

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

FORM 10-Q

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2022
- or
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number: 1-9743

EOG RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

47-0684736

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

1111 Bagby, Sky Lobby 2, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

713-651-7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	EOG	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

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

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

Yes ☐ No ☒

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

<u>Title of each class</u>	<u>Number of shares</u>
Common Stock, par value \$0.01 per share	586,044,522 (as of July 28, 2022)

EOG RESOURCES, INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
EOG RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In Millions, Except Per Share Data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating Revenues and Other				
Crude Oil and Condensate	\$ 4,699	\$ 2,699	\$ 8,588	\$ 4,950
Natural Gas Liquids	777	367	1,458	681
Natural Gas	1,000	404	1,716	1,029
Losses on Mark-to-Market Financial Commodity Derivative Contracts	(1,377)	(427)	(4,197)	(794)
Gathering, Processing and Marketing	2,169	1,022	3,638	1,870
Gains on Asset Dispositions, Net	97	51	122	45
Other, Net	42	23	65	52
Total	<u>7,407</u>	<u>4,139</u>	<u>11,390</u>	<u>7,833</u>
Operating Expenses				
Lease and Well	324	270	642	540
Transportation Costs	244	214	472	416
Gathering and Processing Costs	152	128	296	267
Exploration Costs	35	35	80	68
Dry Hole Costs	20	13	23	24
Impairments	91	44	146	88
Marketing Costs	2,127	991	3,410	1,829
Depreciation, Depletion and Amortization	911	914	1,758	1,814
General and Administrative	128	120	252	230
Taxes Other Than Income	472	239	862	454
Total	<u>4,504</u>	<u>2,968</u>	<u>7,941</u>	<u>5,730</u>
Operating Income	<u>2,903</u>	<u>1,171</u>	<u>3,449</u>	<u>2,103</u>
Other Income (Expense), Net	27	(2)	26	(6)
Income Before Interest Expense and Income Taxes	<u>2,930</u>	<u>1,169</u>	<u>3,475</u>	<u>2,097</u>
Interest Expense, Net	48	45	96	92
Income Before Income Taxes	<u>2,882</u>	<u>1,124</u>	<u>3,379</u>	<u>2,005</u>
Income Tax Provision	644	217	751	421
Net Income	<u><u>\$ 2,238</u></u>	<u><u>\$ 907</u></u>	<u><u>\$ 2,628</u></u>	<u><u>\$ 1,584</u></u>
Net Income Per Share				
Basic	<u>\$ 3.84</u>	<u>\$ 1.56</u>	<u>\$ 4.52</u>	<u>\$ 2.73</u>
Diluted	<u>\$ 3.81</u>	<u>\$ 1.55</u>	<u>\$ 4.48</u>	<u>\$ 2.72</u>
Average Number of Common Shares				
Basic	<u>583</u>	<u>580</u>	<u>582</u>	<u>580</u>
Diluted	<u>588</u>	<u>584</u>	<u>587</u>	<u>583</u>
Comprehensive Income				
Net Income	<u>\$ 2,238</u>	<u>\$ 907</u>	<u>\$ 2,628</u>	<u>\$ 1,584</u>
Other Comprehensive Income (Loss)				
Foreign Currency Translation Adjustments	2	(1)	1	(3)
Other, Net of Tax	(1)	—	(1)	—
Other Comprehensive Income (Loss)	<u>1</u>	<u>(1)</u>	<u>—</u>	<u>(3)</u>
Comprehensive Income	<u><u>\$ 2,239</u></u>	<u><u>\$ 906</u></u>	<u><u>\$ 2,628</u></u>	<u><u>\$ 1,581</u></u>

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

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

	June 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,073	\$ 5,209
Accounts Receivable, Net	3,735	2,335
Inventories	739	584
Assets from Price Risk Management Activities	1	—
Other	605	456
Total	8,153	8,584
Property, Plant and Equipment		
Oil and Gas Properties (Successful Efforts Method)	66,098	67,644
Other Property, Plant and Equipment	4,862	4,753
Total Property, Plant and Equipment	70,960	72,397
Less: Accumulated Depreciation, Depletion and Amortization	(42,113)	(43,971)
Total Property, Plant and Equipment, Net	28,847	28,426
Deferred Income Taxes	12	11
Other Assets	1,127	1,215
Total Assets	\$ 38,139	\$ 38,236
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 2,896	\$ 2,242
Accrued Taxes Payable	594	518
Dividends Payable	437	436
Liabilities from Price Risk Management Activities	79	269
Current Portion of Long-Term Debt	1,282	37
Current Portion of Operating Lease Liabilities	216	240
Other	264	300
Total	5,768	4,042
Long-Term Debt	3,809	5,072
Other Liabilities	2,067	2,193
Deferred Income Taxes	4,183	4,749
Commitments and Contingencies (Note 8)		
Stockholders' Equity		
Common Stock, \$0.01 Par, 1,280,000,000 Shares Authorized and 586,391,670 Shares Issued at June 30, 2022 and 585,521,512 Shares Issued at December 31, 2021	206	206
Additional Paid in Capital	6,128	6,087
Accumulated Other Comprehensive Loss	(12)	(12)
Retained Earnings	16,028	15,919
Common Stock Held in Treasury, 344,705 Shares at June 30, 2022 and 257,268 Shares at December 31, 2021	(38)	(20)
Total Stockholders' Equity	22,312	22,180
Total Liabilities and Stockholders' Equity	\$ 38,139	\$ 38,236

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

EOG RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Millions, Except Per Share Data)
(Unaudited)

	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Common Stock Held In Treasury	Total Stockholders' Equity
Balance at March 31, 2022	\$ 206	\$ 6,095	\$ (13)	\$ 15,283	\$ (31)	\$ 21,540
Net Income	—	—	—	2,238	—	2,238
Common Stock Dividends Declared, \$2.55 Per Share	—	—	—	(1,493)	—	(1,493)
Other Comprehensive Income	—	—	1	—	—	1
Common Stock Issued Under Stock Plans	—	13	—	—	—	13
Change in Treasury Stock - Stock Compensation Plans, Net	—	(11)	—	—	(6)	(17)
Restricted Stock and Restricted Stock Units, Net	—	1	—	—	(1)	—
Stock-Based Compensation Expenses	—	30	—	—	—	30
Treasury Stock Issued as Compensation	—	—	—	—	—	—
Balance at June 30, 2022	\$ 206	\$ 6,128	\$ (12)	\$ 16,028	\$ (38)	\$ 22,312

	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Common Stock Held In Treasury	Total Stockholders' Equity
Balance at March 31, 2021	\$ 206	\$ 5,979	\$ (14)	\$ 14,606	\$ (15)	\$ 20,762
Net Income	—	—	—	907	—	907
Common Stock Dividends Declared, \$1.4125 Per Share	—	—	—	(824)	—	(824)
Other Comprehensive Loss	—	—	(1)	—	—	(1)
Common Stock Issued Under Stock Plans	—	9	—	—	—	9
Change in Treasury Stock - Stock Compensation Plans, Net	—	(2)	—	—	(1)	(3)
Restricted Stock and Restricted Stock Units, Net	—	—	—	—	—	—
Stock-Based Compensation Expenses	—	31	—	—	—	31
Treasury Stock Issued as Compensation	—	—	—	—	—	—
Balance at June 30, 2021	\$ 206	\$ 6,017	\$ (15)	\$ 14,689	\$ (16)	\$ 20,881

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

EOG RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Millions, Except Per Share Data)
(Unaudited)

	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Common Stock Held In Treasury	Total Stockholders' Equity
Balance at December 31, 2021	\$ 206	\$ 6,087	\$ (12)	\$ 15,919	\$ (20)	\$ 22,180
Net Income	—	—	—	2,628	—	2,628
Common Stock Dividends Declared, \$4.30 Per Share	—	—	—	(2,519)	—	(2,519)
Other Comprehensive Loss	—	—	—	—	—	—
Common Stock Issued Under Stock Plans	—	13	—	—	—	13
Change in Treasury Stock - Stock Compensation Plans, Net	—	(35)	—	—	(20)	(55)
Restricted Stock and Restricted Stock Units, Net	—	(2)	—	—	2	—
Stock-Based Compensation Expenses	—	65	—	—	—	65
Treasury Stock Issued as Compensation	—	—	—	—	—	—
Balance at June 30, 2022	\$ 206	\$ 6,128	\$ (12)	\$ 16,028	\$ (38)	\$ 22,312

	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Common Stock Held In Treasury	Total Stockholders' Equity
Balance at December 31, 2020	\$ 206	\$ 5,945	\$ (12)	\$ 14,170	\$ (7)	\$ 20,302
Net Income	—	—	—	1,584	—	1,584
Common Stock Dividends Declared, \$1.825 Per Share	—	—	—	(1,065)	—	(1,065)
Other Comprehensive Loss	—	—	(3)	—	—	(3)
Common Stock Issued Under Stock Plans	—	9	—	—	—	9
Change in Treasury Stock - Stock Compensation Plans, Net	—	(2)	—	—	(10)	(12)
Restricted Stock and Restricted Stock Units, Net	—	(1)	—	—	1	—
Stock-Based Compensation Expenses	—	66	—	—	—	66
Treasury Stock Issued as Compensation	—	—	—	—	—	—
Balance at June 30, 2021	\$ 206	\$ 6,017	\$ (15)	\$ 14,689	\$ (16)	\$ 20,881

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

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

	Six Months Ended June 30,	
	2022	2021
Cash Flows from Operating Activities		
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net Income	\$ 2,628	\$ 1,584
Items Not Requiring (Providing) Cash		
Depreciation, Depletion and Amortization	1,758	1,814
Impairments	146	88
Stock-Based Compensation Expenses	65	66
Deferred Income Taxes	(567)	(133)
Gains on Asset Dispositions, Net	(122)	(45)
Other, Net	(10)	13
Dry Hole Costs	23	24
Mark-to-Market Financial Commodity Derivative Contracts		
Total Losses	4,197	794
Net Cash Payments for Settlements of Financial Commodity Derivative Contracts	(2,410)	(223)
Other, Net	21	1
Changes in Components of Working Capital and Other Assets and Liabilities		
Accounts Receivable	(1,400)	(494)
Inventories	(171)	101
Accounts Payable	389	183
Accrued Taxes Payable	77	80
Other Assets	(142)	(222)
Other Liabilities	(1,817)	(57)
Changes in Components of Working Capital Associated with Investing Activities	211	(145)
Net Cash Provided by Operating Activities	2,876	3,429
Investing Cash Flows		
Additions to Oil and Gas Properties	(2,288)	(1,843)
Additions to Other Property, Plant and Equipment	(145)	(97)
Proceeds from Sales of Assets	231	146
Other Investing Activities	(30)	—
Changes in Components of Working Capital Associated with Investing Activities	(211)	145
Net Cash Used in Investing Activities	(2,443)	(1,649)
Financing Cash Flows		
Long-Term Debt Repayments	—	(750)
Dividends Paid	(2,509)	(458)
Treasury Stock Purchased	(58)	(12)
Proceeds from Stock Options Exercised and Employee Stock Purchase Plan	17	9
Repayment of Finance Lease Liabilities	(19)	(18)
Net Cash Used in Financing Activities	(2,569)	(1,229)
Effect of Exchange Rate Changes on Cash	—	—
Increase (Decrease) in Cash and Cash Equivalents	(2,136)	551
Cash and Cash Equivalents at Beginning of Period	5,209	3,329
Cash and Cash Equivalents at End of Period	\$ 3,073	\$ 3,880

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

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

1. Summary of Significant Accounting Policies

General. The condensed consolidated financial statements of EOG Resources, Inc., together with its subsidiaries (collectively, EOG), included herein have been prepared by management without audit pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Accordingly, they reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial results for the interim periods presented. Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures included either on the face of the financial statements or in these notes are sufficient to make the interim information presented not misleading. These condensed 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, 2021, filed on February 24, 2022 (EOG's 2021 Annual Report).

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The operating results for the three and six months ended June 30, 2022, are not necessarily indicative of the results to be expected for the full year.

