

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

EOG Resources, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). We'll go to Tom Gardner with Simmons & Company.

Tom Gardner – Simmons & Company

Good morning, everyone.

Mark Papa

Hey, Tom.

Tom Gardner – Simmons & Company

Hey, Mark. With respect to your capital expenditure outlays in 2009, are there likely to be somewhat evenly distributed or front or back-end loaded?

Mark Papa

They will probably be a bit front end loaded simply because we'll be in the process of shedding rigs throughout the year and so the expenditures in the first half of the year will be likely more than 50% of the total \$3.1 billion CapEx.

Tom Gardner – Simmons & Company

With that 2010 recovery comes a little early do you think you might pick up CapEx?

Mark Papa

Yes. We certainly got the flexibility to do that. But the plan we're articulating now is one based upon the assumption that gas prices remained pretty dismal throughout 2009.

Tom Gardner – Simmons & Company

Is EOG currently drilling but not completing wells in some areas?

Mark Papa

Yes, the answer to that is yes, Tom, particularly doing that in areas that are susceptible to cold weather. For example, in the Bakken play, and also in our Bakken oil play and also in our Uinta Basin gas play, we're currently drilling wells and just going to wait for completion at least until late

spring simply because to frac those wells in the winter time you have to heat the water and there is lot of incremental costs with that and we just in no hurry to rush production and cram it into a market currently has signs of oversupply.

Tom Gardner – Simmons & Company

Other operators are doing inventory in those drilled, but not completed wells, too. Do you think that's going to be impactful to the timing or duration of the gas market recovery when it comes?

Mark Papa

I know, Tom, there has been some comments by others relating to the Barnett shales. People have said they're slowing down in the Barnett shale and – but they have an inventory of wells yet to be completed. We've done a pretty thorough modeling of the Barnett shale on the gas side. And based on what we see, the signs, with the recount dropping and also factoring in that there is an inventory of wells yet to be completed, it's our belief that the Barnett shale is going to peak at about 4.9 Bcf a day in the first quarter of this year. And by the end of this year the Barnett shale will be down to about 4.3 Bcf a day.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.