



Rating: Buy
 S&P 500: 1337

EOG Resources Inc.
Raise Net Present Value to \$115 a Share

<i>Symbol</i>	EOG	<i>Ebitda Next Twelve Months ending 12/31/08 (US\$m)</i>	3,800
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	64
<i>Price (\$/sh)</i>	90.09	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	2/7/08	<i>Adjusted Reserves/Production NTM</i>	10.5
<i>Shares (mm)</i>	249	<i>EV/Ebitda</i>	6.4
<i>Market Capitalization (\$mm)</i>	22,400	<i>PV/Ebitda</i>	8.0
<i>Debt (\$mm)</i>	1,900	<i>Undeveloped Reserves (%)</i>	23
<i>Enterprise Value (EV) (\$mm)</i>	24,300	<i>Natural Gas and Oil Ebitda (\$/mcf)</i>	5.80
<i>Present Value (PV) (\$mm)</i>	30,500	<i>Present Value Proven Reserves(\$/boe)</i>	23.60
<i>Net Present Value (\$/share)</i>	115	<i>Present Value Proven Reserves(\$/mcf)</i>	3.90
<i>Debt/Present Value</i>	0.06	<i>Earnings Next Twelve Months (US\$/sh)</i>	5.91
<i>McDep Ratio - EV/PV</i>	0.80	<i>Price/Earnings Next Twelve Months</i>	15
<i>Dividend Yield (%/year)</i>	0.5	<i>Indicated Annual Dividend (US\$/sh)</i>	0.48
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical research on EOG since 2006 see http://www.mcdep.com/3eog.htm			

Summary and Recommendation

Buy-recommended **EOG Resources (EOG)** offers unlevered appreciation potential of 25% to estimated net present value (NPV) of \$115 a share, concentrated 77% on natural gas. Fourth quarter results released after the market close today scored a 14% gain in proven oil and gas reserves in addition to replacing 2007 production. Today's increase in NPV comes on top of a previous increase to \$106 a share from \$102 on December 18 when we increased long-term oil price for calculating present value to \$80 from \$66 a barrel. Projected volumes along with current futures prices promise a continuing high level of unlevered cash flow (Ebitda) (see table Next Twelve Months Operating and Financial Estimates). NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). Finally, oil price continues in an uptrend and there is catch up potential for natural gas (see chart Six-Year Commodity Price Meter).