Recently Issued Accounting Standards. In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, "Reference Rate Reform (Topic 848)" (ASU 2020-04), which provides optional expedients and exceptions for accounting treatment of contracts which are affected by the anticipated discontinuation of the London InterBank Offered Rate (LIBOR) and other rates resulting from rate reform. Contract terms that are modified due to the replacement of a reference rate are not required to be remeasured or reassessed under relevant accounting standards. Early adoption is permitted. ASU 2020-04 covers certain contracts which reference these rates and that are entered into on or before December 31, 2022. EOG has evaluated the provisions of ASU 2020-04 and has concluded the application of ASU 2020-04 will not have a material impact on its consolidated financial statements and related disclosures related to its \$2.0 billion senior unsecured Revolving Credit Agreement.

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

2. Stock-Based Compensation

As more fully discussed in Note 7 to the Consolidated Financial Statements included in EOG's 2021 Annual Report, EOG maintains various stock-based compensation plans. Stock-based compensation expense is included on the Condensed Consolidated Statements of Income and Comprehensive Income based upon the job function of the employees receiving the grants as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Lease and Well	\$ 10	\$ 11	\$ 23	\$ 25
Gathering and Processing Costs	1	1	2	1
Exploration Costs	5	5	10	11
General and Administrative	14	14	30	29
Total	\$ 30	\$ 31	\$ 65	\$ 66

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

EOG's stockholders approved the EOG Resources, Inc. 2021 Omnibus Equity Compensation Plan (2021 Plan) at the 2021 Annual Meeting of Stockholders. Therefore, no further grants were made from the 2008 Plan from and after the April 29, 2021 effective date of the 2021 Plan. The 2021 Plan provides for grants of stock options, SARs, restricted stock and restricted stock units, restricted stock units with performance-based conditions (together with the performance units granted under the 2008 Plan, Performance Units) and other stock-based awards, up to an aggregate maximum of 20 million shares of common stock, plus any shares that are subject to outstanding awards under the 2008 Plan as of April 29, 2021, that are subsequently canceled, forfeited, expire or are otherwise not issued or are settled in cash. Under the 2021 Plan, grants may be made to employees and non-employee members of EOG's Board of Directors (Board).

At June 30, 2022, approximately 18 million common shares remained available for grant under the 2021 Plan. EOG's policy is to issue shares related to the 2021 Plan grants from previously authorized unissued shares or treasury shares to the extent treasury shares are available.

Stock Options and Stock-Settled Stock Appreciation Rights and Employee Stock Purchase Plan. The fair value of stock option grants and SAR grants is estimated using the Hull-White II binomial option pricing model. The fair value of Employee Stock Purchase Plan (ESPP) grants is estimated using the Black-Scholes-Merton model. Stock-based compensation expense related to stock option, SAR and ESPP grants totaled \$8 million and \$9 million during the three months ended June 30, 2022 and 2021, respectively, and \$17 million and \$19 million during the six months ended June 30, 2022 and 2021, respectively.

Weighted average fair values and valuation assumptions used to value stock option, SAR and ESPP grants during the six-month periods ended June 30, 2022 and 2021 are as follows:

	Stock Options/SARs		ESPP	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Weighted Average Fair Value of Grants	\$ 28.30	\$ 20.73	\$ 23.07	\$ 14.69
Expected Volatility	42.20 %	46.40 %	39.72 %	54.99 %
Risk-Free Interest Rate	0.89 %	0.36 %	0.22 %	0.09 %
Dividend Yield	3.28 %	2.87 %	3.32 %	3.41 %
Expected Life	5.3 years	5.2 years	0.5 years	0.5 years

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

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

The following table sets forth stock option and SAR transactions for the six-month periods ended June 30, 2022 and 2021 (stock options and SARs in thousands):

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Number of Stock Options/SARs	Weighted Average Exercise Price	Number of Stock Options/SARs	Weighted Average Exercise Price
Outstanding at January 1	9,969	\$ 84.37	10,186	\$ 84.08
Granted	2	97.64	14	64.97
Exercised ⁽¹⁾	(3,928)	93.12	(239)	69.85
Forfeited	(137)	87.54	(234)	91.54
Outstanding at June 30 ⁽²⁾	5,906	\$ 78.49	9,727	\$ 84.23
Vested or Expected to Vest ⁽³⁾	5,603	\$ 79.15	9,421	\$ 84.91
Exercisable at June 30 ⁽⁴⁾	2,305	\$ 97.46	6,023	\$ 97.08

- (1) The total intrinsic value of stock options/SARs exercised during the six months ended June 30, 2022 and 2021 was \$108 million and \$3 million, respectively. The intrinsic value is based upon the difference between the market price of EOG's common stock on the date of exercise and the exercise price of the stock options/SARs.
- (2) The total intrinsic value of stock options/SARs outstanding at June 30, 2022 and 2021 was \$202 million and \$114 million, respectively. At June 30, 2022 and 2021, the weighted average remaining contractual life was 4.5 years and 3.8 years, respectively.
- (3) The total intrinsic value of stock options/SARs vested or expected to vest at June 30, 2022 and 2021 was \$189 million and \$106 million, respectively. At June 30, 2022 and 2021, the weighted average remaining contractual life was 4.4 years and 3.8 years, respectively.
- (4) The total intrinsic value of stock options/SARs exercisable at June 30, 2022 and 2021 was \$44 million and \$16 million, respectively. At June 30, 2022 and 2021, the weighted average remaining contractual life was 2.7 years.

At June 30, 2022, unrecognized compensation expense related to non-vested stock option, SAR and ESPP grants totaled \$46 million. Such unrecognized expense will be amortized on a straight-line basis over a weighted average period of 1.6 years.

Restricted Stock and Restricted Stock Units. Employees may be granted restricted (non-vested) stock and/or restricted stock units without cost to them. Stock-based compensation expense related to restricted stock and restricted stock units totaled \$20 million and \$21 million for the three months ended June 30, 2022 and 2021, respectively, and \$45 million for both the six months ended June 30, 2022 and 2021.

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

The following table sets forth restricted stock and restricted stock unit transactions for the six-month periods ended June 30, 2022 and 2021 (shares and units in thousands):

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Number of Shares and Units	Weighted Average Grant Date Fair Value	Number of Shares and Units	Weighted Average Grant Date Fair Value
Outstanding at January 1	4,680	\$ 69.37	4,742	\$ 74.97
Granted	48	115.48	45	72.56
Released ⁽¹⁾	(780)	91.98	(523)	87.61
Forfeited	(85)	66.23	(47)	70.24
Outstanding at June 30 ⁽²⁾	3,863	\$ 65.45	4,217	\$ 73.43

(1) The total intrinsic value of restricted stock and restricted stock units released during the six months ended June 30, 2022 and 2021 was \$91 million and \$38 million, respectively. The intrinsic value is based upon the closing price of EOG's common stock on the date the restricted stock and restricted stock units are released.

(2) The total intrinsic value of restricted stock and restricted stock units outstanding at June 30, 2022 and 2021 was \$427 million and \$352 million, respectively.

At June 30, 2022, unrecognized compensation expense related to restricted stock and restricted stock units totaled \$151 million. Such unrecognized expense will be amortized on a straight-line basis over a weighted average period of 1.3 years.

Performance Units. EOG grants Performance Units annually to its executive officers without cost to them. As more fully discussed in the grant agreements, the performance metric applicable to the Performance Units is EOG's total shareholder return over a three-year performance period relative to the total shareholder return of a designated group of peer companies (Performance Period). Upon the application of the performance multiple at the completion of the Performance Period, a minimum of 0% and a maximum of 200% of the Performance Units granted could be outstanding. The fair value of the Performance Units is estimated using a Monte Carlo simulation. Stock-based compensation expense related to the Performance Unit grants totaled \$2 million and \$1 million for the three months ended June 30, 2022 and 2021, respectively, and \$3 million and \$2 million for the six months ended June 30, 2022 and 2021, respectively.

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

The following table sets forth the Performance Unit transactions for the six-month periods ended June 30, 2022 and 2021 (units in thousands):

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Number of Units	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at January 1	679	\$ 84.97	613	\$ 88.38
Granted	—	—	8	55.69
Granted for Performance Multiple ⁽¹⁾	—	—	19	113.81
Released ⁽²⁾	(57)	136.74	(98)	113.81
Forfeited for Performance Multiple ⁽³⁾	(56)	136.74	—	—
Outstanding at June 30 ⁽⁴⁾	566 ⁽⁵⁾	\$ 74.60	542	\$ 84.23

- (1) Upon completion of the Performance Period for the Performance Units granted in 2017, a performance multiple of 125% was applied to the grants resulting in an additional grant of Performance Units in February 2021.
- (2) The total intrinsic value of Performance Units released was \$7 million and \$6 million for the six months ended June 30, 2022 and 2021, respectively. The intrinsic value is based upon the closing price of EOG's common stock on the date the Performance Units are released.
- (3) Upon completion of the Performance Period for the Performance Units granted in 2018, a performance multiple of 50% was applied to the grants resulting in a forfeiture of Performance Units in February 2022.
- (4) The total intrinsic value of Performance Units outstanding at June 30, 2022 and 2021 was approximately \$62 million and \$45 million, respectively.
- (5) Upon the application of the relevant performance multiple at the completion of each of the remaining Performance Periods, a minimum of zero and a maximum of 1,132 Performance Units could be outstanding.

At June 30, 2022, unrecognized compensation expense related to Performance Units totaled \$10 million. Such unrecognized expense will be amortized on a straight-line basis over a weighted average period of 1.7 years.

3. Net Income Per Share

The following table sets forth the computation of Net Income Per Share for the three-month and six-month periods ended June 30, 2022 and 2021 (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator for Basic and Diluted Earnings Per Share -				
Net Income	\$ 2,238	\$ 907	\$ 2,628	\$ 1,584
Denominator for Basic Earnings Per Share -				
Weighted Average Shares	583	580	582	580
Potential Dilutive Common Shares -				
Stock Options/SARs/ESPP	2	1	2	1
Restricted Stock/Units and Performance Units	3	3	3	2
Denominator for Diluted Earnings Per Share -				
Adjusted Diluted Weighted Average Shares	588	584	587	583
Net Income Per Share				
Basic	\$ 3.84	\$ 1.56	\$ 4.52	\$ 2.73
Diluted	\$ 3.81	\$ 1.55	\$ 4.48	\$ 2.72

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

The diluted earnings per share calculation excludes stock option, SAR and ESPP grants that were anti-dilutive. Shares underlying the excluded stock option, SAR and ESPP grants were 1 million and 5 million for the three-month periods ended June 30, 2022 and 2021, respectively, and were 1 million and 7 million shares for the six-month periods ended June 30, 2022 and 2021, respectively.

4. Supplemental Cash Flow Information

Net cash paid for interest and income taxes was as follows for the six-month periods ended June 30, 2022 and 2021 (in millions):

	Six Months Ended June 30,	
	2022	2021
Interest ⁽¹⁾	\$ 86	\$ 102
Income Taxes, Net of Refunds Received	\$ 1,428	\$ 507

(1) Net of capitalized interest of \$15 million for both the six months ended June 30, 2022 and 2021.

EOG's accrued capital expenditures at June 30, 2022 and 2021 were \$534 million and \$445 million, respectively.

Non-cash investing activities for the six months ended June 30, 2022 and 2021, included additions of \$84 million and \$25 million, respectively, to EOG's oil and gas properties as a result of property exchanges. Non-cash investing activities for the six months ended June 30, 2021, also included additions of \$74 million to EOG's other property, plant and equipment made in connection with finance lease transactions for storage facilities.

Operating activities for the six months ended June 30, 2022, included the net use of cash of \$1,766 million related to collateral posted for financial commodity derivative contracts. For related discussion, see Note 12. This amount is reflected in Other Liabilities within the Changes in Components of Working Capital and Other Assets and Liabilities line item on the Condensed Consolidated Statements of Cash Flows.

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

5. Segment Information

Selected financial information by reportable segment is presented below for the three-month and six-month periods ended June 30, 2022 and 2021 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating Revenues and Other				
United States	\$ 7,338	\$ 3,995	\$ 11,252	\$ 7,601
Trinidad	69	81	138	157
Other International ⁽¹⁾	—	63	—	75
Total	<u>\$ 7,407</u>	<u>\$ 4,139</u>	<u>\$ 11,390</u>	<u>\$ 7,833</u>
Operating Income (Loss)				
United States	\$ 2,885	\$ 1,077	\$ 3,404	\$ 1,967
Trinidad	25	41	59	84
Other International ⁽¹⁾	(7)	53	(14)	52
Total	<u>2,903</u>	<u>1,171</u>	<u>3,449</u>	<u>2,103</u>
Reconciling Items				
Other Income (Expense), Net	27	(2)	26	(6)
Interest Expense, Net	(48)	(45)	(96)	(92)
Income Before Income Taxes	<u>\$ 2,882</u>	<u>\$ 1,124</u>	<u>\$ 3,379</u>	<u>\$ 2,005</u>

- (1) Other International primarily consists of EOG's China and Canada operations. The China operations were sold in the second quarter of 2021. EOG began exploration programs in Australia in the third quarter of 2021 and in Oman in the third quarter of 2020. The decision was reached in the fourth quarter of 2021 to exit Block 36 and Block 49 in Oman.

