

NEWFIELD EXPLORATION CO /DE/

Form DEF 14A

March 16, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Newfield Exploration Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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3) Filing Party:

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NEWFIELD EXPLORATION COMPANY
Houston, Texas
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 4, 2006

To the stockholders of Newfield Exploration Company:

Our 2006 annual meeting of stockholders will be held at 11:00 a.m., Central Daylight Time, on Thursday, May 4, 2006, in the Joe B. Foster Employee Communications Room, fourth floor, 363 N. Sam Houston Parkway E., Houston, Texas, for the following purposes:

- (1) to elect thirteen directors to serve until our 2007 annual meeting of stockholders;
- (2) to approve the First Amendment to Newfield Exploration Company 2000 Non-Employee Director Restricted Stock Plan;
- (3) to approve the Second Amendment to Newfield Exploration Company 2001 Employee Stock Purchase Plan;
- (4) to ratify the appointment of PricewaterhouseCoopers LLP as our independent accountants for the year ending December 31, 2006; and
- (5) to transact such other business as may properly come before such meeting or any adjournment thereof.

The close of business on March 7, 2006, has been fixed as the record date for the determination of stockholders entitled to receive notice of and to vote at the meeting or any adjournment thereof.

You are cordially invited to attend the meeting.

By order of the Board of Directors,

Terry W. Rathert

Secretary

March 14, 2006

YOUR VOTE IS IMPORTANT

You are urged to vote your shares via the Internet, our toll-free telephone number or by signing, dating and promptly returning your proxy in the enclosed envelope.

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NEWFIELD EXPLORATION COMPANY

363 N. Sam Houston Parkway E.

Suite 2020

Houston, Texas 77060

(281) 847-6000

www.newfield.com

PROXY STATEMENT

For the 2006 Annual Meeting of Stockholders

This proxy statement is furnished in connection with the solicitation of proxies by and on behalf of the Board of Directors of Newfield Exploration Company to be voted at Newfield's 2006 annual meeting of stockholders to be held at 11:00 a.m., Central Daylight Time, on May 4, 2006, in the Joe B. Foster Employee Communications Room, fourth floor, 363 N. Sam Houston Parkway E., Houston, Texas or at any adjournment thereof. This proxy statement and the form of proxy/voting instruction card will be first mailed, given or otherwise made available to stockholders on or about March 17, 2006.

ABOUT THE MEETING

What is the purpose of the meeting?

The purpose of the meeting is to:

elect thirteen directors;

approve the First Amendment to Newfield Exploration Company 2000 Non-Employee Director Restricted Stock Plan;

approve the Second Amendment to Newfield Exploration Company 2001 Employee Stock Purchase Plan;

ratify the selection of PricewaterhouseCoopers LLP as our independent accountants for the year ending December 31, 2006; and

transact such other business as may properly come before the meeting or any adjournment thereof.

Am I entitled to vote at the meeting?

Only stockholders of record on March 7, 2006, the record date for the meeting, are entitled to receive notice of and to vote at the meeting.

What are my voting rights as a stockholder?

Stockholders are entitled to one vote for each share of our common stock that they owned as of the record date. Stockholders may not cumulate their votes in the election of directors.

How do I vote?

Stockholders may vote at the meeting in person or by proxy. Proxies validly delivered by stockholders (by Internet, telephone or mail as described below) and timely received by us will be voted in accordance with the instructions contained therein. If a stockholder's proxy/voting instruction card gives no instructions, it will be voted in accordance with the recommendation of our Board of Directors.

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There are three ways to vote by proxy:

By Internet: Visit the website <http://www.voteproxy.com> and follow the on-screen instructions. To vote your shares, you must use the control number printed on your proxy/voting instruction card. Website voting is available 24 hours a day, seven days a week, and will be accessible UNTIL 11:59 p.m., Eastern Daylight Time, on May 3, 2006;

By Telephone: Call toll-free 1-800-PROXIES (1-800-776-9437). To vote your shares, you must use the control number printed on your proxy/voting instruction card. Telephone voting is accessible 24 hours a day, seven days a week, UNTIL 11:59 p.m., Eastern Daylight Time, on May 3, 2006; or

By Mail: Mark your proxy/voting instruction card, date and sign it and return it in the postage-paid envelope provided. If the envelope is missing, please address your completed proxy/voting instruction card to Newfield Exploration Company, c/o American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10273-0923.