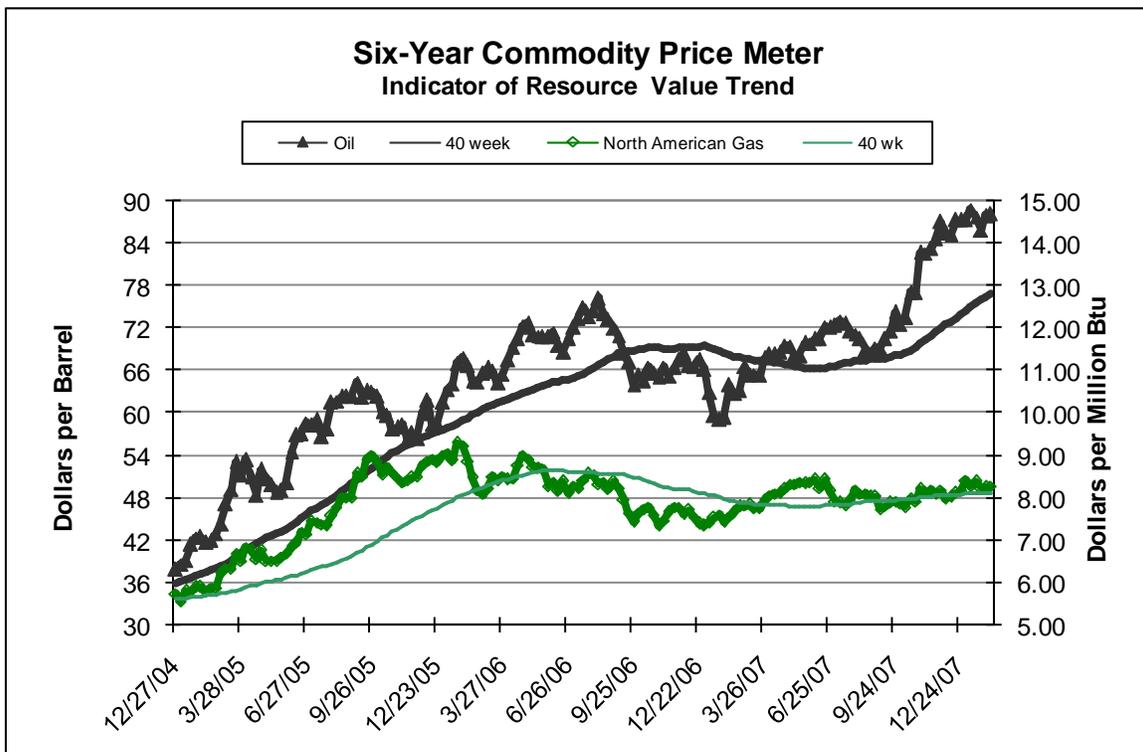
Kurt H. Wulff, CFA



EOG Resources Inc.									
Operating and Financial Results									
									Next Twelve Months
	Q4 12/31/06	Q3 9/30/07	Q4 12/31/07	Year 2007	Q1E 3/31/08	Q2E 6/30/08	Q3E 9/30/08	Q4E 12/31/08	12/31/08
Volume									
Natural Gas (mmcf)									
U.S.	894	997	1,010	971	1,010	1,010	1,010	1,010	1,010
Canada	227	216	225	224	225	225	225	225	225
Overseas	286	284	261	275	261	261	261	261	261
Total	1,407	1,497	1,496	1,470	1,496	1,496	1,496	1,496	1,496
Oil (mbd)	39	44	49	43	49	49	49	49	49
Total gas & oil (bcf)	151	162	164	630	163	163	164	164	654
Total gas & oil (mmcf)	1,640	1,759	1,788	1,726	1,788	1,788	1,788	1,788	1,788
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.57	6.16	6.97	6.87	7.66	7.96	8.17	8.55	8.08
U.S.	6.09	5.56	6.52	6.32	6.90	7.16	7.35	7.69	7.28
Canada	5.85	5.49	6.36	6.25	6.13	6.37	6.54	7.69	6.68
Overseas	3.28	2.50	4.31	3.01	4.31	4.31	4.31	4.31	4.31
Total	5.48	4.97	6.11	5.69	6.33	6.55	6.70	7.10	6.67
Oil (\$/bbl)									
WTI Cushing	59.99	75.48	90.67	72.28	91.01	89.95	89.50	89.07	89.88
Worldwide	55.27	67.58	81.19	66.11	81.49	80.54	80.14	79.76	80.48
Total gas & oil (\$/mcf)	6.18	6.12	7.61	6.62	7.51	7.67	7.79	8.11	7.77
Revenue (\$mm)									
Natural Gas									
U.S.	501	510	606	2,239	634	658	683	715	2,690
Canada	122	109	132	511	126	130	135	159	550
Overseas	86	65	103	302	102	102	103	103	412
Total	709	684	841	3,052	862	891	922	977	3,652
Oil	197	272	363	1,033	360	356	358	357	1,432
Other	26	34	47	87					-
Total	933	990	1,251	4,171	1,222	1,247	1,280	1,334	5,084
Expense									
Cash costs	210	253	336	1,016	341	347	356	369	1,413
Ebitda (\$mm)	723	737	915	3,155	917	935	960	1,000	3,813
Exploration	124	127	146	414	90	90	90	90	360
Deprec., Deplet., & Amort.	230	279	282	1,065	282	282	282	282	1,128
Ebit	369	331	487	1,677	545	563	588	628	2,325
Interest	8	13	16	48	16	16	16	16	64
Ebt	361	318	471	1,629	529	547	572	612	2,261
Income Tax	110	115	150	542	185	192	200	214	791
Net Income (\$mm)	251	203	321	1,087	344	356	372	398	1,470
Shares (millions)	247	247	249	248	249	249	249	249	249
Per Share (\$)	1.02	0.82	1.29	4.39	1.38	1.43	1.50	1.60	5.91
Ebitda Margin	78%	74%	73%	76%	75%	75%	75%	75%	75%
Tax Rate	30%	36%	32%	33%	35%	35%	35%	35%	35%



EOG Resources Inc.					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	2,420	10.7	8.9	21,500	70%
Rest of World Natural Gas	310	11.3	6.5	2,000	7%
Oil	1,070	8.9	6.5	7,000	23%
	3,800	10.5	8.0	30,500	100%
Debt (US\$mm)					1,900
Net Present Value (US\$mm)					28,600
Shares (mm)					249
Net Present Value - Standard Estimate (US\$/sh)					115
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					118



McDep LLC
Independent Stock Idea
February 7, 2008



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