Total assets by reportable segment are presented below at June 30, 2022 and December 31, 2021 (in millions):

	At June 30, 2022	At December 31, 2021
Total Assets		
United States	\$ 37,271	\$ 37,436
Trinidad	723	637
Other International ⁽¹⁾	145	163
Total	<u>\$ 38,139</u>	<u>\$ 38,236</u>

- (1) Other International primarily consists of EOG's China and Canada operations. The China operations were sold in the second quarter of 2021. EOG began exploration programs in Australia in the third quarter of 2021 and in Oman in the third quarter of 2020. The decision was reached in the fourth quarter of 2021 to exit Block 36 and Block 49 in Oman.

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

6. Asset Retirement Obligations

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of short-term and long-term legal obligations associated with the retirement of property, plant and equipment for the six-month periods ended June 30, 2022 and 2021 (in millions):

	Six Months Ended June 30,	
	2022	2021
Carrying Amount at January 1	\$ 1,231	\$ 1,217
Liabilities Incurred	47	40
Liabilities Settled ⁽¹⁾	(151)	(55)
Accretion	20	22
Revisions	3	3
Foreign Currency Translation	(1)	—
Carrying Amount at June 30	<u>\$ 1,149</u>	<u>\$ 1,227</u>
Current Portion	\$ 43	\$ 47
Noncurrent Portion	\$ 1,106	\$ 1,180

(1) Includes settlements related to asset sales.

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

7. Exploratory Well Costs

EOG's net changes in capitalized exploratory well costs for the six-month period ended June 30, 2022, are presented below (in millions):

	Six Months Ended June 30, 2022
Balance at January 1	\$ 7
Additions Pending the Determination of Proved Reserves	40
Reclassifications to Proved Properties	(12)
Costs Charged to Expense ⁽¹⁾	(19)
Balance at June 30	<u>\$ 16</u>

(1) Includes capitalized exploratory well costs charged to either dry hole costs or impairments.

At June 30, 2022, all capitalized exploratory well costs had been capitalized for periods of less than one year.

8. Commitments and Contingencies

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

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

9. Pension and Postretirement Benefits

Pension Plans. EOG has a defined contribution pension plan in place for most of its employees in the United States. EOG's contributions to the pension plan are based on various percentages of compensation and, in some instances, are based upon the amount of the employees' contributions. EOG's total costs recognized for the pension plan were \$25 million for both the six months ended June 30, 2022 and 2021. In addition, EOG's Trinidadian subsidiary maintains a contributory defined benefit pension plan and a matched savings plan, both of which are available to most of the employees of the Trinidadian subsidiary, the costs of which are not material.

Postretirement Health Care. EOG has postretirement medical and dental benefits in place for eligible United States and Trinidad employees and their eligible dependents, the costs of which are not material.

10. Long-Term Debt and Common Stock

Long-Term Debt. EOG had no outstanding commercial paper borrowings at June 30, 2022 and December 31, 2021, and did not utilize any commercial paper borrowings during the six months ended June 30, 2022 and 2021.

At June 30, 2022, the \$1,250 million aggregate principal amount of EOG's 2.625% Senior Notes due 2023 were classified as Current Portion of Long-Term Debt on the Condensed Consolidated Balance Sheets.

EOG currently has a \$2.0 billion senior unsecured Revolving Credit Agreement (Agreement) with domestic and foreign lenders (Banks). The Agreement has a scheduled maturity date of June 27, 2024, and includes an option for EOG to extend, on up to two occasions, the term for successive one-year periods subject to certain terms and conditions. The Agreement (i) commits the Banks to provide advances up to an aggregate principal amount of \$2.0 billion at any one time outstanding, with an option for EOG to request increases in the aggregate commitments to an amount not to exceed \$3.0 billion, subject to certain terms and conditions and (ii) includes a swingline subfacility and a letter of credit subfacility. Advances under the Agreement will accrue interest based, at EOG's option, on either LIBOR plus an applicable margin (Eurodollar rate) or the base rate (as defined in the Agreement) plus an applicable margin. The Agreement contains representations, warranties, covenants and events of default that EOG believes are customary for investment-grade, senior unsecured commercial bank credit agreements, including a financial covenant for the maintenance of a ratio of total debt-to-capitalization (as such terms are defined in the Agreement) of no greater than 65%. At June 30, 2022, EOG was in compliance with this financial covenant. At June 30, 2022 and December 31, 2021, there were no borrowings or letters of credit outstanding under the Agreement. The Eurodollar rate and base rate (inclusive of the applicable margin), had there been any amounts borrowed under the Agreement at June 30, 2022, would have been 2.69% and 4.75%, respectively.

Common Stock. On February 24, 2022, the Board declared a quarterly cash dividend on the common stock of \$0.75 per share paid on April 29, 2022, to stockholders of record as of April 15, 2022. The Board also declared on such date a special dividend of \$1.00 per share paid on March 29, 2022, to stockholders of record as of March 15, 2022.

On May 5, 2022, the Board declared a quarterly cash dividend on the common stock of \$0.75 per share payable on July 29, 2022, to stockholders of record as of July 15, 2022. The Board also declared on such date a special dividend of \$1.80 per share paid on June 30, 2022, to stockholders of record as of June 15, 2022.

On August 4, 2022, the Board declared a special dividend on the common stock of \$1.50 per share payable on September 29, 2022, to stockholders of record as of September 15, 2022.

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

11. Fair Value Measurements

Recurring Fair Value Measurements. As more fully discussed in Note 13 to the Consolidated Financial Statements included in EOG's 2021 Annual Report, certain of EOG's financial and nonfinancial assets and liabilities are reported at fair value on the Condensed Consolidated Balance Sheets. The following table provides fair value measurement information within the fair value hierarchy for certain of EOG's financial assets and liabilities carried at fair value on a recurring basis at June 30, 2022 and December 31, 2021 (in millions):

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At June 30, 2022				
Financial Assets:				
Natural Gas Basis Swaps	\$ —	\$ 14	\$ —	\$ 14
Crude Oil Swaps	—	2	—	2
Financial Liabilities:				
Crude Oil Swaps	—	1,040	—	1,040
Natural Gas Swaps	—	948	—	948
Crude Oil Roll Differential Swaps	—	57	—	57
At December 31, 2021				
Financial Assets:				
Natural Gas Swaps	\$ —	\$ 29	\$ —	\$ 29
Natural Gas Basis Swaps	—	2	—	2
Crude Oil Swaps	—	15	—	15
Financial Liabilities:				
Crude Oil Roll Differential Swaps	—	24	—	24
Natural Gas Swaps	—	121	—	121
Crude Oil Swaps	—	340	—	340
Natural Gas Basis Swaps	—	1	—	1

See Note 12 for the balance sheet amounts and classification of EOG's financial commodity derivative instruments at June 30, 2022 and December 31, 2021.

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

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

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

When circumstances indicate that proved oil and gas properties may be impaired, EOG compares expected undiscounted future cash flows at a depreciation, depletion and amortization group level to the unamortized capitalized cost of the asset. If the expected undiscounted future cash flows, based on EOG's estimate of (and assumptions regarding) significant Level 3 inputs, including future crude oil, natural gas liquids (NGLs) and natural gas prices, operating costs, development expenditures, anticipated production from proved reserves and other relevant data, are lower than the unamortized capitalized cost, the capitalized cost is reduced to fair value. Fair value is generally calculated using the Income Approach described in the FASB's Fair Value Measurement Topic of the Accounting Standards Codification. In certain instances, EOG utilizes accepted offers from third-party purchasers as the basis for determining fair value.

EOG utilized average prices per acre from comparable market transactions and estimated discounted cash flows as the basis for determining the fair value of unproved and proved properties, respectively, received in non-cash property exchanges. See Note 4.

Fair Value Disclosures. EOG's financial instruments, other than financial commodity derivative contracts, consist of cash and cash equivalents, accounts receivable, accounts payable and current and long-term debt. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value.

At both June 30, 2022 and December 31, 2021, EOG had outstanding \$4,890 million aggregate principal amount of senior notes, which had estimated fair values at such dates of approximately \$4,881 million and \$5,577 million, respectively. The estimated fair value of debt was based upon quoted market prices and, where such prices were not available, other observable (Level 2) inputs regarding interest rates available to EOG at the end of each respective period.

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

12. Risk Management Activities

Commodity Price Risk. As more fully discussed in Note 12 to the Consolidated Financial Statements included in EOG's 2021 Annual Report, EOG engages in price risk management activities from time to time. These activities are intended to manage EOG's exposure to fluctuations in commodity prices for crude oil, NGLs and natural gas. EOG utilizes financial commodity derivative instruments, primarily price swap, option, swaption, collar and basis swap contracts, as a means to manage this price risk. EOG has not designated any of its financial commodity derivative contracts as accounting hedges and, accordingly, accounts for financial commodity derivative contracts using the mark-to-market accounting method.

Financial Commodity Derivative Contracts. Presented below is a comprehensive summary of EOG's financial commodity derivative contracts settled during the six-month period ended June 30, 2022 (closed) and outstanding as of June 30, 2022. Crude oil volumes are presented in thousand barrels per day (MBbld) and prices are presented in dollars per barrel (\$/Bbl). Natural gas volumes are presented in million British Thermal Units per day (MMBtud) and prices are presented in dollars per million British Thermal Units (\$/MMBtu).

Crude Oil Financial Price Swap Contracts					
Period	Settlement Index	Contracts Sold		Contracts Purchased	
		Volume (MBbld)	Weighted Average Price (\$/Bbl)	Volume (MBbld)	Weighted Average Price (\$/Bbl)
January - March 2022 (closed)	New York Mercantile Exchange (NYMEX) West Texas Intermediate (WTI)	140	\$ 65.58	—	\$ —
April - June 2022 (closed)	NYMEX WTI	140	65.62	—	—
July - September 2022	NYMEX WTI	140	65.59	—	—
October - December 2022 (closed) ⁽¹⁾	NYMEX WTI	53	66.11	—	—
October - December 2022	NYMEX WTI	87	65.41	87	88.85
January - February 2023 (closed) ⁽¹⁾	NYMEX WTI	7	69.51	—	—
January - February 2023	NYMEX WTI	143	67.84	6	102.26
March 2023 (closed) ⁽¹⁾	NYMEX WTI	37	67.35	—	—
March 2023	NYMEX WTI	113	68.11	6	102.26
April - May 2023 (closed) ⁽¹⁾	NYMEX WTI	29	68.28	—	—
April - May 2023	NYMEX WTI	91	67.63	2	98.15
June 2023 (closed) ⁽¹⁾	NYMEX WTI	118	67.77	—	—
June 2023	NYMEX WTI	2	69.10	2	98.15
July - September 2023 (closed) ⁽¹⁾	NYMEX WTI	100	70.15	—	—
October - December 2023 (closed) ⁽¹⁾	NYMEX WTI	69	69.41	—	—

(1) In the second quarter of 2022, EOG executed the early termination provision granting EOG the right to terminate certain of its October 2022 - December 2023 crude oil financial price swap contracts which were open at that time. EOG paid net cash of \$593 million for the settlement of these contracts.

EOG RESOURCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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Crude Oil Basis Swap Contracts

Period	Settlement Index	Contracts Sold	
		Volume (MBbld)	Weighted Average Price Differential (\$/Bbl)
January - July 2022 (closed)	NYMEX WTI Roll Differential ⁽¹⁾	125	\$ 0.15
August - December 2022	NYMEX WTI Roll Differential ⁽¹⁾	125	0.15

(1) This settlement index is used to fix the differential in pricing between the NYMEX calendar month average and the physical crude oil delivery month.

