

EOG RESOURCES INC
Form 10-Q
November 01, 2011

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

FORM
10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-9743

EOG RESOURCES, INC.
(Exact name of registrant as specified in its charter)

Delaware	47-0684736
(State or other	(I.R.S.
jurisdiction	Employer
of	Identification
incorporation	No.)
or organization)	

1111 Bagby, Sky Lobby 2, Houston, Texas 77002
(Address of principal executive offices) (Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Title of each class	Number of shares
Common Stock, par value \$0.01 per share	268,850,778 (as of October 26, 2011)

EOG RESOURCES, INC.

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PART I. FINANCIAL INFORMATION

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Operating Revenues				
Crude Oil and Condensate	\$953,154	\$506,368	\$2,649,034	\$1,368,338
Natural Gas Liquids	206,572	107,482	539,104	314,750
Natural Gas	576,803	602,242	1,760,715	1,832,578
Gains on Mark-to-Market Commodity Derivative Contracts	357,664	60,998	480,539	105,816
Gathering, Processing and Marketing	578,022	233,971	1,461,303	601,790
Gains on Asset Dispositions, Net	207,468	64,809	442,981	72,441
Other, Net	6,061	6,205	19,424	15,023
Total	2,885,744	1,582,075	7,353,100	4,310,736
Operating Expenses				
Lease and Well	248,926	180,921	680,710	507,647
Transportation Costs	108,678	103,262	308,276	286,318
Gathering and Processing Costs	18,532	18,472	55,444	47,353
Exploration Costs	48,469	47,307	140,616	148,635
Dry Hole Costs	22,604	2,700	47,231	45,095
Impairments	83,431	352,908	531,413	502,865
Marketing Costs	572,604	231,758	1,427,450	591,735
Depreciation, Depletion and Amortization	651,684	500,888	1,822,854	1,398,137
General and Administrative	82,260	81,310	219,703	206,470
Taxes Other Than Income	98,526	74,244	308,669	227,773
Total	1,935,714	1,593,770	5,542,366	3,962,028
Operating Income (Loss)	950,030	(11,695)	1,810,734	348,708
Other Income, Net	1,377	5,772	11,205	7,910
Income (Loss) Before Interest Expense and Income Taxes	951,407	(5,923)	1,821,939	356,618
Interest Expense, Net	52,186	32,890	153,772	88,215
Income (Loss) Before Income Taxes	899,221	(38,813)	1,668,167	268,403
Income Tax Provision	358,343	32,093	697,742	161,422
Net Income (Loss)	\$540,878	\$(70,906)	\$970,425	\$106,981
Net Income (Loss) Per Share				
Basic	\$2.03	\$(0.28)	\$3.71	\$0.43
Diluted	\$2.01	\$(0.28)	\$3.66	\$0.42
Dividends Declared per Common Share	\$0.160	\$0.155	\$0.480	\$0.465

Average Number of Common Shares				
Basic	266,053	251,015	261,664	250,719
Diluted	269,292	251,015	265,245	254,444

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

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

	September 30, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$1,386,728	\$788,853
Accounts Receivable, Net	1,249,649	1,113,279
Inventories	580,355	415,792
Assets from Price Risk Management Activities	364,991	48,153
Income Taxes Receivable	28,013	54,916
Deferred Income Taxes	-	9,260
Other	125,626	97,193
Total	3,735,362	2,527,446
Property, Plant and Equipment		
Oil and Gas Properties (Successful Efforts Method)	32,196,279	29,263,809
Other Property, Plant and Equipment	1,993,824	1,733,073
Total Property, Plant and Equipment	34,190,103	30,996,882
Less: Accumulated Depreciation, Depletion and Amortization	(13,453,905)	(12,315,982)
Total Property, Plant and Equipment, Net	20,736,198	18,680,900
Other Assets	323,118	415,887
Total Assets	\$24,794,678	\$21,624,233
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$1,926,455	\$1,664,944
Accrued Taxes Payable	157,297	82,168
Dividends Payable	43,015	38,962
Liabilities from Price Risk Management Activities	-	28,339
Deferred Income Taxes	139,646	41,703
Current Portion of Long-Term Debt	220,000	220,000
Other	179,910	143,983
Total	2,666,323	2,220,099
Long-Term Debt	5,007,746	5,003,341
Other Liabilities	768,518	667,455
Deferred Income Taxes	3,858,243	3,501,706
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Common Stock, \$0.01 Par, 640,000,000 Shares Authorized and 269,124,759 Shares Issued at September 30, 2011 and 254,223,521 Shares Issued at December 31, 2010	202,691	202,542
Additional Paid in Capital	2,230,600	729,992