**IF YOU VOTE BY INTERNET OR TELEPHONE, YOU NEED
NOT RETURN YOUR PROXY/VOTING INSTRUCTION CARD.**

Can I change my vote?

Yes. A stockholder may revoke or change a proxy before the proxy is exercised by filing with our Secretary a notice of revocation, delivering to us a new proxy or by attending the meeting and voting in person. Stockholders who vote by telephone or the Internet may change their votes by re-voting by telephone or the Internet within the time periods listed above. A stockholder's last timely vote, including via the Internet or telephone, is the one that will be counted.

What constitutes a quorum?

Stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast must be present at the meeting in person or by proxy to constitute a quorum for the transaction of business. At the close of business on March 7, 2006, the record date, there were 128,515,319 shares of our common stock outstanding.

What are your Board's recommendations?

Our Board recommends a vote:

FOR each of the thirteen nominees proposed for election as directors;

FOR approval of the First Amendment to Newfield Exploration Company 2000 Non-Employee Director Restricted Stock Plan;

FOR approval of the Second Amendment to Newfield Exploration Company 2001 Employee Stock Purchase Plan; and

FOR ratification of the selection of PricewaterhouseCoopers LLP as our independent accountants for the year ending December 31, 2006.

If any other matters are brought before the meeting, the proxy holders will vote as recommended by our Board. If no recommendation is given, the proxy holders will vote in their discretion.

What vote is required to approve each proposal?

The thirteen nominees for election as directors who receive the greatest number of votes will be elected directors. Withheld votes and abstentions will have no effect on the outcome of the election.

Approval of the amendment to the Newfield Exploration Company 2000 Non-Employee Director Restricted Stock Plan and the amendment to the Newfield Exploration Company 2001 Employee Stock Purchase Plan require

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the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal. Abstentions will have the same effect as a vote against approval. Under NYSE rules, brokers that do not receive instructions from their customers cannot vote on either of these proposals.

Approval of the ratification of the selection of PricewaterhouseCoopers LLP as our independent accountants for 2006 requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal. Abstentions will have the same effect as a vote against ratification.

Other Information

A copy of our annual report for the year ended December 31, 2005 accompanies this proxy statement. No material contained in our annual report is to be considered a part of the proxy solicitation material.

We will reimburse brokers, custodians, nominees and fiduciaries for reasonable expenses incurred by them in forwarding proxy material to beneficial owners of our common stock. The costs of the solicitation will be borne by us.

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ITEM 1.
ELECTION OF DIRECTORS

Nominees for Directors

The Nominating & Corporate Governance Committee of our Board has nominated the thirteen persons named below for election as directors at our 2006 annual meeting of stockholders. If elected, each director will serve until our 2007 annual meeting of stockholders and thereafter until his or her successor has been elected and qualified. Unless instructions to the contrary are given, all properly executed and delivered proxies will be voted for the election of these thirteen nominees as directors. If any nominee is unable to serve, the proxy holders will vote for such other person as may be nominated by the Nominating & Corporate Governance Committee.

Nominees	Principal Occupation and Directorships	Director Since	Age(1)
David A. Trice	Chairman, President and Chief Executive Officer of Newfield; Director, Hornbeck Offshore Services, Inc., Grant Prideco Inc. and New Jersey Resources Corporation	2000	57
David F. Schaible	Executive Vice President Operations and Acquisitions of Newfield	2002	45
Howard H. Newman	Vice Chairman and Senior Advisor of Warburg Pincus LLC; Director, ADVO, Inc.	1990	58
Thomas G. Ricks	Chief Investment Officer of H&S Ventures L.L.C.	1992	52
C. E. (Chuck) Shultz	Chairman and Chief Executive Officer of Dauntless Energy Inc.; Chairman of Canadian Oil Sands Ltd.; Director, Enbridge Inc.	1994	66
Dennis R. Hendrix	Retired Chairman of PanEnergy Corp; Director, Allied Waste Industries, Inc., Duke Energy Corporation and Grant Prideco Inc.	1997	66
Philip J. Burguieres	Chief Executive Officer of EMC Holdings, LLC; Vice Chairman of Houston Texans; Chairman Emeritus, Weatherford International, Inc.	1998	62
John Randolph Kemp III	Retired President, Exploration Production, Americas of Conoco Inc.	2003	61
J. Michael Lacey	Retired Senior Vice President Exploration and Production of Devon Energy Corporation	2004	60
Joseph H. Netherland	Chairman, President and Chief Executive Officer of FMC Technologies, Inc.	2004	59
J. Terry Strange	Retired Vice Chairman of KPMG, LLP; Director, BearingPoint, Inc., Compass Bancshares, Inc., Group 1 Automotive, Inc. and New Jersey Resources	2004	62

