayment of long-term debt (\$23 million) consisting of repayments of the outstanding balances of commercial paper borrowings (\$98 million) and a senior unsecured term loan facility (\$75 million), offset partially by the issuance of the notes discussed below (\$150 million). Other financing activities included proceeds from the exercise of employee stock options (\$9 million) and payments of cash dividends (\$8 million).

On March 9, 2004, EOG Resources Canada Inc., a wholly owned subsidiary of EOG, issued notes with a total principal amount of US\$150 million, an annual interest rate of 4.75% and a maturity date of March 15, 2014, under Rule 144A of the Securities Act of 1933, as amended. The notes are guaranteed by EOG. In conjunction with the offering, EOG entered into a cross currency swap transaction for the equivalent amount of the notes, which has in effect converted this indebtedness into CAD\$201.3 million with a 5.275% interest rate.

Based upon existing economic and market conditions, management believes net operating cash flow and available financing alternatives will be sufficient to fund net investing and other cash requirements of EOG for the foreseeable future.

PART I. FINANCIAL INFORMATION - (Continued)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
EOG RESOURCES, INC.**

Total Exploration and Development Expenditures

The table below presents total exploration and development expenditures for the three-month periods ended March 31 (in millions):

	Three Months Ended March 31,	
	2004	2003
United States	\$ 192	\$ 130
Canada	<u>49</u>	<u>24</u>
United States and Canada	241	154
Trinidad	17	1
United Kingdom	<u>9</u>	<u>9</u>
Exploration and Development Expenditures	267	164
Asset Retirement Costs	<u>2</u>	<u>1</u>
Total Exploration and Development Expenditures	<u>\$ 269</u>	<u>\$ 165</u>

Total exploration and development expenditures of \$269 million for the first three months of 2004 were \$104 million higher than the comparable prior year period due primarily to increased exploratory and development activities in the United States, Canada and Trinidad. Included in the 2004 exploration and development expenditures are \$186 million in development, \$78 million for exploration, \$2 million in capitalized interest and \$1 million in property acquisitions.

The level of exploration and development expenditures 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. There are no material continuing commitments associated with expenditure plans.

Commodity Derivative Transactions

As more fully discussed in Note 12 to the consolidated financial statements included in EOG's 2003 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 natural gas and crude oil. EOG utilizes commodity derivative financial instruments, primarily price swaps and collars, as the means to manage this price risk. In addition to these financial transactions, EOG is a party to various physical commodity contracts for the sale of hydrocarbons that cover varying periods of time and have varying pricing provisions. The financial impact of these various physical commodity contracts is included in revenues at the time of settlement, which in turn affects average realized hydrocarbon prices. During the first three months of 2004 and 2003, EOG elected not to designate any of its commodity derivative financial contracts as accounting hedges, and accordingly, accounted for these commodity derivative financial contracts using the mark-to-market accounting method.

PART I. FINANCIAL INFORMATION - (Continued)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Concluded)
EOG RESOURCES, INC.**

Presented below is a summary of EOG's remaining 2004 natural gas financial collar contracts and natural gas and crude oil financial price swap contracts at March 31, 2004 with prices expressed in dollars per million British thermal units (\$/MMBtu) and in dollars per barrel (\$/Bbl), as applicable, and notional volumes in million British thermal units per day (MMBtud) and in barrels per day (Bbld), as applicable. EOG has not entered into any additional natural gas financial collar contracts or natural gas or crude oil financial price swap contracts since EOG filed its Current Report on Form 8-K on April 30, 2004. The total fair value of the natural gas financial collar contracts and natural gas and crude oil financial price swap contracts at March 31, 2004 was a negative \$80 million.

Month	Natural Gas Financial Collar Contracts					Financial Price Swap Contracts			
	Volume (MMBtud)	Floor Price		Ceiling Price		Natural Gas		Crude Oil	
		Floor Range	Weighted Average	Ceiling Range	Weighted Average	Volume (MMBtud)	Weighted Average Price (\$/MMBtu)	Volume (Bbld)	Weighted Average Price (\$/Bbl)
Apr	375,000	4.47 - 4.71	4.59	4.93 - 5.30	5.13	30,000	4.89	4,000	29.08
May	375,000	4.47 - 4.75	4.58	4.93 - 5.19	5.09	30,000	4.80	4,000	28.66
Jun	375,000	4.47 - 4.75	4.58	4.93 - 5.19	5.09	30,000	4.80	4,000	28.27
Jul	375,000	4.47 - 4.75	4.58	4.93 - 5.19	5.09	30,000	4.80	3,000	27.91
Aug	375,000	4.47 - 4.75	4.58	4.93 - 5.19	5.09	30,000	4.80	2,000	28.11
Sep	375,000	4.47 - 4.75	4.58	4.93 - 5.19	5.09	30,000	4.78	-	-
Oct	375,000	4.47 - 4.75	4.58	4.93 - 5.19	5.09	30,000	4.80	-	-