Natural Gas Financial Price Swap Contracts

Period	Settlement Index	Contracts Sold	
		Volume (MMBtud in thousands)	Weighted Average Price Differential (\$/MMBtu)
January - July 2022 (closed)	NYMEX Henry Hub	725	\$ 3.57
August - September 2022	NYMEX Henry Hub	725	3.57
October - December 2022 (closed) ⁽¹⁾	NYMEX Henry Hub	425	3.05
October - December 2022	NYMEX Henry Hub	300	4.32
January - December 2023 (closed) ⁽¹⁾	NYMEX Henry Hub	425	3.05
January - December 2023	NYMEX Henry Hub	300	3.36
January - December 2024	NYMEX Henry Hub	725	3.07
January - December 2025	NYMEX Henry Hub	725	3.07

(1) In the second quarter of 2022, EOG executed the early termination provision granting EOG the right to terminate certain of its October 2022 - December 2023 natural gas financial price swap contracts which were open at that time. EOG paid net cash of \$735 million for the settlement of these contracts.

Natural Gas Basis Swap Contracts

Period	Settlement Index	Contracts Sold	
		Volume (MMBtud in thousands)	Weighted Average Price Differential (\$/MMBtu)
January - June 2022 (closed)	NYMEX Henry Hub Houston Ship Channel (HSC) Differential ⁽¹⁾	210	\$ (0.01)
July - December 2022	NYMEX Henry Hub HSC Differential ⁽¹⁾	210	(0.01)
January - December 2023	NYMEX Henry Hub HSC Differential ⁽¹⁾	135	(0.01)
January - December 2024	NYMEX Henry Hub HSC Differential ⁽¹⁾	10	0.00
January - December 2025	NYMEX Henry Hub HSC Differential ⁽¹⁾	10	0.00

(1) This settlement index is used to fix the differential between pricing at the Houston Ship Channel and NYMEX Henry Hub prices.

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

Financial Commodity Derivatives Location on Balance Sheet. The following table sets forth the amounts and classification of EOG's outstanding financial commodity derivative instruments at June 30, 2022 and December 31, 2021. Certain amounts may be presented on a net basis on the Condensed Consolidated Financial Statements when such amounts are with the same counterparty and subject to a master netting arrangement (in millions):

Description	Location on Balance Sheet	Fair Value at	
		June 30, 2022	December 31, 2021
Asset Derivatives			
Crude oil and natural gas derivative contracts -			
Current Portion	Assets from Price Risk Management Activities ⁽¹⁾	\$ 1	\$ —
Noncurrent Portion	Other Assets ⁽²⁾	—	6
Liability Derivatives			
Crude oil and natural gas derivative contracts -			
Current portion	Liabilities from Price Risk Management Activities ⁽³⁾	79	269
Noncurrent portion	Other Liabilities ⁽⁴⁾	45	37

- (1) The current portion of Assets from Price Risk Management Activities consists of gross assets of \$2 million, partially offset by gross liabilities of \$1 million, at June 30, 2022.
- (2) The noncurrent portion of Assets from Price Risk Management Activities consists of gross assets of \$7 million, partially offset by gross liabilities of \$1 million at December 31, 2021.
- (3) The current portion of Liabilities from Price Risk Management Activities consists of gross liabilities of \$1,357 million, partially offset by gross assets of \$10 million and collateral posted with counterparties of \$1,268 million at June 30, 2022. The current portion of Liabilities from Price Risk Management Activities consists of gross liabilities of \$421 million, partially offset by gross assets of \$29 million and collateral posted with counterparties of \$123 million, at December 31, 2021.
- (4) The noncurrent portion of Liabilities from Price Risk Management Activities consists of gross liabilities of \$687 million, partially offset by gross assets of \$4 million and collateral posted with counterparties of \$638 million at June 30, 2022. The noncurrent portion of Liabilities from Price Risk Management Activities consists of gross liabilities of \$64 million, partially offset by gross assets of \$10 million and collateral posted with counterparties of \$17 million, at December 31, 2021.

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

All of EOG's derivative instruments are covered by International Swap Dealers Association Master Agreements (ISDAs) with counterparties. The ISDAs may contain provisions that require EOG, if it is the party in a net liability position, to post collateral when the amount of the net liability exceeds the threshold level specified for EOG's then-current credit ratings. In addition, the ISDAs may also provide that as a result of certain circumstances, including certain events that cause EOG's credit ratings to become materially weaker than its then-current ratings, the counterparty may require all outstanding derivatives under the ISDAs to be settled immediately. See Note 11 for the aggregate fair value of all derivative instruments that were in a net liability position at both June 30, 2022 and December 31, 2021. EOG had \$1,906 million of collateral posted and no collateral held at June 30, 2022. EOG had \$140 million of collateral posted and no collateral held at December 31, 2021. Due to changes in contracted volumes and commodity prices subsequent to June 30, 2022, EOG had \$1,529 million of collateral posted at August 3, 2022.

13. Acquisitions and Divestitures

During the six months ended June 30, 2022, EOG paid cash for property acquisitions of \$351 million in the United States. Additionally, during the six months ended June 30, 2022, EOG recognized net gains on asset dispositions of \$122 million and received proceeds of approximately \$231 million, primarily due to the sale of certain legacy natural gas assets in the Rocky Mountain area and producing properties in the Mid-Continent area.

During the six months ended June 30, 2021, EOG paid cash for property acquisitions of \$92 million in the United States. Additionally, during the six months ended June 30, 2021, EOG recognized net gains on asset dispositions of \$45 million and received proceeds of approximately \$146 million, primarily due to the sale of its China operations during the second quarter of 2021.

PART I. FINANCIAL INFORMATION

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

Overview

EOG Resources, Inc., together with its subsidiaries (collectively, EOG), is one of the largest independent (non-integrated) crude oil and natural gas companies in the United States with proved reserves in the United States and Trinidad. EOG operates under a consistent business and operational strategy that focuses predominantly on maximizing the rate of return on investment of capital by controlling operating and capital costs and maximizing reserve recoveries. Pursuant to this strategy, each prospective drilling location is evaluated by its estimated rate of return. This strategy is intended to enhance the generation of cash flow and earnings from each unit of production on a cost-effective basis, allowing EOG to deliver long-term growth in shareholder value and maintain a strong balance sheet. EOG implements its strategy primarily by emphasizing the drilling of internally generated prospects in order to find and develop low-cost reserves. Maintaining the lowest possible operating cost structure, coupled with efficient and safe operations and robust environmental stewardship practices and performance, is integral in the implementation of EOG's strategy.

Commodity Prices. Prices for crude oil and condensate, natural gas liquids (NGLs) and natural gas have historically been volatile. This volatility is expected to continue due to the many uncertainties associated with the world political and economic environment and the global supply of, and demand for, crude oil, NGLs and natural gas and the availability of other energy supplies, the relative competitive relationships of the various energy sources in the view of consumers and other factors.

The market prices of crude oil and condensate, NGLs and natural gas impact the amount of cash generated from EOG's operating activities, which, in turn, impact EOG's financial position and results of operations.

For the first six months of 2022, the average U.S. New York Mercantile Exchange (NYMEX) crude oil and natural gas prices were \$101.44 per barrel and \$6.05 per million British thermal units (MMBtu), respectively, representing increases of 64% and 119%, respectively, from the average NYMEX prices for the same period in 2021. Market prices for NGLs are influenced by the components extracted, including ethane, propane and butane and natural gasoline, among others, and the respective market pricing for each component.

The increases in crude oil and natural gas prices during the first six months of 2022 were due to several factors, including the continued recovery in demand for crude oil, natural gas and NGLs from the impacts of the COVID-19 pandemic; low worldwide inventory levels; continued supply restraint by OPEC+ (a consortium of OPEC (Organization of Petroleum Exporting Countries) and certain non-OPEC global producers); and the impact resulting from the ongoing conflict between Russia and Ukraine.

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

During the first six months of 2022, EOG continued to focus on increasing drilling, completion and operating efficiencies, to improve well performance and to mitigate inflationary pressures on operating costs (e.g., costs for fuel and tubulars) resulting from supply chain disruptions, increased demand, labor shortages and other factors, including the ongoing conflict between Russia and Ukraine. In addition, EOG continued to evaluate certain potential crude oil and condensate, NGLs and natural gas exploration and development prospects and to look for opportunities to add drilling inventory through leasehold acquisitions, farm-ins, exchanges or tactical or bolt-on acquisitions. 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 NGLs production accounted for approximately 75% of EOG's United States production during both the first six months of 2022 and 2021, respectively. During the first six months of 2022, EOG's drilling and completion activities occurred primarily in the Delaware Basin play, Eagle Ford oil play and Rocky Mountain area. EOG's major producing areas in the United States are in New Mexico and Texas.

Trinidad. In the Republic of Trinidad and Tobago (Trinidad), EOG continues to deliver natural gas under existing supply contracts. Several fields in the South East Coast Consortium Block, Modified U(a) Block, Block 4(a), Modified U(b) Block, the Banyan Field and the Sercan 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 (NGC), and crude oil and condensate which is sold to Heritage Petroleum Company Limited (Heritage).

In March 2021, EOG signed a farmout agreement with Heritage, which allows EOG to earn a 65% working interest in a portion of the contract area (EOG Area) governed by the Trinidad Northern Area License. The EOG Area is located offshore the southwest coast of Trinidad. In the first half of 2022, EOG commenced drilling of one net exploratory well, which was determined to be unsuccessful.

In July 2022, EOG amended the natural gas sales contract with NGC to extend the term and provide for an increase in price realizations if index prices for certain commodities exceed specified levels.

EOG continues to make progress on the design and fabrication of a platform and related facilities for its previously announced discovery in the Modified U(a) Block. In the second half of 2022, EOG expects to install the platform together with the related facilities and drill two net exploratory wells and one net development well.

Other International. In Australia, in November 2021, a subsidiary of EOG was granted an exploration permit for the WA-488-P Block, located offshore Western Australia. In 2022, EOG continues to prepare for the drilling of an exploration well which is expected to commence in 2023.

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

2022 Capital and Operating Plan. Total 2022 capital expenditures are estimated to range from approximately \$4.3 billion to \$4.7 billion, including facilities and gathering, processing and other expenditures, and excluding acquisitions, non-cash transactions and exploration costs. EOG plans to continue to focus a substantial portion of its exploration and development expenditures in its major producing areas in the United States. In particular, EOG will be focused on United States drilling activity in the Delaware Basin, Eagle Ford oil play, Rocky Mountain area and Dorado gas play where it generates its highest rates-of-return. To further enhance the economics of these plays, EOG expects to continue to improve well performance and to mitigate recent inflationary pressures on operating costs (e.g., costs for fuel and tubulars - see above related discussion) through efficiency gains. Full-year 2022 total crude oil, NGLs and natural gas production is expected to return to pre-pandemic levels. In addition, EOG expects to spend a portion of its anticipated 2022 capital expenditures on leasing acreage, evaluating new prospects, transportation infrastructure and environmental projects.

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

Capital Structure. One of management's key strategies is to maintain a strong balance sheet with a consistently below average debt-to-total capitalization ratio as compared to those in EOG's peer group. EOG's debt-to-total capitalization ratio was 19% at both June 30, 2022 and December 31, 2021, respectively. As used in this calculation, total capitalization represents the sum of total current and long-term debt and total stockholders' equity.

At June 30, 2022, EOG maintained a strong financial and liquidity position, including \$3.1 billion of cash and cash equivalents on hand and \$2.0 billion of availability under its senior unsecured revolving credit facility.

EOG has significant flexibility with respect to financing alternatives, including borrowings under its commercial paper program, bank borrowings, borrowings under its senior unsecured revolving credit facility, joint development agreements and similar agreements and equity and debt offerings.

Dividend Declarations. On February 24, 2022, EOG's Board of Directors (Board) declared a quarterly cash dividend on the common stock of \$0.75 per share paid on April 29, 2022, to stockholders of record as of April 15, 2022. The Board also declared on such date a special dividend of \$1.00 per share paid on March 29, 2022, to stockholders of record as of March 15, 2022.

On May 5, 2022, the Board declared a quarterly cash dividend on the common stock of \$0.75 per share paid on July 29, 2022, to stockholders of record as of July 15, 2022. The Board also declared on such date a special dividend of \$1.80 per share paid on June 30, 2022, to stockholders of record as of June 15, 2022.

On August 4, 2022, the Board declared a special dividend on the common stock of \$1.50 per share payable on September 29, 2022, to stockholders of record as of September 15, 2022.