Corporation

Pamela J. Gardner	President, Business Operations of Houston McLane Company d/b/a Houston Astros Baseball Club	2005	49
Juanita F. Romans	Senior Vice President of Memorial Hermann Healthcare System and Chief Executive Officer of Memorial Hermann Hospital	2005	55

(1) As of
February 28,
2006.

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Each of the director nominees has been engaged in the principal occupation set forth opposite his or her name for the past five years except as follows:

Mr. Trice was named Chairman of the Board of our company in September 2004.

Mr. Schaible was promoted from Vice President to Executive Vice President of our company in November 2004.

Mr. Newman was a general partner of Warburg, Pincus & Co. from January 1987 to April 2005.

Mr. Ricks served as President and Chief Executive Officer of the University of Texas Investment Management Company from March 1996 until he was named to his present position in May 2001.

Mr. Lacey retired from Devon Energy Corporation in February 2004. Throughout his 15 years with Devon, Mr. Lacey directed Devon's worldwide exploration and production effort.

Mr. Netherland was elected Chairman of FMC Technologies, Inc. in December 2001.

Mr. Strange retired from KPMG, LLP in 2002 after a 34-year career with the accounting firm.

Ms. Gardner was Senior Vice President of Sales and Marketing of the Houston Astros prior to her promotion to her present position in August 2001.

Ms. Romans was Vice President and Chief Operating Officer of Memorial Hermann Hospital prior to her promotion to her present position in January 2003. Prior to joining Memorial Hermann in May 2001, she was an executive vice president with Evanston Northwestern Healthcare.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth beneficial ownership information, unless otherwise indicated, as of February 28, 2006 with respect to (i) each person known by us to own beneficially 5% or more of the outstanding shares of our common stock, (ii) each of the named executive officers (see Executive Compensation), (iii) each of our directors and (iv) all of our executive officers and directors as a group.

Name of Beneficial Owner	Beneficial Ownership(1)	
	Shares	Percent
Capital Research and Management Company(2)	13,644,000	10.6%
David A. Trice	584,918	*
David F. Schaible	304,940	*
Elliott Pew	210,636	*
Terry W. Rathert	281,579	*
William D. Schneider	130,136	*
Philip J. Burguieres	15,362	*
Dennis R. Hendrix	25,900	*
John Randolph Kemp III	5,352	*
J. Michael Lacey	1,840	*
Joseph H. Netherland	1,840	*
Howard H. Newman(3)	174,434	*
Thomas G. Ricks	7,068	*
C. E. Shultz	16,478	*
J. Terry Strange	1,840	*
Pamela J. Gardner	844	*
Juanita F. Romans	844	*
Executive officers and directors as a group (consisting of 27 persons)	2,710,622	2.1%

* Less than 1%

(1) Shares are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares the power to vote or dispose of the shares, whether or not he or she has any pecuniary interest in the shares, or if he or she has the right to acquire the power to vote or dispose of the

shares within 60 days, including any right to acquire such power through the exercise of any option, warrant or right. The shares beneficially owned by Messrs. Trice, Schaible, Pew, Rathert and Schneider include 186,000, 126,000, 12,000, 106,000 and 17,000 shares, respectively, that may be acquired by such persons within 60 days through the exercise of stock options. The shares owned by our executive officers and directors as a group include 789,800 shares that may be acquired by such persons within 60 days through the exercise of stock options.