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Accumulated Other Comprehensive Income	372,448	440,071
Retained Earnings	9,711,207	8,870,179
Common Stock Held in Treasury, 281,595 Shares at September 30, 2011 and 146,186 Shares at December 31, 2010	(23,098)	(11,152)
Total Stockholders' Equity	12,493,848	10,231,632
Total Liabilities and Stockholders' Equity	\$24,794,678	\$21,624,233

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

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

	Nine Months Ended September 30,	
	2011	2010
Cash Flows from Operating Activities		
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net Income	\$ 970,425	\$ 106,981
Items Not Requiring (Providing) Cash		
Depreciation, Depletion and Amortization	1,822,854	1,398,137
Impairments	531,413	502,865
Stock-Based Compensation Expenses	95,057	81,700
Deferred Income Taxes	499,279	53,067
Gains on Asset Dispositions, Net	(442,981)	(72,441)
Other, Net	2,270	(2,317)
Dry Hole Costs	47,231	45,095
Mark-to-Market Commodity Derivative Contracts		
Total Gains	(480,539)	(105,816)
Realized Gains	83,765	25,180
Other, Net	21,052	13,354
Changes in Components of Working Capital and Other Assets and Liabilities		
Accounts Receivable	(128,965)	(124,813)
Inventories	(167,611)	(134,181)
Accounts Payable	245,385	527,418
Accrued Taxes Payable	101,239	(40,104)
Other Assets	(28,600)	(16,051)
Other Liabilities	37,022	44,348
Changes in Components of Working Capital Associated with Investing and Financing Activities	133,227	(216,695)
Net Cash Provided by Operating Activities	3,341,523	2,085,727
Investing Cash Flows		
Additions to Oil and Gas Properties	(4,665,535)	(3,740,883)
Additions to Other Property, Plant and Equipment	(502,112)	(223,072)
Proceeds from Sales of Assets	1,294,627	126,371
Changes in Components of Working Capital Associated with Investing Activities	(133,512)	216,546
Other, Net	-	(4,206)
Net Cash Used in Investing Activities	(4,006,532)	(3,625,244)
Financing Cash Flows		
Common Stock Sold	1,388,270	-
Net Commercial Paper Borrowings	-	33,700
Long-Term Debt Borrowings	-	991,395
Long-Term Debt Repayments	-	(37,000)

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Dividends Paid	(124,133)	(114,277)
Treasury Stock Purchased	(21,357)	(10,298)
Proceeds from Stock Options Exercised and Employee Stock Purchase Plan	26,887	24,527
Debt Issuance Costs	-	(6,469)
Other, Net	285	149
Net Cash Provided by Financing Activities	1,269,952	881,727
Effect of Exchange Rate Changes on Cash	(7,068)	(129)
Increase (Decrease) in Cash and Cash Equivalents	597,875	(657,919)
Cash and Cash Equivalents at Beginning of Period	788,853	685,751
Cash and Cash Equivalents at End of Period	\$ 1,386,728	\$ 27,832

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

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

1. Summary of Significant Accounting Policies

General. The consolidated financial statements of EOG Resources, Inc., together with its subsidiaries (collectively, EOG), included herein have been prepared by management without audit pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Accordingly, they reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial results for the interim periods presented. Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures included either on the face of the financial statements or in these notes are sufficient to make the interim information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in EOG's Annual Report on Form 10-K for the year ended December 31, 2010, filed on February 24, 2011 (EOG's 2010 Annual Report).

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results to be expected for the full year.

Recently Issued Accounting Standards and Developments. In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, which amends the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification. The amendments clarify the FASB's intent about the application of existing fair value measurement requirements and change certain principles or requirements for measuring fair value or disclosing information about fair value measurements. ASU 2011-04 is effective for interim and annual fiscal periods beginning after December 15, 2011. EOG does not expect that the adoption of ASU 2011-04 will have a material impact on its financial statements, but it may result in additional disclosures regarding fair value measurements.