Cash Return Framework. Also on May 5, 2022, EOG announced the addition of quantitative guidance to its cash return framework - specifically, a commitment to return a minimum of 60% of annual net cash provided by operating activities before certain balance sheet-related changes, less total capital expenditures, to stockholders, through a combination of quarterly dividends, special dividends and share repurchases. For related discussion regarding our payment of dividends, see ITEM 1A, Risk Factors, and ITEM 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, of EOG's Annual Report on Form 10-K for the year ended December 31, 2021, filed on February 24, 2022 (EOG's 2021 Annual Report).

Results of Operations

The following review of operations for the three months ended June 30, 2022 and 2021 should be read in conjunction with the Condensed Consolidated Financial Statements of EOG and notes thereto included in this Quarterly Report on Form 10-Q.

Three Months Ended June 30, 2022 vs. Three Months Ended June 30, 2021

Operating Revenues and Other. During the second quarter of 2022, operating revenues increased \$3,268 million, or 79%, to \$7,407 million from \$4,139 million for the same period of 2021. Total wellhead revenues, which are revenues generated from sales of EOG's production of crude oil and condensate, NGLs and natural gas, for the second quarter of 2022 increased \$3,006 million, or 87%, to \$6,476 million from \$3,470 million for the same period of 2021. EOG recognized net losses on the mark-to-market of financial commodity derivative contracts of \$1,377 million for the second quarter of 2022 compared to net losses of \$427 million for the same period of 2021. Gathering, processing and marketing revenues for the second quarter of 2022 increased \$1,147 million, or 112%, to \$2,169 million from \$1,022 million for the same period of 2021. Net gains on asset dispositions were \$97 million for the second quarter of 2022 compared to net gains of \$51 million for the same period of 2021.

Wellhead volume and price statistics for the three-month periods ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30,	
	2022	2021
Crude Oil and Condensate Volumes (MBbld) ⁽¹⁾		
United States	463.5	446.9
Trinidad	0.6	1.7
Other International ⁽²⁾	—	—
Total	464.1	448.6
Average Crude Oil and Condensate Prices (\$/Bbl) ⁽³⁾		
United States	\$ 111.26	\$ 66.16
Trinidad	98.29	56.26
Other International ⁽²⁾	—	55.56
Composite	111.25	66.12
Natural Gas Liquids Volumes (MBbld) ⁽¹⁾		
United States	201.9	138.5
Total	201.9	138.5
Average Natural Gas Liquids Prices (\$/Bbl) ⁽³⁾		
United States	\$ 42.28	\$ 29.15
Composite	42.28	29.15
Natural Gas Volumes (MMcfd) ⁽¹⁾		
United States	1,324	1,199
Trinidad	204	233
Other International ⁽²⁾	—	13
Total	1,528	1,445
Average Natural Gas Prices (\$/Mcf) ⁽³⁾		
United States	\$ 7.77	\$ 2.99
Trinidad	3.42	3.37
Other International ⁽²⁾	—	5.69
Composite	7.19	3.07
Crude Oil Equivalent Volumes (MBoed) ⁽⁴⁾		
United States	886.1	785.2
Trinidad	34.6	40.6
Other International ⁽²⁾	—	2.2
Total	920.7	828.0
Total MMBoe ⁽⁴⁾	83.8	75.3

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

(2) Other International includes EOG's China and Canada operations. The China operations were sold in the second quarter of 2021.

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

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

Wellhead crude oil and condensate revenues for the second quarter of 2022 increased \$2,000 million, or 74%, to \$4,699 million from \$2,699 million for the same period of 2021. The increase was due to a higher composite average price (\$1,901 million) and an increase of 15.5 MBbld, or 3%, in wellhead crude oil and condensate production (\$99 million). Increased production was primarily in the Permian Basin, partially offset by decreased production in the Eagle Ford oil play and the Rocky Mountain area. EOG's composite wellhead crude oil and condensate price for the second quarter of 2022 increased 68% to \$111.25 per barrel compared to \$66.12 per barrel for the same period of 2021.

NGL revenues for the second quarter of 2022 increased \$410 million, or 112%, to \$777 million from \$367 million for the same period of 2021 due to a higher composite average price (\$241 million) and an increase of 63.4 MBbld, or 46%, in NGL deliveries (\$169 million). Increased production was primarily from the Permian Basin. EOG's composite NGL price for the second quarter of 2022 increased 45% to \$42.28 per barrel compared to \$29.15 per barrel for the same period of 2021.

Wellhead natural gas revenues for the second quarter of 2022 increased \$596 million, or 148%, to \$1,000 million from \$404 million for the same period of 2021. The increase was due to a higher average composite price (\$571 million) and an increase in natural gas deliveries (\$25 million). Natural gas deliveries for the second quarter of 2022 increased 83 MMcfd, or 6%, compared to the same period of 2021 due primarily to higher deliveries in the Dorado gas play and increased production of associated natural gas from the Permian Basin, partially offset by lower natural gas volumes due to the sale of certain legacy natural gas assets in the Rocky Mountain area in the first quarter of 2022, lower natural gas deliveries in Trinidad and lower natural gas volumes associated with the disposition of the China assets in the second quarter of 2021. EOG's composite wellhead natural gas price for the second quarter of 2022 increased 134% to \$7.19 per Mcf compared to \$3.07 per Mcf for the same period of 2021.

During the second quarter of 2022, EOG recognized net losses on the mark-to-market of financial commodity derivative contracts of \$1,377 million compared to net losses of \$427 million for the same period of 2021. During the second quarter of 2022, net cash paid for settlements of financial commodity derivative contracts was \$2,114 million, of which \$1,328 million was related to the early termination of certain contracts. Such early termination payments included \$307 million to terminate contracts scheduled to settle in the second half of 2022 and \$1,021 million to terminate contracts scheduled to settle after December 31, 2022. Net cash paid for settlements of financial commodity derivative contracts was \$193 million for the same period of 2021.

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

Gathering, processing and marketing revenues less marketing costs for the second quarter of 2022 increased \$11 million as compared to the same period of 2021 primarily due to higher margins on natural gas marketing activities, partially offset by lower margins on crude oil marketing activities.

Operating and Other Expenses. For the second quarter of 2022, operating expenses of \$4,504 million were \$1,536 million higher than the \$2,968 million incurred during the second quarter of 2021. The following table presents the costs per barrel of oil equivalent (Boe) for the three-month periods ended June 30, 2022 and 2021:

	Three Months Ended June 30,	
	2022	2021
Lease and Well	\$ 3.87	\$ 3.58
Transportation Costs	2.91	2.84
Gathering and Processing Costs	1.81	1.70
Depreciation, Depletion and Amortization (DD&A) -		
Oil and Gas Properties	10.42	11.63
Other Property, Plant and Equipment	0.45	0.50
General and Administrative (G&A)	1.53	1.59
Interest Expense, Net	0.57	0.60
Total ⁽¹⁾	\$ 21.56	\$ 22.44

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

The primary factors impacting the cost components of per-unit rates of lease and well, transportation costs, gathering and processing costs and G&A for the three months ended June 30, 2022, compared to the same period of 2021, are set forth below. See "Operating Revenues and Other" above for a discussion of wellhead volumes.

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

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

Lease and well expenses of \$324 million for the second quarter of 2022 increased \$54 million from \$270 million for the same prior year period primarily due to increased operating and maintenance costs (\$41 million) and increased workover expenditures (\$13 million), both in the United States. Lease and well expenses increased in the United States primarily due to increased operating activities resulting in increased production.

Transportation costs represent costs associated with the delivery of hydrocarbon products from the lease or an aggregation point on EOG's gathering system to a downstream point of sale. Transportation costs include transportation fees, storage and terminal fees, the cost of compression (the cost of compressing natural gas to meet pipeline pressure requirements), the cost of dehydration (the cost associated with removing water from natural gas to meet pipeline requirements), gathering fees and fuel costs.

Transportation costs of \$244 million for the second quarter of 2022 increased \$30 million from \$214 million for the same prior year period primarily due to increased transportation costs related to production from the Permian Basin (\$18 million), the Eagle Ford oil play (\$7 million) and the Dorado gas play (\$5 million).

Gathering and processing costs represent operating and maintenance expenses and administrative expenses associated with operating EOG's gathering and processing assets as well as natural gas processing fees and certain NGL fractionation fees paid to third parties. EOG pays third parties to process the majority of its natural gas production to extract NGLs.

Gathering and processing costs increased \$24 million to \$152 million for the second quarter of 2022 compared to \$128 million for the same prior year period primarily due to increased gathering and processing fees related to production from the Permian Basin (\$17 million) and increased operating and maintenance expenses related to production from the Permian Basin (\$12 million) and the Eagle Ford oil play (\$9 million), partially offset by decreased gathering and processing fees related to production from the Eagle Ford oil play (\$8 million) and due to the sale of certain legacy natural gas assets in the Rocky Mountain area in the first quarter of 2022 (\$8 million).

G&A expenses of \$128 million for the second quarter of 2022 increased \$8 million from \$120 million for the same prior year period primarily due to increased employee-related costs.

Impairments include: amortization of unproved oil and gas property costs as well as impairments of proved oil and gas properties; other property, plant and equipment; and other assets. Unproved properties with acquisition costs that are not individually significant are aggregated, and the portion of such costs estimated to be nonproductive is amortized over the remaining lease term. Unproved properties with individually significant acquisition costs are reviewed individually for impairment. When circumstances indicate that a proved property may be impaired, EOG compares expected undiscounted future cash flows at a DD&A group level to the unamortized capitalized cost of the asset. If the expected undiscounted future cash flows, based on EOG's estimates of (and assumptions regarding) future crude oil, NGLs and natural gas prices, operating costs, development expenditures, anticipated production from proved reserves and other relevant data, are lower than the unamortized capitalized cost, the capitalized cost is reduced to fair value. Fair value is generally calculated by using the Income Approach described in the Fair Value Measurement Topic of the Financial Accounting Standards Board's Accounting Standards Codification. In certain instances, EOG utilizes accepted offers from third-party purchasers as the basis for determining fair value.

The following table represents impairments for the second quarter of 2022 and 2021 (in millions):

	Three Months Ended June 30,	
	2022	2021
Proved properties	\$ 13	\$ —
Unproved properties	54	43
Other assets	23	—
Firm commitment contracts	1	1
Total	\$ 91	\$ 44

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

Taxes other than income for the second quarter of 2022 increased \$233 million to \$472 million (7.3% of wellhead revenues) from \$239 million (6.9% of wellhead revenues) for the same prior year period. The increase in taxes other than income was primarily due to increased severance/production taxes (\$215 million) and increased ad valorem/property taxes (\$19 million), all in the United States.

Other income, net was \$27 million for the second quarter of 2022 compared to other expense, net of \$2 million for the same prior year period. The change of \$29 million in the second quarter of 2022 was primarily due to a decrease in deferred compensation expense (\$13 million), higher equity income from ammonia plants in Trinidad (\$12 million) and increased interest income (\$6 million).

EOG recognized an income tax provision of \$644 million for the second quarter of 2022 compared to an income tax provision of \$217 million for the second quarter of 2021, primarily due to increased pretax income. The net effective tax rate for the second quarter of 2022 increased to 22% from 19% for the second quarter of 2021, mostly due to the absence of certain tax benefits related to EOG's exiting of its Canadian operations.

Six Months Ended June 30, 2022 vs. Six Months Ended June 30, 2021

Operating Revenues. During the first six months of 2022, operating revenues increased \$3,557 million, or 45%, to \$11,390 million from \$7,833 million for the same period of 2021. Total wellhead revenues for the first six months of 2022 increased \$5,102 million, or 77%, to \$11,762 million from \$6,660 million for the same period of 2021. During the first six months of 2022, EOG recognized net losses on the mark-to-market of financial commodity derivative contracts of \$4,197 million compared to net losses of \$794 million for the same period of 2021. Gathering, processing and marketing revenues for the first six months of 2022 increased \$1,768 million, or 95%, to \$3,638 million from \$1,870 million for the same period of 2021. Net gains on asset dispositions were \$122 million for the first six months of 2022 compared to net gains of \$45 million for the same period of 2021.