- (2) All information in the table and in this note with respect to Capital Research and Management Company (CRM) is based solely on the Schedule 13G/A filed by CRM

with the SEC on January 10, 2006. CRM, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 is deemed to be the beneficial owner of all of the indicated shares as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. CRM has sole dispositive power with respect to all of the indicated shares and voting power with respect to 6,282,200 of the indicated shares. CRM's address is 333 South Hope Street, Los Angeles, CA 90071.

- (3) Includes 1,856 shares held by Warburg, Pincus Ventures, L.P., a Delaware limited partnership managed by Warburg Pincus LLC. Mr. Newman is a

Vice Chairman
and Senior
Advisor of
Warburg Pincus
LLC.
Mr. Newman
disclaims
beneficial
ownership of
these shares.

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CORPORATE GOVERNANCE

Set forth below in question and answer format is a discussion about our corporate governance policies and practices, some of which have been modified since last year's annual meeting, and other matters relating to our Board and its committees.

General

Have you adopted corporate governance guidelines?

Yes, our Board has formally adopted corporate governance guidelines that address such matters as director qualification standards, director responsibilities, board committees, director access to management and independent advisors, director compensation, director orientation and continuing education, chief executive officer evaluations and management succession and performance evaluations of our Board.

Have you adopted a code of ethics and conduct?

Yes, our Board has formally adopted a corporate code of business conduct and ethics applicable to our directors, officers and employees. Our corporate code includes a financial code of ethics applicable to our chief executive officer, chief financial officer and controller or chief accounting officer.

How can I view or obtain copies of your corporate governance materials?

The guidelines and codes mentioned above as well as the charters for each significant standing committee of our Board are available on our website for viewing and printing. Go to <http://www.newfield.com> and then to the Corporate Governance Overview tab. We also will provide stockholders with a free copy of these materials upon request.

Requests may be made by mail, telephone or the Internet as follows:

Newfield Exploration Company
Attention: Investor Relations
363 N. Sam Houston Parkway E., Suite 2020
Houston, Texas 77060
(281) 405-4284
<http://www.newfield.com>

Board of Directors

How many independent directors do you have? How do you determine whether a director is independent?

Our Board has affirmatively determined that eleven of the thirteen nominees for director are independent as that term is defined by NYSE rules. In making this determination, our Board considered transactions and relationships between each director nominee or his or her immediate family and our company and its subsidiaries, including those reported below under Compensation Committee Interlocks and Insider Participation and Interests of Management and Others in Certain Transactions. The purpose of this review was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that the director is independent. As a result of this review, our Board affirmatively determined, based on its understanding of such transactions and relationships, that all of the directors nominated for election at the annual meeting are independent of our company under the standards set forth by the NYSE, with the exception of David A. Trice and David F. Schaible, who are management employees of our company. There is no family relationship between any of the nominees for director or between any nominee and any executive officer of our company.

How many times did your Board meet last year?

Our Board met in person or by conference telephone seven times during 2005.

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Did any of your directors attend fewer than 75% of the meetings of your Board and his or her assigned committees during 2005?

No.

Do your non-management directors and independent directors meet in executive session?

Yes, our non-management directors and independent directors meet separately on a regular basis usually at each regularly scheduled meeting of our Board. We have no non-management directors who are not independent. Our corporate governance guidelines provide that our independent directors will meet in executive session at least annually and more frequently as needed at the call of one or more of our independent directors. In July 2005, our Board amended our corporate governance guidelines to establish the position of Lead Director and elected C.E. (Chuck) Shultz to that position. Pursuant to the guidelines as amended, the Lead Director will preside at executive sessions. Prior to the amendment, the guidelines provided that the presiding director at executive sessions would be the chairperson of the Nominating & Corporate Governance Committee or such other person chosen by a vote of the directors participating in the meeting. Dennis R. Hendrix has been the chairperson of the Nominating & Corporate Governance Committee since the first adoption of our corporate governance guidelines. No other director has been chosen as the presiding director of an executive session.

How can interested parties communicate directly with your non-management directors?

We have established a toll-free Ethics Line so that investors, employees and other interested parties can anonymously report through a third party any practices thought to be in violation of our corporate governance policies. The Ethics Line also can be used to make concerns known to our non-management directors on a direct and confidential basis. The telephone number for the Ethics Line is 1-866-843-8694. Additional information is available on our website at <http://www.newfield.com> under the tab Corporate Governance Overview.