In June 2011, the FASB issued ASU 2011-05 "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." ASU 2011-05 is intended to increase the prominence of comprehensive income in the financial statements by requiring that an entity that reports items of comprehensive income do so in either one continuous or two consecutive financial statements. ASU 2011-05 also requires separate presentation on the face of the financial statements for items reclassified from other comprehensive income into net income. The provisions of ASU 2011-05 are effective for interim and annual fiscal periods beginning after December 15, 2011. Retroactive application is required.

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

2. Stock-Based Compensation

As more fully discussed in Note 6 to the Consolidated Financial Statements included in EOG's 2010 Annual Report, EOG maintains various stock-based compensation plans. Stock-based compensation expense is included in the Consolidated Statements of Income based upon the job function of the employee receiving the grants as follows (in millions):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Lease and Well	\$9.5	\$8.0	\$24.4	\$20.3
Gathering and Processing Costs	0.2	0.1	0.6	0.4
Exploration Costs	7.8	7.3	19.4	18.1
General and Administrative	24.1	21.3	50.6	42.9
Total	\$41.6	\$36.7	\$95.0	\$81.7

The EOG Resources, Inc. 2008 Omnibus Equity Compensation Plan, as amended (2008 Plan), provides for grants of stock options, stock-settled stock appreciation rights (SARs), restricted stock, restricted stock units and other stock-based awards. At September 30, 2011, approximately 4.9 million common shares remained available for grant under the 2008 Plan. EOG's policy is to issue shares related to the 2008 Plan from previously authorized unissued shares.

Stock Options and Stock-Settled Stock Appreciation Rights and Employee Stock Purchase Plan. The fair value of Employee Stock Purchase Plan (ESPP) grants is estimated using the Black-Scholes-Merton model. The fair value of stock option and SAR grants is estimated using the Hull-White II binomial option pricing model. Stock-based compensation expense related to stock option, SAR and ESPP grants totaled \$13.5 million and \$12.6 million during the three months ended September 30, 2011 and 2010, respectively, and \$33.4 million and \$30.4 million during the nine months ended September 30, 2011 and 2010, respectively.

Weighted average fair values and valuation assumptions used to value stock option, SAR and ESPP grants during the nine-month periods ended September 30, 2011 and 2010 are as follows:

	Stock Options/SARs				ESPP			
	Nine Months Ended		Nine Months Ended		Nine Months Ended		Nine Months Ended	
	September 30,		September 30,		September 30,		September 30,	
	2011	2010	2011	2010	2011	2010	2011	2010
Weighted Average Fair Value of Grants	\$29.87	\$32.10	\$22.35	\$25.42				
Expected Volatility	40.92	%	39.74	%	29.68	%	38.18	%
Risk-Free Interest Rate	0.58	%	0.87	%	0.18	%	0.18	%
Dividend Yield	0.7	%	0.7	%	0.7	%	0.7	%
Expected Life	5.6 yrs		5.5 yrs		0.5 yrs		0.5 yrs	

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.

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

The following table sets forth stock option and SAR transactions for the nine-month periods ended September 30, 2011 and 2010 (stock options and SARs in thousands):

	Nine Months Ended September 30, 2011		Nine Months Ended September 30, 2010	
	Number of Stock Options/SARs	Weighted Average Grant Price	Number of Stock Options/SARs	Weighted Average Grant Price
Outstanding at January 1	8,445	\$64.49	8,335	\$57.08
Granted	1,470	85.25	1,420	93.02
Exercised (1)	(1,150)	48.41	(924)	40.11
Forfeited	(133)	87.75	(80)	80.12
Outstanding at September 30 (2)	8,632	\$69.80	8,751	\$64.49
Vested or Expected to Vest (3)	8,387	\$69.29	8,221	\$64.01
Exercisable at September 30 (4)	5,382	\$59.25	5,632	\$51.79