Wellhead volume and price statistics for the six-month periods ended June 30, 2022 and 2021 were as follows:

	Six Months Ended June 30,	
	2022	2021
Crude Oil and Condensate Volumes (MBbld)		
United States	456.5	437.8
Trinidad	0.7	2.0
Other International	—	—
Total	457.2	439.8
Average Crude Oil and Condensate Prices (\$/Bbl) ⁽¹⁾		
United States	\$ 103.80	\$ 62.22
Trinidad	90.33	52.57
Other International	—	42.36
Composite	103.78	62.18
Natural Gas Liquids Volumes (MBbld)		
United States	196.1	131.5
Total	196.1	131.5
Average Natural Gas Liquids Prices (\$/Bbl) ⁽¹⁾		
United States	\$ 41.07	\$ 28.62
Composite	41.07	28.62
Natural Gas Volumes (MMcfd)		
United States	1,287	1,150
Trinidad	206	225
Other International	—	19
Total	1,493	1,394
Average Natural Gas Prices (\$/Mcf) ⁽¹⁾		
United States	\$ 6.83	\$ 4.19
Trinidad	3.39	3.37
Other International	—	5.67
Composite	6.35	4.08
Crude Oil Equivalent Volumes (MBoed)		
United States	867.1	761.0
Trinidad	35.0	39.5
Other International	—	3.1
Total	902.1	803.6
Total MMBoe	163.3	145.4

(1) Excludes the impact of financial commodity derivative instruments (see Note 12 to the Condensed Consolidated Financial Statements).

Wellhead crude oil and condensate revenues for the first six months of 2022 increased \$3,638 million, or 73%, to \$8,588 million from \$4,950 million for the same period of 2021 due to a higher composite average price (\$3,439 million) and an increase of 17.4 MBbld, or 4%, in wellhead crude oil and condensate production (\$199 million). Increased production was primarily in the Permian Basin, partially offset by decreased production in the Eagle Ford oil play and the Rocky Mountain area. EOG's composite wellhead crude oil and condensate price for the first six months of 2022 increased 67% to \$103.78 per barrel compared to \$62.18 per barrel for the same period of 2021.

NGL revenues for the first six months of 2022 increased \$777 million, or 114%, to \$1,458 million from \$681 million for the same period of 2021 due to a higher composite average price (\$442 million) and an increase of 64.6 MBbld, or 49%, in NGL deliveries (\$335 million). Increased production was primarily from the Permian Basin. EOG's composite NGL price for the first six months of 2022 increased 43% to \$41.07 per barrel compared to \$28.62 per barrel for the same period of 2021.

Wellhead natural gas revenues for the first six months of 2022 increased \$687 million, or 67%, to \$1,716 million from \$1,029 million for the same period of 2021. The increase was due to a higher composite wellhead natural gas price (\$614 million) and an increase in natural gas deliveries (\$73 million). Natural gas deliveries for the first six months of 2022 increased 99 MMcfd, or 7%, compared to the same period of 2021 due primarily to higher deliveries in the Dorado gas play and increased production of associated natural gas from the Permian Basin, partially offset by lower natural gas volumes due to the sale of certain legacy natural gas assets in the Rocky Mountain area in the first quarter of 2022, lower natural gas deliveries in Trinidad and lower natural gas volumes associated with the disposition of the China assets in the second quarter of 2021. EOG's composite wellhead natural gas price for the first six months of 2022 increased 56% to \$6.35 per Mcf compared to \$4.08 per Mcf for the same period of 2021.

During the first six months of 2022, EOG recognized net losses on the mark-to-market of financial commodity derivative contracts of \$4,197 million compared to net losses of \$794 million for the same period of 2021. During the first six months of 2022, net cash paid for settlements of financial commodity derivative contracts was \$2,410 million, of which \$1,328 million was related to the early termination of certain contracts. Such early termination payments included \$307 million to terminate contracts scheduled to settle in the second half of 2022 and \$1,021 million to terminate contracts scheduled to settle after December 31, 2022. Net cash paid for settlements of financial commodity derivative contracts was \$223 million for the same period of 2021.

Gathering, processing and marketing revenues less marketing costs for the first six months of 2022 increased \$187 million as compared to the same period of 2021 primarily due to higher margins on natural gas marketing and crude oil marketing activities.

Operating and Other Expenses. For the first six months of 2022, operating expenses of \$7,941 million were \$2,211 million higher than the \$5,730 million incurred during the same period of 2021. The following table presents the costs per Boe for the six-month periods ended June 30, 2022 and 2021:

	Six Months Ended June 30,	
	2022	2021
Lease and Well	\$ 3.93	\$ 3.71
Transportation Costs	2.89	2.86
Gathering and Processing Costs	1.81	1.84
DD&A -		
Oil and Gas Properties	10.31	11.96
Other Property, Plant and Equipment	0.46	0.51
G&A	1.54	1.58
Interest Expense, Net	0.59	0.63
Total ⁽¹⁾	\$ 21.53	\$ 23.09

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

The primary factors impacting the cost components of per-unit rates of lease and well, transportation costs, gathering and processing costs, DD&A, and net interest expense for the six months ended June 30, 2022, compared to the same period of 2021 are set forth below. See "Operating Revenues" above for a discussion of wellhead volumes.

Lease and well expenses of \$642 million for the first six months of 2022 increased \$102 million from \$540 million for the same prior year period primarily due to increased operating and maintenance costs (\$75 million) and increased workover expenditures (\$24 million), both in the United States.

Transportation costs of \$472 million for the first six months of 2022 increased \$56 million from \$416 million for the same prior year period primarily due to increased transportation costs related to production from the Permian Basin (\$38 million) and the Eagle Ford oil play (\$12 million).

Gathering and processing costs of \$296 million for the first six months of 2022 increased \$29 million from \$267 million for the same prior year period primarily due to increased gathering and processing fees (\$33 million) and increased operating and maintenance expenses (\$20 million), both related to production from the Permian Basin, partially offset by decreased gathering and processing fees related to production from the Eagle Ford oil play (\$17 million) and decreased gathering and processing fees and operating and maintenance expenses due to the sale of certain legacy natural gas assets in the Rocky Mountain area (\$11 million).

G&A expenses of \$252 million for the first six months of 2022 increased \$22 million from \$230 million for the same prior year period primarily due to increased employee-related costs.

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

DD&A expenses for the first six months of 2022 decreased \$56 million to \$1,758 million from \$1,814 million for the same prior year period. DD&A expenses associated with oil and gas properties for the first six months of 2022 were \$57 million lower than the same prior year period. The decrease primarily reflects decreased unit rates in the United States (\$272 million) and in Trinidad (\$5 million), decreased production associated with the disposition of the China assets in the second quarter of 2021 (\$5 million) and decreased production in Trinidad (\$5 million), partially offset by increased production in the United States (\$233 million). Unit rates in the United States decreased primarily due to upward reserve revisions related to higher average crude oil, NGL and natural gas prices used in the reserve estimation process and to reserves added at lower costs as a result of increased efficiencies.

Exploration costs of \$80 million for the first six months of 2022 increased \$12 million from \$68 million for the same prior year period due primarily to increased geological and geophysical expenditures (\$11 million) in the United States.

The following table represents impairments for the six-month periods ended June 30, 2022 and 2021 (in millions):

	Six Months Ended June 30,	
	2022	2021
Proved properties	\$ 14	\$ —
Unproved properties	108	86
Other assets	23	—
Firm commitment contracts	1	2
Total	<u>\$ 146</u>	<u>\$ 88</u>

Taxes other than income for the first six months of 2022 increased \$408 million to \$862 million (7.3% of wellhead revenues) from \$454 million (6.8% of wellhead revenues) for the same prior year period. The increase in taxes other than income was primarily due to increased severance/production taxes (\$344 million), increased ad valorem/property taxes (\$57 million) and increased payroll taxes (\$6 million), all in the United States.

Other income, net was \$26 million for the first six months of 2022 compared to other expense, net of \$6 million for the same prior year period. The change of \$32 million in the first half of 2022 was primarily due to higher equity income from ammonia plants in Trinidad (\$23 million), increased interest income (\$6 million) and a decrease in deferred compensation expense (\$5 million).

EOG recognized an income tax provision of \$751 million for the first six months of 2022 compared to an income tax provision of \$421 million for the first six months of 2021, primarily due to increased pretax income. The net effective tax rate for the first six months of 2022 increased to 22% from 21% in the first six months of 2021.

Capital Resources and Liquidity

Cash Flow. The primary sources of cash for EOG during the six months ended June 30, 2022, were funds generated from operations and proceeds from sales of assets. The primary uses of cash were funds used in operations; dividend payments to stockholders; net cash paid for settlements of financial commodity derivative contracts; exploration and development expenditures; net collateral posted for financial commodity derivative contracts; and other property, plant and equipment expenditures. During the first six months of 2022, EOG's cash balance decreased \$2,136 million to \$3,073 million from \$5,209 million at December 31, 2021.

Net cash provided by operating activities of \$2,876 million for the first six months of 2022 decreased \$553 million compared to the same period of 2021 primarily due to an increase in net cash paid for settlements of financial commodity derivative contracts (\$2,187 million), an increase in net collateral posted for financial commodity derivative contracts (\$1,659 million), an unfavorable change in net cash paid for income taxes (\$921 million), an increase in cash operating expenses (\$622 million), net cash used in working capital and other assets and liabilities in the first six months of 2022 (\$1,164 million) compared to net cash used in working capital and other assets and liabilities in the first six months of 2021 (\$514 million), partially offset by an increase in wellhead revenues (\$5,102 million) and an increase in gathering, processing and marketing revenues less marketing costs (\$187 million).

Net cash used in investing activities of \$2,443 million for the first six months of 2022 increased \$794 million compared to the same period of 2021 due to an increase in additions to oil and gas properties (\$445 million), net cash used in working capital associated with investing activities in the first six months of 2022 (\$211 million) compared to net cash provided by working capital associated with investing activities in the first six months of 2021 (\$145 million), an increase in additions to other property, plant and equipment (\$48 million) and an increase in other investing activities (\$30 million), partially offset by an increase in proceeds from the sale of assets (\$85 million).

Net cash used in financing activities of \$2,569 million for the first six months of 2022 included cash dividend payments (\$2,509 million), purchases of treasury stock in connection with stock compensation plans (\$58 million) and repayment of finance lease liabilities (\$19 million). Net cash used in financing activities of \$1,229 million for the first six months of 2021 included repayments of long-term debt (\$750 million), cash dividend payments (\$458 million) and repayment of finance lease liabilities (\$18 million).

Total Expenditures. For the year 2022, EOG's updated budget for exploration and development and other property, plant and equipment expenditures is estimated to range from approximately \$4.3 billion to \$4.7 billion, excluding acquisitions, non-cash transactions and exploration costs. The table below sets out components of total expenditures for the six-month periods ended June 30, 2022 and 2021 (in millions):

<u>Expenditure Category</u>	Six Months Ended June 30,	
	2022	2021
Capital		
Exploration and Development Drilling	\$ 1,679	\$ 1,444
Facilities	199	187
Leasehold Acquisitions ⁽¹⁾	98	104
Property Acquisitions ⁽²⁾	356	95
Capitalized Interest	15	15
Subtotal	2,347	1,845
Exploration Costs	80	68
Dry Hole Costs	23	24
Exploration and Development Expenditures	2,450	1,937
Asset Retirement Costs	70	48
Total Exploration and Development Expenditures	2,520	1,985
Other Property, Plant and Equipment ⁽³⁾	145	171
Total Expenditures	\$ 2,665	\$ 2,156

(1) Leasehold acquisitions included \$79 million and \$22 million for the six-month periods ended June 30, 2022 and 2021, respectively, related to non-cash property exchanges.

(2) Property acquisitions included \$5 million and \$3 million for the six-month periods ended June 30, 2022 and 2021, respectively, related to non-cash property exchanges.

(3) Other property, plant and equipment included \$74 million of non-cash additions for the six-month period ended June 30, 2021, primarily related to finance lease transactions for storage facilities.

Exploration and development expenditures of \$2,450 million for the first six months of 2022 were \$513 million higher than the same period of 2021 primarily due to increased property acquisitions (\$261 million), increased exploration and development drilling expenditures in the United States (\$258 million) and increased facilities expenditures (\$12 million), partially offset by decreased exploration and development drilling expenditures in Trinidad (\$18 million) and Other International (\$4 million) and decreased leasehold acquisitions (\$6 million). Exploration and development expenditures for the first six months of 2022 of \$2,450 million consisted of \$1,845 million in development drilling and facilities, \$356 million in property acquisitions, \$234 million in exploration and \$15 million in capitalized interest. Exploration and development expenditures for the first six months of 2021 of \$1,937 million consisted of \$1,630 million in development drilling and facilities, \$197 million in exploration, \$95 million in property acquisitions and \$15 million in capitalized interest.