How are your directors compensated?

Our non-employee directors are currently paid an annual fee of \$30,000. The chairpersons of the Audit Committee, Compensation & Management Development Committee and Nominating & Corporate Governance Committee receive an additional annual fee of \$6,000. Non-employee directors also receive a fee of \$1,500 for each board meeting and for each committee meeting not held on the same day as a board meeting and a fee of \$750 for each telephonic board or committee meeting. In addition, non-employee directors are paid a fee of \$1,000 for each committee meeting held on the same day as a board meeting if the committee meeting lasts for a substantial period of time. For purposes of annual fees, an annual period begins on the date of our annual meeting of stockholders and ends on the date of our next annual meeting. Effective as of the annual period beginning May 4, 2006, the annual fee to non-employee directors will increase to \$40,000 and the additional annual fee to the chairpersons of the Audit Committee and Compensation & Management Development Committee will increase to \$15,000. Our non-employee directors were paid \$486,750 in the aggregate in 2005 as compensation for serving as directors. Only non-employee directors are compensated for serving as directors. Non-employee directors also are reimbursed for out-of-pocket expenses incurred to attend board and committee meetings.

In addition to the fees described above, pursuant to our non-employee director restricted stock plan each of our non-employee directors who is in office immediately after an annual meeting of stockholders is granted restricted shares with a market value of \$30,000 based on the closing sales price of our common stock on the date of the annual meeting. In addition, each non-employee director who is appointed to our Board (not in connection with an annual meeting of stockholders) is granted restricted shares with a market value of \$30,000 based on the closing sales price of our common stock on the date of appointment. With respect to all such grants, the restrictions lapse on the day before the first annual meeting of stockholders following the date of grant. An aggregate of 100,000 restricted shares were initially available for issuance pursuant to our non-employee director plan. Subject to stockholder approval at the annual meeting, our Board amended the plan on March 7, 2006 to increase the market value of restricted stock grants under the plan from \$30,000 to \$75,000 and to increase the total number of shares that may be granted under the plan from 100,000 to 200,000. See Item 2 Approval of First Amendment to Newfield Exploration Company 2000 Non-Employee Director Restricted Stock Plan.

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Each of Messrs. Burguieres, Hendrix, Kemp, Lacey, Netherland, Newman, Ricks, Shultz and Strange, Ms. Gardner and Ms. Romans were granted 844 restricted shares on May 5, 2005, the date of our 2005 annual meeting of stockholders.

Committees

Does your Board have any standing committees?

Yes, our Board presently has the following significant standing committees:

Audit Committee;

Compensation & Management Development Committee; and

Nominating & Corporate Governance Committee.

Each of these committees is composed entirely of independent directors.

Has your Board adopted charters for each of these committees? If so, how can I view or obtain copies of them?

Yes, our Board has adopted a charter for each of these committees. The charters are available on our website for viewing and printing. Go to <http://www.newfield.com> and then to the Corporate Governance Overview tab. We also will provide stockholders with a free copy of the charters upon request. See General *How can I view or obtain copies of your corporate governance materials?* for information about requesting copies from us.

Audit Committee

What does the Audit Committee do?

The primary purposes of the committee are:

appointing, retaining and terminating our independent accountants;

monitoring the integrity of our financial statements and reporting processes and systems of internal control;

evaluating the qualifications and independence of our independent accountants;

evaluating the performance of our internal audit function and independent accountants; and

monitoring our compliance with legal and regulatory requirements.

The Audit Committee also prepares a report each year in conformity with the rules of the SEC for inclusion in our annual proxy statement.

Who are the members of the committee?

The committee currently consists of Pamela J. Gardner, John Randolph Kemp III, Thomas G. Ricks, Juanita F. Romans and J. Terry Strange, with Mr. Ricks serving as chairman. We do not anticipate any significant change in the composition of the committee prior to our 2007 annual meeting of stockholders. Mr. Strange also serves on the audit committees of BearingPoint, Inc., Compass Bancshares, Inc., Group 1 Automotive, Inc. and New Jersey Resources Corporation. Our Board has determined that such simultaneous service on these other audit committees and on our Audit Committee will not impair the ability of Mr. Strange to serve effectively on our Audit Committee.