- (1) The total intrinsic value of stock options/SARs exercised for the nine months ended September 30, 2011 and 2010 was \$69 million and \$58 million, respectively. The intrinsic value is based upon the difference between the market price of EOG's common stock on the date of exercise and the grant price of the stock options/SARs.
- (2) The total intrinsic value of stock options/SARs outstanding at September 30, 2011 and 2010 was \$91 million and \$252 million, respectively. At September 30, 2011 and 2010, the weighted average remaining contractual life was 3.9 years and 4.1 years, respectively.
- (3) The total intrinsic value of stock options/SARs vested or expected to vest at September 30, 2011 and 2010 was \$91 million and \$241 million, respectively. At September 30, 2011 and 2010, the weighted average remaining contractual life was 3.8 years and 4.1 years, respectively.
- (4) The total intrinsic value of stock options/SARs exercisable at September 30, 2011 and 2010 was \$91 million and \$233 million, respectively. At September 30, 2011 and 2010, the weighted average remaining contractual life was 2.6 years and 3.0 years, respectively.

At September 30, 2011, unrecognized compensation expense related to non-vested stock option and SAR grants totaled \$100 million. This unrecognized expense will be amortized on a straight-line basis over a weighted average period of 3.0 years.

Restricted Stock and Restricted Stock Units. Employees may be granted restricted (non-vested) stock and/or restricted stock units without cost to them. Stock-based compensation expense related to restricted stock and restricted stock units totaled \$28.1 million and \$24.1 million for the three months ended September 30, 2011 and 2010, respectively, and \$61.6 million and \$51.3 million for the nine months ended September 30, 2011 and 2010, respectively.

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

The following table sets forth the restricted stock and restricted stock units transactions for the nine-month periods ended September 30, 2011 and 2010 (shares and units in thousands):

	Nine Months Ended September 30, 2011		Nine Months Ended September 30, 2010	
	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	4,009	\$79.13	3,636	\$73.69
Granted	917	90.93	840	93.36
Released (1)	(410)	65.77	(308)	53.99
Forfeited	(202)	82.51	(57)	77.71
Outstanding at September 30 (2)	4,314	\$82.75	4,111	\$79.13

(1) The total intrinsic value of restricted stock and restricted stock units released for the nine months ended September 30, 2011 and 2010 was \$40 million and \$30 million, respectively. The intrinsic value is based upon the closing price of EOG's common stock on the date restricted stock and restricted stock units are released.

(2) The total intrinsic value of restricted stock and restricted stock units outstanding at September 30, 2011 and 2010 was \$306 million and \$382 million, respectively.

At September 30, 2011, unrecognized compensation expense related to restricted stock and restricted stock units totaled \$153 million. Such unrecognized expense will be recognized on a straight-line basis over a weighted average period of 2.7 years.

3. Net Income (Loss) Per Share

The following table sets forth the computation of Net Income (Loss) Per Share for the three-month and nine-month periods ended September 30, 2011 and 2010 (in thousands, except per share data). For the three-month period ending September 30, 2010, the same number of shares was used in the calculation of both basic and diluted earnings per share as a result of the net loss during the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator for Basic and Diluted Earnings Per Share - Net Income (Loss)	\$540,878	\$(70,906)	\$970,425	\$106,981
Denominator for Basic Earnings Per Share - Weighted Average Shares	266,053	251,015	261,664	250,719
Potential Dilutive Common Shares - Stock Options/SARs	1,479	-	1,759	2,059

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Restricted Stock and Restricted Stock Units	1,760	-	1,822	1,666
Denominator for Diluted Earnings Per Share -				
Adjusted Diluted Weighted Average Shares	269,292	251,015	265,245	254,444
Net Income (Loss) Per Share				
Basic	\$2.03	\$(0.28)	\$3.71	\$0.43
Diluted	\$2.01	\$(0.28)	\$3.66	\$0.42

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

The diluted earnings per share calculation excludes stock options, SARs and restricted stock and restricted stock units that were anti-dilutive. The excluded stock options and SARs totaled 0.6 million and 7.9 million shares for the three months ended September 30, 2011 and 2010, respectively, and 0.4 million and 0.3 million shares for the nine months ended September 30, 2011 and 2010, respectively. For the three months ended September 30, 2010, 4.1 million shares of restricted stock and restricted stock units were excluded.