The level of exploration and development expenditures, including acquisitions, will vary in future periods depending on energy market conditions and other economic factors. EOG believes it has significant flexibility and availability 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.

Financial Commodity Derivative Transactions. As more fully discussed in Note 12 to the Consolidated Financial Statements included in EOG's 2021 Annual Report, EOG engages in price risk management activities from time to time. These activities are intended to manage EOG's exposure to fluctuations in commodity prices for crude oil, NGLs and natural gas. EOG utilizes financial commodity derivative instruments, primarily price swap, option, swaption, collar and basis swap contracts, as a means to manage this price risk. EOG has not designated any of its financial commodity derivative contracts as accounting hedges and, accordingly, accounts for financial commodity derivative contracts using the mark-to-market accounting method. Under this accounting method, changes in the fair value of outstanding financial instruments are recognized as gains or losses in the period of change and are recorded as Losses on Mark-to-Market Financial Commodity Derivative Contracts on the Condensed Consolidated Statements of Income and Comprehensive Income. The related cash flow impact is reflected in Cash Flows from Operating Activities on the Condensed Consolidated Statements of Cash Flows.

The total fair value of EOG's financial commodity derivative contracts, net of associated collateral posted, was reflected on the Condensed Consolidated Balance Sheets at June 30, 2022, as a net liability of \$123 million.

As discussed in "Operating Revenues and Other," the net cash paid for settlements of financial commodity derivative contracts during the second quarter and first six months of 2022 was \$2,114 million and \$2,410 million, respectively, of which \$1,328 million during both the second quarter and first six months of 2022 was related to the early termination of certain contracts; see the below summary tables for further discussion.

Presented below is a comprehensive summary of EOG's financial commodity derivative contracts settled during the period from January 1, 2022 to July 29, 2022 (closed) and outstanding as of July 29, 2022. Crude oil and NGL volumes are presented in MBbld and prices are presented in \$/Bbl. Natural gas volumes are presented in MMBtu per day (MMBtud) and prices are presented in dollars per MMBtu (\$/MMBtu).

Crude Oil Financial Price Swap Contracts

Period	Settlement Index	Contracts Sold		Contracts Purchased	
		Volume (MBbld)	Weighted Average Price (\$/Bbl)	Volume (MBbld)	Weighted Average Price (\$/Bbl)
January - March 2022 (closed)	NYMEX West Texas Intermediate (WTI)	140	\$ 65.58	—	\$ —
April - June 2022 (closed)	NYMEX WTI	140	65.62	—	—
July 2022 (closed)	NYMEX WTI	140	65.59	—	—
August - September 2022	NYMEX WTI	140	65.59	—	—
October - December 2022 (closed) ⁽¹⁾	NYMEX WTI	53	66.11	—	—
October - December 2022	NYMEX WTI	87	65.41	87	88.85
January - February 2023 (closed) ⁽¹⁾	NYMEX WTI	7	69.51	—	—
January - February 2023	NYMEX WTI	143	67.84	6	102.26
March 2023 (closed) ⁽¹⁾	NYMEX WTI	37	67.35	—	—
March 2023	NYMEX WTI	113	68.11	6	102.26
April - May 2023 (closed) ⁽¹⁾	NYMEX WTI	29	68.28	—	—
April - May 2023	NYMEX WTI	91	67.63	2	98.15
June 2023 (closed) ⁽¹⁾	NYMEX WTI	118	67.77	—	—
June 2023	NYMEX WTI	2	69.10	2	98.15
July - September 2023 (closed) ⁽¹⁾	NYMEX WTI	100	70.15	—	—
October - December 2023 (closed) ⁽¹⁾	NYMEX WTI	69	69.41	—	—

(1) In the second quarter of 2022, EOG executed the early termination provision granting EOG the right to terminate certain of its October 2022 - December 2023 crude oil financial price swap contracts which were open at that time. EOG paid net cash of \$593 million for the settlement of these contracts.

Crude Oil Basis Swap Contracts

Period	Settlement Index	Contracts Sold	
		Volume (MBbld)	Weighted Average Price Differential (\$/Bbl)
January - August 2022 (closed)	NYMEX WTI Roll Differential ⁽¹⁾	125	\$ 0.15
September - December 2022	NYMEX WTI Roll Differential ⁽¹⁾	125	0.15

(1) This settlement index is used to fix the differential in pricing between the NYMEX calendar month average and the physical crude oil delivery month.

Natural Gas Financial Price Swap Contracts

Period	Settlement Index	Contracts Sold	
		Volume (MMBtud in thousands)	Weighted Average Price (\$/MMBtu)
January - August 2022 (closed)	NYMEX Henry Hub	725	\$ 3.57
September 2022	NYMEX Henry Hub	725	3.57
October - December 2022 (closed) ⁽¹⁾	NYMEX Henry Hub	425	3.05
October - December 2022	NYMEX Henry Hub	300	4.32
January - December 2023 (closed) ⁽¹⁾	NYMEX Henry Hub	425	3.05
January - December 2023	NYMEX Henry Hub	300	3.36
January - December 2024	NYMEX Henry Hub	725	3.07
January - December 2025	NYMEX Henry Hub	725	3.07

(1) In the second quarter of 2022, EOG executed the early termination provision granting EOG the right to terminate certain of its October 2022 - December 2023 natural gas financial price swap contracts which were open at that time. EOG paid net cash of \$735 million for the settlement of these contracts.

Natural Gas Basis Swap Contracts

Period	Settlement Index	Contracts Sold	
		Volume (MMBtud in thousands)	Weighted Average Price Differential (\$/MMBtu)
January - July 2022 (closed)	NYMEX Henry Hub Houston Ship Channel (HSC) Differential ⁽¹⁾	210	\$ (0.01)
August - December 2022	NYMEX Henry Hub HSC Differential ⁽¹⁾	210	(0.01)
January - December 2023	NYMEX Henry Hub HSC Differential ⁽¹⁾	135	(0.01)
January - December 2024	NYMEX Henry Hub HSC Differential ⁽¹⁾	10	0.00
January - December 2025	NYMEX Henry Hub HSC Differential ⁽¹⁾	10	0.00

(1) This settlement index is used to fix the differential between pricing at the Houston Ship Channel and NYMEX Henry Hub prices.

In connection with its financial commodity derivative contracts, EOG had \$1,529 million of collateral posted at August 3, 2022. EOG expects this collateral to be applied to the settlement of financial commodity derivative contracts if market prices remain above contract prices. The amount of posted collateral will increase or decrease based on fluctuations in forward NYMEX WTI and Henry Hub prices.

Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, including, among others, statements and projections regarding EOG's future financial position, operations, performance, business strategy, goals, returns and rates of return, budgets, reserves, levels of production, capital expenditures, costs and asset sales, statements regarding future commodity prices and statements regarding the plans and objectives of EOG's management for future operations, are forward-looking statements. EOG typically uses words such as "expect," "anticipate," "estimate," "project," "strategy," "intend," "plan," "target," "aims," "ambition," "initiative," "goal," "may," "will," "focused on," "should" and "believe" or the negative of those terms or other variations or comparable terminology to identify its forward-looking statements. In particular, statements, express or implied, concerning EOG's future operating results and returns or EOG's ability to replace or increase reserves, increase production, generate returns and rates of return, replace or increase drilling locations, reduce or otherwise control operating costs and capital expenditures, generate cash flows, pay down or refinance indebtedness, achieve, reach or otherwise meet initiatives, plans, goals, ambitions or targets with respect to emissions, other environmental matters, safety matters or other ESG (environmental/social/governance) matters, or pay and/or increase dividends are forward-looking statements. Forward-looking statements are not guarantees of performance. Although EOG believes the expectations reflected in its forward-looking statements are reasonable and are based on reasonable assumptions, no assurance can be given that these assumptions are accurate or that any of these expectations will be achieved (in full or at all) or will prove to have been correct. Moreover, EOG's forward-looking statements may be affected by known, unknown or currently unforeseen risks, events or circumstances that may be outside EOG's control. Important factors that could cause EOG's actual results to differ materially from the expectations reflected in EOG's forward-looking statements include, among others:

- the timing, extent and duration of changes in prices for, supplies of, and demand for, crude oil and condensate, natural gas liquids (NGLs), natural gas and related commodities;
- the extent to which EOG is successful in its efforts to acquire or discover additional reserves;
- the extent to which EOG is successful in its efforts to (i) economically develop its acreage in, (ii) produce reserves and achieve anticipated production levels and rates of return from, (iii) decrease or otherwise control its drilling, completion, operating and capital costs related to, and (iv) maximize reserve recovery from, its existing and future crude oil and natural gas exploration and development projects and associated potential and existing drilling locations;
- the extent to which EOG is successful in its efforts to market its production of crude oil and condensate, NGLs and natural gas;
- security threats, including cybersecurity threats and disruptions to our business and operations from breaches of our information technology systems, physical breaches of our facilities and other infrastructure or breaches of the information technology systems, facilities and infrastructure of third parties with which we transact business;
- the availability, proximity and capacity of, and costs associated with, appropriate gathering, processing, compression, storage, transportation, refining, and export facilities;
- the availability, cost, terms and timing of issuance or execution of mineral licenses and leases and governmental and other permits and rights-of-way, and EOG's ability to retain mineral licenses and leases;
- the impact of, and changes in, government policies, laws and regulations, including climate change-related regulations, policies and initiatives (for example, with respect to air emissions); tax laws and regulations (including, but not limited to, carbon tax legislation); environmental, health and safety laws and regulations relating to disposal of produced water, drilling fluids and other wastes, hydraulic fracturing and access to and use of water; laws and regulations affecting the leasing of acreage and permitting for oil and gas drilling and the calculation of royalty payments in respect of oil and gas production; laws and regulations imposing additional permitting and disclosure requirements, additional operating restrictions and conditions or restrictions on drilling and completion operations and on the transportation of crude oil and natural gas; laws and regulations with respect to derivatives and hedging activities; and laws and regulations with respect to the import and export of crude oil, natural gas and related commodities;

- the impact of climate change-related policies and initiatives at the corporate and/or investor community levels and other potential developments related to climate change, such as (but not limited to) changes in consumer and industrial/commercial behavior, preferences and attitudes with respect to the generation and consumption of energy; increased availability of, and increased consumer and industrial/commercial demand for, competing energy sources (including alternative energy sources); technological advances with respect to the generation, transmission, storage and consumption of energy; alternative fuel requirements; energy conservation measures; decreased demand for, and availability of, services and facilities related to the exploration for, and production of, crude oil, NGLs and natural gas; and negative perceptions of the oil and gas industry and, in turn, reputational risks associated with the exploration for, and production of, crude oil, NGLs and natural gas;
- EOG's ability to effectively integrate acquired crude oil and natural gas properties into its operations, fully identify existing and potential problems with respect to such properties and accurately estimate reserves, production and drilling, completing and operating costs with respect to such properties;
- the extent to which EOG's third-party-operated crude oil and natural gas properties are operated successfully, economically and in compliance with applicable laws and regulations;
- competition in the oil and gas exploration and production industry for the acquisition of licenses, leases and properties;
- the availability and cost of, and competition in the oil and gas exploration and production industry for, employees and other personnel, facilities, equipment, materials (such as water, sand and tubulars) and services;
- the accuracy of reserve estimates, which by their nature involve the exercise of professional judgment and may therefore be imprecise;
- weather, including its impact on crude oil and natural gas demand, and weather-related delays in drilling and in the installation and operation (by EOG or third parties) of production, gathering, processing, refining, compression, storage, transportation, and export facilities;
- the ability of EOG's customers and other contractual counterparties to satisfy their obligations to EOG and, related thereto, to access the credit and capital markets to obtain financing needed to satisfy their obligations to EOG;
- EOG's ability to access the commercial paper market and other credit and capital markets to obtain financing on terms it deems acceptable, if at all, and to otherwise satisfy its capital expenditure requirements;
- the extent to which EOG is successful in its completion of planned asset dispositions;
- the extent and effect of any hedging activities engaged in by EOG;
- the timing and extent of changes in foreign currency exchange rates, interest rates, inflation rates, global and domestic financial market conditions and global and domestic general economic conditions;
- the duration and economic and financial impact of epidemics, pandemics or other public health issues, including the COVID-19 pandemic;
- geopolitical factors and political conditions and developments around the world (such as the imposition of tariffs or trade or other economic sanctions, political instability and armed conflict), including in the areas in which EOG operates;
- the extent to which EOG incurs uninsured losses and liabilities or losses and liabilities in excess of its insurance coverage;
- acts of war and terrorism and responses to these acts; and
- the other factors described under ITEM 1A, Risk Factors of EOG's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and any updates to those factors set forth in EOG's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

In light of these risks, uncertainties and assumptions, the events anticipated by EOG's forward-looking statements may not occur, and, if any of such events do, we may not have anticipated the timing of their occurrence or the duration or extent of their impact on our actual results. Accordingly, you should not place any undue reliance on any of EOG's forward-looking statements. EOG's forward-looking statements speak only as of the date made, and EOG undertakes no obligation, other than as required by applicable law, to update or revise its forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise.