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Does the committee have an audit committee financial expert?

Yes, our Board has determined that each of Messrs. Ricks and Strange meets the qualifications of an audit committee financial expert as defined by the rules promulgated by the SEC.

How many times did the committee meet last year?

The committee held eight meetings in person or by conference telephone during 2005.

Compensation & Management Development Committee

What does the Compensation & Management Development Committee do?

The primary purposes of the committee are:

reviewing, evaluating and approving the compensation of our executive officers and other employees;

producing a report on executive compensation each year for inclusion in our annual proxy statement;

overseeing the evaluation and development of the management of our company; and

overseeing succession planning for our chief executive and other senior executive officers.

Who are the members of the committee?

The committee currently consists of Dennis R. Hendrix, John Randolph Kemp III, J. Michael Lacey, Joseph H. Netherland and C. E. (Chuck) Shultz, with Mr. Shultz serving as chairman. We do not anticipate any significant change in the composition of the committee prior to our 2007 annual meeting of stockholders.

How many times did the committee meet last year?

The committee held four meetings in person or by conference telephone during 2005.

Nominating & Corporate Governance Committee

What does the Nominating & Corporate Governance Committee do?

The primary purposes of the committee are:

advising our Board about appropriate composition of the Board and its committees;

evaluating potential or suggested director nominees and identifying individuals qualified to be directors;

nominating directors for election at our annual meetings of stockholders or for appointment to fill vacancies;

recommending to our Board the directors to serve as members of each committee of our Board;

recommending to committees the individual members to serve as chairpersons of the committees;

approving the compensation structure for all non-employee directors;

advising our Board about corporate governance practices, developing and recommending appropriate corporate governance practices and policies and assisting in implementing those practices and policies;

overseeing the evaluation of our Board and its committees through an annual performance review; and

overseeing the new director orientation program and the continuing education program for all directors.

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Who are the members of the committee?

The committee currently consists of Philip J. Burguières, Pamela Gardner, Juanita Romans, Dennis R. Hendrix, Joseph H. Netherland, Howard H. Newman, Thomas G. Ricks and J. Terry Strange, with Mr. Hendrix serving as chairman. We do not anticipate any significant change in the composition of the committee prior to our 2007 annual meeting of stockholders.

How many times did the committee meet last year?

The committee held five meetings in person or by conference telephone during 2005.

What guidelines does the committee follow when considering a director nominee for a position on your Board?

The committee is responsible for identifying individuals qualified to become directors and for evaluating potential or suggested director nominees. Although the committee has not established written criteria or a set of specific minimum qualifications, our corporate governance guidelines provide that any assessment of a potential director nominee will include the individual's qualification as independent, as well as consideration of his or her background, ability, judgment, skills and experience in the context of the needs of our Board. The committee is likely to consider whether a prospective nominee has relevant business or financial experience or a specialized expertise.

Does the committee consider nominees for the Board submitted by stockholders and, if so, what are the procedures for submitting such recommendations?

Yes, the committee considers suggestions from many sources, including stockholders, regarding possible candidates for director. Any such nominations, together with appropriate biographical information, should be submitted to the Chairman of the Nominating & Corporate Governance Committee, c/o Terry W. Rathert, Secretary, Newfield Exploration Company, 363 N. Sam Houston Pkwy. E., Suite 2020, Houston, Texas 77060.

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The following table sets forth certain information with respect to the compensation of our chief executive officer and each of our four other most highly compensated executive officers (referred to as the named executive officers) for the years ended December 31, 2005, 2004 and 2003.