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 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts, including, among others, statements regarding EOG's future financial position, business strategy, budgets, reserve information, projected levels of production, projected costs and plans and objectives of management for future operations, are forward-looking statements. EOG typically uses words such as "expect," "anticipate," "estimate," "strategy," "intend," "plan," "target" and "believe" or the negative of those terms or other variations of them or by comparable terminology to identify its forward-looking statements. In particular, statements, express or implied, concerning future operating results, the ability to replace or increase reserves or to increase production, or the ability to generate income or cash flows are forward-looking statements. Forward-looking statements are not guarantees of performance. Although EOG believes its expectations reflected in forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations will be achieved. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include, among others: the timing and extent of changes in commodity prices for crude oil, natural gas and related products, foreign currency exchange rates and interest rates; the timing and impact of liquefied natural gas imports and changes in demand or prices for ammonia or methanol; the extent and effect of any hedging activities engaged in by EOG; the extent of EOG's success in discovering, developing, marketing and producing reserves and in acquiring oil and gas properties; the accuracy of reserve estimates, which by their nature involve the exercise of professional judgment and may therefore be imprecise; the extent to which EOG can replicate on its other Barnett Shale acreage the results of its most recent Barnett Shale wells; political developments around the world; acts of war and terrorism and responses to these acts; and financial market conditions. In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements might not occur. EOG undertakes no obligations to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION - (Concluded)

**ITEM 4. CONTROLS AND PROCEDURES
EOG RESOURCES, INC.**

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 quarter ended March 31, 2004. Based on this evaluation, the principal executive officer and principal financial officer have concluded that EOG's disclosure controls and procedures were effective as of the end of the quarter ended March 31, 2004 to ensure that information that is required to be disclosed by EOG in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. There were no changes in EOG's internal control over financial reporting that occurred during the quarter ended March 31, 2004 that have materially affected, or are reasonably likely to materially affect, EOG's internal control over financial reporting.

PART II. OTHER INFORMATION

EOG RESOURCES, INC.

ITEM 1. Legal Proceedings

See Part 1, Item 1, Note 5 to Consolidated Financial Statements, which is incorporated herein by reference.

ITEM 6. Exhibits and Current Reports on Form 8-K

(a) Exhibits

Exhibit 31.1 - Section 302 Certification of Periodic Report of Chief Executive Officer.

Exhibit 31.2 - Section 302 Certification of Periodic Report of Principal Financial Officer.

Exhibit 32.1 - Section 906 Certification of Periodic Report of Chief Executive Officer.

Exhibit 32.2 - Section 906 Certification of Periodic Report of Principal Financial Officer.

(b) Current Reports on Form 8-K

During the quarter ended March 31, 2004, EOG filed or furnished the following Current Reports on Form 8-K:

- On January 9, 2004 to report anticipated 2003 year-end debt balance, report anticipated financial results of the price risk management activities for the fourth quarter of 2003 and provide updated information on natural gas financial collar contracts and natural gas and crude oil financial price swap contracts for the full year 2004 in Item 9 - Regulation FD Disclosure.
- On February 4, 2004 to furnish the press release issued on February 4, 2004 for the fourth quarter and full year 2003 financial and operational results in Item 7 – Financial Statements and Exhibits and Item 12 – Results of Operations and Financial Condition.
- On February 4, 2004 to provide estimates for the first quarter and full year 2004 and updated information of the full year 2004 natural gas financial collar contracts and natural gas and crude oil financial price swap contracts in Item 9 - Regulation FD Disclosure.
- On February 24, 2004 to present management's discussion and analysis of financial condition and results of operations for 2003, financial statements for 2003 and related exhibits in Item 7 - Financial Statements and Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EOG RESOURCES, INC.
(Registrant)

Date: May 3, 2004

By: /s/ TIMOTHY K. DRIGGERS
Timothy K. Driggers
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
*31.1	-- Section 302 Certification of Periodic Report of Chief Executive Officer
*31.2	-- Section 302 Certification of Periodic Report of Principal Financial Officer
*32.1	-- Section 906 Certification of Periodic Report of Chief Executive Officer
*32.2	-- Section 906 Certification of Periodic Report of Principal Financial Officer

*Exhibits filed herewith

CERTIFICATIONS

I, Mark G. Papa, the Principal Executive Officer of EOG Resources, Inc., a Delaware corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EOG Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2004

/s/ MARK G. PAPA

Mark G. Papa
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Edmund P. Segner, III, the Principal Financial Officer of EOG Resources, Inc., a Delaware corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EOG Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2004

/s/ EDMUND P. SEGNER, III

Edmund P. Segner, III
President and Chief of Staff
(Principal Financial Officer)

CERTIFICATION OF PERIODIC REPORT

I, Mark G. Papa, Chairman of the Board and Chief Executive Officer of EOG Resources, Inc., a Delaware Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: May 3, 2004

/s/ MARK G. PAPA
Mark G. Papa
Chairman of the Board and
Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT

I, Edmund P. Segner, III, President and Chief of Staff, and Principal Financial Officer of EOG Resources, Inc., a Delaware Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: May 3, 2004

/s/ EDMUND P. SEGNER, III
Edmund P. Segner, III
President and Chief of Staff,
and Principal Financial Officer