

NEWFIELD EXPLORATION CO /DE/
Form 8-K
April 25, 2002

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): APRIL 25, 2002

NEWFIELD EXPLORATION COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

1-12534
(COMMISSION FILE
NUMBER)

72-1133047
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

363 N. SAM HOUSTON PARKWAY E.
SUITE 2020
HOUSTON, TEXAS 77060
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (281) 847-6000

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ITEM 5. OTHER EVENTS

SEE THE FOLLOWING PRESS RELEASE BY NEWFIELD EXPLORATION COMPANY
ANNOUNCING EARNINGS RESULTS FOR THE FIRST QUARTER OF 2002.

NEWFIELD ANNOUNCES FIRST QUARTER RESULTS

HOUSTON - (APRIL 24, 2002)-- NEWFIELD EXPLORATION COMPANY (NYSE:NFX) announced its financial and operating results for the first quarter of 2002. A conference call to discuss the results is planned for 8 a.m. (CDT), Thursday, April 25. To participate in the call, dial 719-457-2657. A listen-only broadcast will also be provided over the Internet. Simply go to the Investor Relations

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section at www.newfld.com.

For the first quarter of 2002, net income was \$20.0 million, or \$0.44 per share (all per share amounts are on a diluted basis), stated before the effect of a non-cash charge related to FAS 133. Stated after the effect of the non-cash charge, net income for the first quarter of 2002 was \$16.3 million, or \$0.37 per share. Revenues in the first quarter of 2002 were \$148.0 million. This compares to net income in the first quarter of 2001 of \$64.2 million, or \$1.34 per share, stated before the effect of a non-cash charge related to FAS 133. Stated after the effect of the non-cash charge, net income for the first quarter of 2001 was \$58.4 million, or \$1.22 per share. Revenues in the first quarter of 2001 were \$209.3 million. Operating cash flow before changes in working capital was \$96.7 million, or \$2.01 per share, in the first quarter of 2002 compared to \$141.0 million, or \$2.91 per share, in the same period of 2001.

The Company's production in the first quarter of 2002, when stated on a natural gas equivalent basis, increased 10% over the first quarter of 2001. Newfield's production was 43.8 billion cubic feet equivalent (Bcfe), or an average of 487 million cubic feet equivalent per day, during the first quarter of 2002. Production volumes were lower during the quarter because of the Company's decision to curtail nearly one Bcfe of unhedged production (approximately 30 MMcf/d) in February in response to low natural gas prices. Without the curtailment, volumes would have increased 13% over the prior period. The following tables detail quarterly production and average realized prices:

PRODUCTION

	1Q02	1Q01
United States		
Natural gas (Bcf)	33.9	30.8
Natural gas (MMcf/d)	377	342
Oil and condensate production (MMBbls)	1.35	1.24
Oil and condensate production (BOPD)	14,994	13,791
Australia		
Oil and condensate liftings (MBbls)	298.3	239.6
Oil and condensate liftings (BOPD)	3,315	2,662
Total		
Natural gas (Bcf)	33.9	30.8
Oil and condensate liftings (MMBbls)	1.65	1.48
Total Production (Bcfe)	43.8	39.6

AVERAGE REALIZED PRICES

	1Q02	1Q01
United States		
Natural gas (per Mcf)	\$3.26	\$5.56
Oil and condensate (per Bbl)	\$22.03	\$24.69
Australia		
Oil and condensate liftings (per Bbl)	\$22.01	\$26.28
Total		
Natural gas (per Mcf)	\$3.26	\$5.56
Oil and condensate (per Bbl)	\$22.03	\$24.95
Total per Mcfe	\$3.35	\$5.25

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Prices shown are net of transportation expense and after hedging. The Company has not entered into hedging transactions specifically relating to Australian production.

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Stated on a unit of production basis, Newfield's lease operating expense in the first quarter of 2002 was \$0.53 per thousand cubic feet equivalent (Mcf), which was equal to per unit LOE expense in the same period of 2001. Due primarily to significantly lower commodity prices, production taxes in the first quarter of 2002 (including resource rent tax in Australia) decreased to \$0.08 per Mcfe compared to \$0.18 per Mcfe in the first quarter of 2001. DD&A expense in the first quarter of 2002 increased to \$1.63 per Mcfe compared to \$1.54 per Mcfe in the first quarter of 2001. General and administrative expense for the first quarter of 2002 was \$0.27 per Mcfe, equal to per unit G&A expense in the first quarter of 2001. Net interest expense in the first quarter of 2002 was \$0.13 per Mcfe compared to \$0.18 per Mcfe in the same period of last year. Capitalized interest in the first quarter of 2002 was \$2.1 million compared to \$1.3 million in the same period last year.

Capital expenditures in the first quarter of 2002 were about \$81 million.

SECOND QUARTER 2002 ESTIMATES

Below are estimates of certain significant operating and financial data for the second quarter of 2002. Although the Company believes the expectations reflected in this forward-looking information are reasonable, such expectations are based upon assumptions and anticipated results that are subject to numerous uncertainties. Please see the discussion regarding forward-looking information at the end of this release.