PART I. FINANCIAL INFORMATION

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

EOG's exposure to commodity price risk, interest rate risk and foreign currency exchange rate risk is discussed in (i) the "Commodity Derivative Transactions," "Financing," "Foreign Currency Exchange Rate Risk" and "Outlook" sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources and Liquidity" included in EOG's Annual Report on Form 10-K for the year ended December 31, 2021, filed on February 24, 2022 (EOG's 2021 Annual Report); and (ii) Note 12, "Risk Management Activities," to EOG's Consolidated Financial Statements included in EOG's 2021 Annual Report. For updated information regarding EOG's financial commodity derivative contracts and physical commodity contracts, see (i) Note 12, "Risk Management Activities," to EOG's Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q; (ii) "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Operating Revenues and Other" in this Quarterly Report on Form 10-Q; and (iii) "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources and Liquidity - Financial Commodity Derivative Transactions" in this Quarterly Report on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES EOG RESOURCES, INC.

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

Internal Control Over Financial Reporting. There were no changes in EOG's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) that occurred during the quarterly period covered by this Quarterly Report on Form 10-Q 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 I, Item 1, Note 8 to Condensed Consolidated Financial Statements, which is incorporated herein by reference.

Item 103 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, requires disclosure regarding certain proceedings arising under federal, state or local environmental laws when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that EOG reasonably believes will exceed a specified threshold. Pursuant to recent amendments to this item, EOG will be using a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required. EOG believes proceedings under this threshold are not material to EOG's business and financial condition. Applying this threshold, there are no environmental proceedings to disclose for the quarter ended June 30, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth, for the periods indicated, EOG's share repurchase activity:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Value of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2022 - April 30, 2022	23,045	\$ 123.44	—	\$ 5,000,000,000
May 1, 2022 - May 31, 2022	53,666	131.72	—	\$ 5,000,000,000
June 1, 2022 - June 30, 2022	35,276	139.52	—	\$ 5,000,000,000
Total	111,987	132.47	—	

- (1) The 111,987 total shares for the quarter ended June 30, 2022, consist solely of shares that were withheld by or returned to EOG (i) in satisfaction of tax withholding obligations that arose upon the exercise of employee stock options or stock-settled stock appreciation rights or the vesting of restricted stock, restricted stock unit, or performance unit grants or (ii) in payment of the exercise price of employee stock options. These shares do not count against the November 2021 Authorization (as defined and further discussed below).
- (2) Effective November 4, 2021, EOG's Board of Directors (Board) (i) established a new share repurchase authorization to allow for the repurchase by EOG of up to \$5 billion of its common stock (November 2021 Authorization). Under the new authorization, EOG may repurchase shares from time to time, at management's discretion, in accordance with applicable securities laws, including through open market transactions, privately negotiated transactions or any combination thereof. The timing and amount of repurchases, if any, will be at the discretion of EOG's management and will depend on a variety of factors, including the then-trading price of EOG's common stock, corporate and regulatory requirements, and other market and economic conditions. Repurchased shares will be held as treasury shares and will be available for general corporate purposes. The November 2021 Authorization has no time limit, does not require EOG to repurchase a specific number of shares and may be modified, suspended, or terminated by the Board at any time. EOG has not repurchased any shares under the November 2021 Authorization as of the date of this filing.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this Quarterly Report on Form 10-Q.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1(a)	- <u>Restated Certificate of Incorporation, dated September 3, 1987 (incorporated by reference to Exhibit 3.1(a) to EOG's Annual Report on Form 10-K for the year ended December 31, 2008) (SEC File No. 001-09743).</u>
3.1(b)	- <u>Certificate of Amendment of Restated Certificate of Incorporation, dated May 5, 1993 (incorporated by reference to Exhibit 4.1(b) to EOG's Registration Statement on Form S-8, SEC File No. 33-52201, filed February 8, 1994).</u>
3.1(c)	- <u>Certificate of Amendment of Restated Certificate of Incorporation, dated June 14, 1994 (incorporated by reference to Exhibit 4.1(c) to EOG's Registration Statement on Form S-8, SEC File No. 33-58103, filed March 15, 1995).</u>
3.1(d)	- <u>Certificate of Amendment of Restated Certificate of Incorporation, dated June 11, 1996 (incorporated by reference to Exhibit 3(d) to EOG's Registration Statement on Form S-3, SEC File No. 333-09919, filed August 9, 1996).</u>
3.1(e)	- <u>Certificate of Amendment of Restated Certificate of Incorporation, dated May 7, 1997 (incorporated by reference to Exhibit 3(e) to EOG's Registration Statement on Form S-3, SEC File No. 333-44785, filed January 23, 1998).</u>
3.1(f)	- <u>Certificate of Ownership and Merger Merging EOG Resources, Inc. into Enron Oil & Gas Company, dated August 26, 1999 (incorporated by reference to Exhibit 3.1(f) to EOG's Annual Report on Form 10-K for the year ended December 31, 1999) (SEC File No. 001-09743).</u>
3.1(g)	- <u>Certificate of Designations of Series E Junior Participating Preferred Stock, dated February 14, 2000 (incorporated by reference to Exhibit 2 to EOG's Registration Statement on Form 8-A, SEC File No. 001-09743, filed February 18, 2000).</u>
3.1(h)	- <u>Certificate of Elimination of the Fixed Rate Cumulative Perpetual Senior Preferred Stock, Series A, dated September 13, 2000 (incorporated by reference to Exhibit 3.1(j) to EOG's Registration Statement on Form S-3, SEC File No. 333-46858, filed September 28, 2000).</u>
3.1(i)	- <u>Certificate of Elimination of the Flexible Money Market Cumulative Preferred Stock, Series C, dated September 13, 2000 (incorporated by reference to Exhibit 3.1(k) to EOG's Registration Statement on Form S-3, SEC File No. 333-46858, filed September 28, 2000).</u>
3.1(j)	- <u>Certificate of Elimination of the Flexible Money Market Cumulative Preferred Stock, Series D, dated February 24, 2005 (incorporated by reference to Exhibit 3.1(k) to EOG's Annual Report on Form 10-K for the year ended December 31, 2004) (SEC File No. 001-09743).</u>
3.1(k)	- <u>Amended Certificate of Designations of Series E Junior Participating Preferred Stock, dated March 7, 2005 (incorporated by reference to Exhibit 3.1(m) to EOG's Annual Report on Form 10-K for the year ended December 31, 2007) (SEC File No. 001-09743).</u>
3.1(l)	- <u>Certificate of Amendment of Restated Certificate of Incorporation, dated May 3, 2005 (incorporated by reference to Exhibit 3.1(l) to EOG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005) (SEC File No. 001-09743).</u>
3.1(m)	- <u>Certificate of Elimination of Fixed Rate Cumulative Perpetual Senior Preferred Stock, Series B, dated March 6, 2008 (incorporated by reference to Exhibit 3.1 to EOG's Current Report on Form 8-K, filed March 6, 2008) (SEC File No. 001-09743).</u>
3.1(n)	- <u>Certificate of Amendment of Restated Certificate of Incorporation, dated April 28, 2017 (incorporated by reference to Exhibit 3.1 to EOG's Current Report on Form 8-K, filed May 2, 2017) (SEC File No. 001-09743).</u>
3.2	- <u>Bylaws, dated August 23, 1989, as amended and restated effective as of September 22, 2015 (incorporated by reference to Exhibit 3.1 to EOG's Current Report on Form 8-K, filed September 28, 2015) (SEC File No. 001-09743).</u>

<u>Exhibit No.</u>	<u>Description</u>
31.1	- <u>Section 302 Certification of Periodic Report of Principal Executive Officer.</u>
31.2	- <u>Section 302 Certification of Periodic Report of Principal Financial Officer.</u>
32.1	- <u>Section 906 Certification of Periodic Report of Principal Executive Officer.</u>
32.2	- <u>Section 906 Certification of Periodic Report of Principal Financial Officer.</u>
95	- <u>Mine Safety Disclosure Exhibit.</u>
101.INS	- Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	- Inline XBRL Schema Document.
*101.CAL	- Inline XBRL Calculation Linkbase Document.
*101.DEF	- Inline XBRL Definition Linkbase Document.
*101.LAB	- Inline XBRL Label Linkbase Document.
*101.PRE	- Inline XBRL Presentation Linkbase Document.
104	- Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income and Comprehensive Income - Three Months and Six Months ended June 30, 2022 and 2021, (ii) the Condensed Consolidated Balance Sheets - June 30, 2022 and December 31, 2021, (iii) the Condensed Consolidated Statements of Stockholders' Equity - Three Months and Six Months Ended June 30, 2022 and 2021, (iv) the Condensed Consolidated Statements of Cash Flows - Six Months Ended June 30, 2022 and 2021 and (v) the Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

EOG RESOURCES, INC.
(Registrant)

Date: August 4, 2022

By: /s/ TIMOTHY K. DRIGGERS
Timothy K. Driggers
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

CERTIFICATIONS

I, Ezra Y. Yacob, 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 officer(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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; and
5. The registrant's other certifying officer(s) 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 the 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: August 4, 2022

/s/ EZRA Y. YACOB

Ezra Y. Yacob
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Timothy K. Driggers, 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 officer(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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; and
5. The registrant's other certifying officer(s) 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 the 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: August 4, 2022

/s/ TIMOTHY K. DRIGGERS

Timothy K. Driggers

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION OF PERIODIC REPORT

I, Ezra Y. Jacob, 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 quarter ended June 30, 2022 (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.

Date: August 4, 2022

/s/ EZRA Y. YACOB

Ezra Y. Jacob

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF PERIODIC REPORT

I, Timothy K. Driggers, 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 quarter ended June 30, 2022 (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.

Date: August 4, 2022

/s/ TIMOTHY K. DRIGGERS

Timothy K. Driggers

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Mine Safety Disclosure Exhibit

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act and the related rules promulgated thereunder by the United States Securities and Exchange Commission (SEC), each operator of a coal or other mine is required to disclose certain mine safety matters in its periodic reports filed with the SEC.

EOG Resources, Inc. (EOG) has had sand mining facilities in Texas and Wisconsin, which have supported EOG's exploration and development operations. EOG's sand mining facilities have been subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). MSHA inspects mining facilities on a regular basis and issues citations and orders when it believes a violation has occurred under the Mine Act.

EOG was the operator of record of the following sand mining facilities during the quarter ended June 30, 2022:

- Hood County Sand Plant - Hood County, TX (MSHA ID 41-04696);
- Rawhide Sand Plant - Hood County, TX (MSHA ID 41-04777); and
- Chippewa Falls Sand Plant - Chippewa County, WI (MSHA ID 47-03624).

During the quarter ended June 30, 2022, EOG did not receive any of the following from MSHA: (i) a citation for a violation of a mandatory health or safety standard that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under Section 104 of the Mine Act; (ii) an order issued under Section 104(b) of the Mine Act; (iii) a citation or order for unwarrantable failure to comply with mandatory health or safety standards under Section 104(d) of the Mine Act; (iv) written notice of a flagrant violation under Section 110(b)(2) of the Mine Act; (v) an imminent danger order issued under Section 107(a) of the Mine Act; (vi) any proposed assessments under the Mine Act; (vii) written notice of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under Section 104(e) of the Mine Act; or (viii) written notice of the potential to have such a pattern. Moreover, during the quarter ended June 30, 2022, EOG did not experience a mining-related fatality.

In addition, as of June 30, 2022, EOG did not have any legal action pending before the Federal Mine Safety and Health Review Commission (Mine Commission) and did not have any legal actions instituted or resolved before the Mine Commission during the quarter ended June 30, 2022.