4. Supplemental Cash Flow Information

Net cash paid for interest and income taxes was as follows for the nine-month periods ended September 30, 2011 and 2010 (in thousands):

	Nine Months Ended September 30,	
	2011	2010
Interest (1)	\$ 111,111	\$ 71,177
Income Taxes, Net of Refunds Received	\$ 148,937	\$ 187,484

(1) Net of capitalized interest of \$44 million and \$57 million for the nine months ended September 30, 2011 and 2010, respectively.

EOG's accrued capital expenditures at September 30, 2011 and 2010 were \$747 million and \$679 million, respectively.

5. Comprehensive Income (Loss)

The following table presents the components of EOG's comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Comprehensive Income (Loss)				
Net Income (Loss)	\$ 540,878	\$ (70,906)	\$ 970,425	\$ 106,981
Other Comprehensive Income (Loss)				
Foreign Currency Translation Adjustments	(119,338)	61,687	(63,823)	32,599
Foreign Currency Swap	646	(666)	462	4,724
Income Tax Related to Foreign Currency Swap	(166)	170	(114)	(1,273)
Interest Rate Swap	(2,503)	-	(6,612)	-
Income Tax Related to Interest Rate Swap	901	-	2,378	-
Other	28	25	86	77
Total	\$ 420,446	\$ (9,690)	\$ 902,802	\$ 143,108

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

6. Segment Information

Selected financial information by reportable segment is presented below for the three-month and nine-month periods ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Operating Revenues				
United States	\$2,640,739	\$1,359,896	\$6,549,392	\$3,603,758
Canada	103,842	103,587	360,380	357,186
Trinidad	134,542	110,904	421,884	328,900
Other International (1)	6,621	7,688	21,444	20,892
Total	\$2,885,744	\$1,582,075	\$7,353,100	\$4,310,736
Operating Income (Loss)				
United States	\$923,810	\$252,871	\$1,938,349	\$562,194
Canada	(36,596)	(330,985)	(356,012)	(386,205)
Trinidad	96,304	76,028	279,413	222,997
Other International (1)	(33,488)	(9,609)	(51,016)	(50,278)
Total	950,030	(11,695)	1,810,734	348,708
Reconciling Items				
Other Income, Net	1,377	5,772	11,205	7,910
Interest Expense, Net	52,186	32,890	153,772	88,215
Income (Loss) Before Income Taxes	\$899,221	\$(38,813)	\$1,668,167	\$268,403

(1) Other International includes EOG's United Kingdom and China operations and, in 2011, EOG's Argentina operations.

Total assets by reportable segment are presented below at September 30, 2011 and December 31, 2010 (in thousands):

	At September 30, 2011	At December 31, 2010
Total Assets		
United States	\$21,234,270	\$17,762,533
Canada	2,186,128	2,598,412
Trinidad	1,079,335	954,391
Other International (1)	294,945	308,897
Total	\$24,794,678	\$21,624,233

(1) Other International includes EOG's United Kingdom and China operations and, in 2011, EOG's Argentina operations.

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

7. Asset Retirement Obligations

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of short-term and long-term legal obligations associated with the retirement of property, plant and equipment for the nine-month periods ended September 30, 2011 and 2010 (in thousands):

	Nine Months Ended September 30,	
	2011	2010
Carrying Amount at Beginning of Period	\$498,288	\$456,484
Liabilities Incurred	45,754	27,439
Liabilities Settled (1)	(58,084)	(21,653)
Accretion	20,125	19,105
Revisions	61,668	53,824
Foreign Currency Translations	(3,688)	1,980
Carrying Amount at End of Period	\$564,063	\$537,179
Current Portion	\$30,306	\$28,767
Noncurrent Portion	\$533,757	\$508,412

(1) Includes settlements related to asset sales.

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

8. Exploratory Well Costs

EOG's net changes in capitalized exploratory well costs for the nine-month period ended September 30, 2011 are presented below (in thousands):

	Nine Months Ended September 30, 2011
Balance at December 31, 2010	\$99,801
Additions Pending the Determination of Proved Reserves	49,617
Reclassifications to Proved Properties	(28,568)
Charged to Dry Hole Costs	(40,189)