NATURAL GAS PRODUCTION AND PRICING Newfield's natural gas production in the second quarter of 2002 is expected to be 34 - 38 Bcf (380 - 420 MMcf/d). The price received by the Company for its natural gas production from the Gulf of Mexico and onshore Gulf Coast has typically tracked the Henry Hub Index. Gas from the Company's Mid-Continent properties has typically sold at a discount of \$0.12 - \$0.15 per Mcfe to Henry Hub. Hedging gains or losses will affect price realizations.

CRUDE OIL PRODUCTION AND PRICING Consolidated oil production in the second quarter of 2002 is expected to be 1.5 - 1.7 million barrels (17,000 - 19,000 BOPD). Australian oil production during the second quarter is expected to be 300 - 335 thousand barrels (3,300 - 3,700 BOPD).

The timing of liftings in Australia will impact reported production and revenues. The price the Company receives from its Gulf Coast production has typically averaged about \$2 below the NYMEX WTI price. Oil production from the Mid-Continent has typically sold for a \$1.00 - \$1.50 per barrel discount to WTI. Australian crude oil sales are based on the Tapis Benchmark, which has historically been comparable to WTI. Hedging gains or losses will affect price realizations.

For the full-year 2002, the Company expects to produce 180-185 Bcfe, an increase of 3-6% over 2001 production volumes. The Company may, however, curtail production in response to low oil and gas prices could adversely impact the Company's growth projections.

LEASE OPERATING EXPENSE Newfield's LOE, including domestic production and severance taxes and resource rent tax in Australia, is expected to be \$30 - \$33 million in the second quarter of 2002 (\$0.66 - \$0.72 per Mcfe). The Company's domestic LOE, including taxes, is expected to be \$0.59 - \$0.65 per Mcfe in the second quarter of 2002. This estimate includes severance taxes of \$0.08 - \$0.09 per Mcfe. LOE varies and is subject to impact from, among other things, production volumes and commodity pricing, tax rates, service costs, the costs of goods and materials and workover activities.

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GENERAL AND ADMINISTRATIVE EXPENSE Newfield's G&A expense for the second quarter of 2002 is expected to be \$12 - \$13 million (\$0.26 - \$0.29 per Mcfe). This estimate includes accrual of performance-based pay.

INTEREST EXPENSE The non-capitalized portion of the Company's interest expense for the second quarter of 2002 is expected to be \$6 - \$7 million (\$0.14 - \$0.16 per Mcfe), including a \$2.3 million payment on its convertible trust preferred securities. Current borrowings under the Company's bank facilities are \$111 million. The remainder of long-term debt consists of two separate issuances of senior notes that in the aggregate total \$300 million. Capitalized interest for the second quarter of 2002 is expected to be about \$2.2 million.

INCOME TAXES Including both current and deferred taxes, the Company expects its consolidated income tax rate in the second quarter of 2002 to be about 35%.

The Company provides information regarding its outstanding hedging positions in its annual report and quarterly reports filed with the SEC and in its electronic publication -- @NFX. This publication can be found on the Company's web page at www.newfld.com. Through the web page, shareholders can elect to receive @NFX through e-mail distribution.

Newfield Exploration is an independent crude oil and natural gas exploration and production company. The Company has a solid asset base of producing properties and exploration and development drilling opportunities in the Gulf of Mexico, along the U.S. Onshore Gulf Coast, in the Anadarko and Permian Basins, offshore Australia and in China's Bohai Bay. Newfield balances its drilling program with acquisitions in select areas in the U.S. and overseas.

**Certain of the statements set forth in this release regarding estimated or anticipated second quarter 2002 results, capital spending and yearly production volumes are forward looking and based upon assumptions and anticipated results that are subject to numerous uncertainties. Actual results may vary significantly from those anticipated due to many factors, including drilling results, oil and gas prices, industry conditions, the prices of goods and services, the availability of drilling rigs and other support services and the availability of capital resources, labor conditions and other factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2001. In addition, the drilling of oil and gas wells and the production of hydrocarbons are subject to governmental regulations and operating risks.

Newfield Exploration Company
363 N. Sam Houston Parkway East, Ste. 2020
Houston, TX 77060
www.newfld.com

For

CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED, IN THOUSANDS, EXCEPT PER SHARE DATA)

FOR THE
THREE MONTHS ENDED
MARCH 31,

2002 2001

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OIL AND GAS REVENUES	\$	148,039	\$	209,326

OPERATING EXPENSES:				
Lease operating		23,053		20,824
Transportation		1,331		1,262
Production and other taxes		3,410		7,118
Depreciation, depletion and amortization		71,207		61,146
General and administrative		11,767		10,690
Stock compensation		578		595

TOTAL OPERATING EXPENSES		111,346		101,635

INCOME FROM OPERATIONS		36,693		107,691
OTHER INCOME (EXPENSE):				
Interest income and other, net		1,816		613
Interest expense		(7,201)		(6,982)
Capitalized interest		2,130		1,330
Dividends on preferred securities of Newfield Financial Trust I		(2,336)		(2,336)
Unrealized commodity derivative expense *		(5,645)		(1,558)