Summary Compensation Table

Name and Principal Position	Year	Salary	Annual Compensation Bonus		Long-Term Compensation Awards	All Other Compensation(4)
			Current(1)	Deferred(2)	Restricted Stock Awards(3)	
David A. Trice						
President, Chief Executive Officer and Chairman of the Board	2005	\$345,833	\$1,000,000	\$1,500,000	\$2,562,400	\$53,886
	2004	320,833	594,000	1,206,000		37,757
	2003	296,233	550,000	550,000	1,634,000	30,132
David F. Schaible	2005	248,333	750,000	600,000	1,121,050	25,502
Executive Vice President Operations and Acquisitions	2004	237,500	396,000	804,000		22,006
	2003	222,500	350,000	350,000	980,400	20,109
Elliott Pew	2005	232,500	700,000	500,000	1,121,050	22,627
Executive Vice President Exploration	2004	217,500	297,000	603,000		19,541
	2003	201,769	350,000	350,000	980,400	17,898
Terry W. Rathert						
Senior Vice President, Chief Financial Officer and Secretary	2005	235,833	650,000	450,000	1,121,050	33,061
	2004	227,500	297,000	603,000		27,224
	2003	212,500	325,000	325,000	980,400	23,020
William D. Schneider	2005	193,750	600,000	400,000	640,600	16,057
Vice President International	2004	186,583	123,750	251,250		16,636
	2003	181,000	112,500	112,500	490,200	13,870

(1) Reflects current cash incentive compensation awards paid in February 2006, 2005 and 2004 based upon performance in 2005, 2004 and 2003, respectively, pursuant to our incentive

compensation
plan. See
 Compensation &
 Management
 Development
 Committee Report
 on Executive
 Compensation *Incentive
 Compensation
 Plan.*

- (2) Reflects deferred
incentive
compensation
awards granted in
February 2006,
2005 and 2004
based upon
performance in
2005, 2004 and
2003,
respectively,
pursuant to our
incentive
compensation
plan. Deferred
awards are paid in
four equal annual
installments.
See Compensation
& Management
Development
Committee Report
on Executive
Compensation *Incentive
Compensation
Plan.*

- (3) The dollar value
of the awards was
determined by
multiplying the
closing price of
our common stock
on the NYSE on
the date of grant
by the number of
restricted shares
granted to the
executive officer.
At December 31,

2005, Mr. Trice held 189,000 restricted shares with a value of \$9,463,230 (based on the closing price of our common stock on the NYSE on December 30, 2005 of \$50.07), Mr. Schaible held 106,000 restricted shares with a value of \$5,307,420, Mr. Pew held 98,000 restricted shares with a value of \$4,906,860, Mr. Rathert held 105,000 restricted shares with a value of \$5,257,350 and Mr. Schneider held 52,000 restricted shares with a value of \$2,603,640. To the extent declared and paid, dividends will be paid on restricted shares. The 2005 restricted stock awards were granted pursuant to our 2004 omnibus stock plan and vest only if certain performance criteria are met. See Restricted Stock Awards below. The 2003 restricted stock awards were granted pursuant

to our 2000 omnibus stock plan and vest on the ninth anniversary of the date of grant. The awards may, however, vest earlier if the performance criteria described in the proxy statement for our 2005 annual meeting stockholder are met. On February 1, 2006, 33 $\frac{1}{3}$ % of the restricted shares granted in 2003 vested.

- (4) For 2005, reflects
- (i) the amount we credited under our deferred compensation plan for highly compensated employees or contributed to our 401(k) plan for the benefit of the named executive officer (\$28,667 for Mr. Trice, \$19,867 for Mr. Schaible, \$18,600 for Mr. Pew, \$18,867 for Mr. Rathert and \$13,563 for Mr. Schneider),
 - (ii) premiums we paid of \$270 with respect to term life insurance for the benefit of each named executive officer and
 - (iii)

above-market interest (as defined in SEC rules) earned on deferred awards granted under our incentive compensation plan and on compensation deferred pursuant to our deferred compensation plan for highly compensated employees (\$24,949 for Mr. Trice, \$5,365 for Mr. Schaible, \$3,757 for Mr. Pew, \$13,924 for Mr. Rathert and \$2,224 for Mr. Schneider). See Compensation & Management Development Committee Report on Executive Compensation *Savings/Deferred Compensation Plans*.

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Stock Options Granted in 2005

No stock options were granted to the named executive officers in 2005.

Stock Option Exercises and Year-End Values

The following table contains information with respect to the named executive officers concerning stock options exercised during 2005 and the value of unexercised options at December 31, 2005.

Shares Acquired on	Value	Number of Securities Underlying Unexercised Options at	Value of Unexercised In-the-Money Options at
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