		(11,236)		(8,933)

INCOME BEFORE INCOME TAXES		25,457		98,758

Income tax provision		9,131		35,613

Income before cumulative effect of change in accounting principle		16,326		63,145
Cumulative effect of change in accounting principle*		-		4,794

NET INCOME	\$	16,326	\$	58,351
=====				
EARNINGS PER SHARE:				
BASIC				
Income before cumulative effect of change in accounting principle	\$	0.37	\$	1.43
Cumulative effect of change in accounting principle*		-		(0.11)

Net income	\$	0.37	\$	1.32
=====				
DILUTED				
Income before cumulative effect of change in accounting principle	\$	0.37	\$	1.32
Cumulative effect of change in accounting principle*		-		(0.10)

Net income	\$	0.37	\$	1.22
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WEIGHTED AVERAGE SHARES OUTSTANDING FOR BASIC EARNINGS PER SHARE		44,212		44,125
WEIGHTED AVERAGE SHARES OUTSTANDING				

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FOR DILUTED EARNINGS PER SHARE

48,745

48,882

PRODUCTION DATA

FOR THE
THREE MONTHS ENDED
MARCH 31,

	2002	2001
Average daily production:		
Oil and condensate (Bbls)	18,309	16,453
Gas (Mcf)	376.8	341.7
Average realized price:		
Oil and condensate (Bbls)	\$ 22.03	\$ 24.95
Gas (Mcf)	\$ 3.26	\$ 5.56

* Associated with SFAS 133.

CONSOLIDATED BALANCE SHEET
(UNAUDITED, IN THOUSANDS OF DOLLARS)

MARCH 31,
2002

DECEMBER 31,
2001

ASSETS

Current assets:

Cash & cash equivalents	\$ 25,128	\$ 26,610
Accounts receivable, oil and gas	87,580	92,644
Inventories	8,125	7,332
Commodity derivatives *	24,678	79,012
Other current assets	26,392	25,006

Total current assets

171,903

230,604

Oil and gas properties, net (full cost method)

1,417,755

1,408,579

Furniture, fixtures and equipment, net

6,896

6,807

Commodity derivatives *

1,784

7,409

Other assets

9,684

9,972

\$ 1,608,022

\$ 1,663,371

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued liabilities

\$ 128,035

\$ 160,814

Commodity derivatives *

21,692

4,217

Total current liabilities

149,727

165,031

Other liabilities

5,918

6,288

Commodity derivatives *

2,360

1,813

Long-term debt

410,642

428,631

Deferred taxes

207,349

207,880

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Total long-term liabilities	626,269	644,612

Company-obligated, mandatorily redeemable, convertible preferred securities of Newfield Financial Trust I	143,750	143,750

STOCKHOLDERS' EQUITY		
Common stock	451	449
Additional paid-in capital	370,544	364,734
Treasury stock	(26,012)	(25,794)
Unearned compensation	(8,176)	(7,845)
Accumulated other comprehensive income (loss)		
Foreign currency translation adjustment	(7,158)	(8,918)
Commodity derivatives *	(20,113)	24,936
Retained earnings	378,740	362,416

Total stockholders' equity	688,276	709,978

Total liabilities and stockholders' equity	\$ 1,608,022	\$ 1,663,371
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* Associated with SFAS 133.

CONSOLIDATED STATEMENT OF
CASH FLOWS
(UNAUDITED, IN THOUSANDS OF DOLLARS)

FOR THE
THREE MONTHS ENDED
MARCH 31,

	2002	2001

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 16,326	\$ 58,351
Depreciation, depletion and amortization	71,207	61,146
Deferred taxes	2,904	14,524
Stock compensation	578	595
Commodity derivatives *	5,645	1,558
Cumulative effect of change in accounting principle*	-	4,794

	96,660	140,968
Changes in operating assets and liabilities	1,989	60,563

NET CASH PROVIDED BY OPERATING ACTIVITIES	98,649	201,531

CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition, net of cash acquired	-	(264,089)
Additions to oil and gas properties	(84,489)	(107,846)
Additions to furniture, fixtures and equipment	(826)	(1,112)

NET CASH USED IN INVESTING ACTIVITIES	(85,315)	(373,047)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	128,000	663,000
Repayments of borrowings	(146,000)	(622,000)

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Proceeds from issuance of senior notes	-	174,879
Proceeds from issuances of common stock	3,396	530
Purchases of treasury stock	(218)	(575)
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(14,822)	215,834
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	6	837
	-----	-----
Increase (decrease) in cash and cash equivalents	(1,482)	45,155
Cash and cash equivalents, beginning of period	26,610	18,451
	-----	-----
Cash and cash equivalents, end of period	\$ 25,128	\$ 63,606
	=====	=====

* Associated with SFAS 133.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 8-K to be signed on its behalf by the undersigned thereunto duly authorized.

NEWFIELD EXPLORATION COMPANY

Date: April 25, 2002

By: /s/ TERRY W. RATHERT

Terry W. Rathert
Vice President and Chief Financial Officer
(Authorized Officer and Principal
Financial Officer)