Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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Our business and operations are subject to many risks. The risks described below may not be the only risks we face, as our business and operations may also be subject to risks that we do not yet know of, or that we currently believe are immaterial. If any of the events or circumstances described below actually occurs, our business, financial condition, results of operations or cash flows could be materially and adversely affected and the trading price of our common stock could decline. The following risk factors should be read in conjunction with the other information contained herein, including the consolidated financial statements and the related notes. Unless the context requires otherwise," we,"" us,"" our" and" EOG" refer to EOG Resources, Inc. and its subsidiaries. Risks Related to our Financial Condition, Results of Operations and Cash Flows Crude oil, NGLs and natural gas prices are volatile, and a substantial and extended decline in commodity prices can have a material and adverse effect on us. Prices for crude oil and natural gas (including prices for natural gas liquids (NGLs) and condensate) fluctuate widely. Among the interrelated factors that can or could cause these price fluctuations are: • domestic and worldwide supplies of, and consumer and industrial / commercial demand for, crude oil, NGLs and natural gas; • domestic and international drilling activity; • the actions of other crude oil producing and exporting nations, including the Organization of Petroleum Exporting Countries; • worldwide economic conditions, geopolitical factors and political conditions, including, but not limited to, the imposition of tariffs or trade or other economic sanctions, political instability or armed conflict in oil and gas producing regions; • the duration and economic and financial impact of epidemics, pandemics or other public health issues, such as the COVID- 19 pandemic; • the availability, proximity and capacity of appropriate transportation, gathering, processing, compression, storage, refining **, liquefaction** and export facilities; • the price and availability of, and demand for, competing energy sources, including alternative energy sources; • the effect of worldwide energy conservation measures, alternative fuel requirements and climate change- related legislation, policies, initiatives and developments; • technological advances and consumer and industrial / commercial behavior, preferences and attitudes, in each case affecting energy generation, transmission, storage and consumption; • the nature and extent of governmental regulation, including environmental and other climate change- related regulation, regulation of financial derivative transactions and hedging activities, tax laws and regulations and laws and regulations with respect to the import and export of crude oil, NGLs, and natural gas and related commodities; • the level and effect of trading in commodity futures markets, including trading by commodity price speculators and others; and • natural disasters, weather conditions and changes in weather patterns. The above- described factors and the volatility of commodity prices make it difficult to predict crude oil, NGLs and natural gas prices in ~~2023~~ **2024** and thereafter. As a result, there can be no assurance that the prices for crude oil, NGLs and / or natural gas will sustain, or increase from, their current levels, nor can there be any assurance that the prices for crude oil, NGLs and / or natural gas will not decline. Our cash flows, financial condition and results of operations depend to a great extent on prevailing commodity prices. Accordingly, substantial and extended declines in commodity prices can materially and adversely affect the amount of cash flows we have available for our capital expenditures and operating ~~expenses~~ **costs** ; the terms on which we can access the credit and capital markets; our results of operations; and our financial condition, including (but not limited to) our ability to pay **regular and special** dividends on our common stock **or repurchase shares of our common stock under the share repurchase authorization established by our Board of Directors (Board)** . As a result, the trading price of our common stock may be materially and adversely affected. Lower commodity prices can also reduce the amount of crude oil, NGLs and natural gas that we can produce economically. Substantial and extended declines in the prices of these commodities can render uneconomic a portion of our exploration, development and exploitation projects, resulting in our having to make downward adjustments to our estimated reserves and also possibly shut in or plug and abandon certain wells. In addition, significant prolonged decreases in commodity prices may cause the expected future cash flows from our properties to fall below their respective net book values, which would require us to write down the value of our properties. Such reserve write- downs and asset impairments can materially and adversely affect our results of operations and financial position and, in turn, the trading price of our common stock. Our cost- mitigation initiatives and actions may not offset, largely or at all, the impacts of inflationary pressures on our operating costs and capital expenditures. Beginning in the second half of 2021 and continuing **, to a lesser degree,** ~~throughout~~ --- **through the first three months of** ~~2022~~ **2023** , we, similar to other companies in our industry, experienced inflationary pressures on our operating costs and capital expenditures- namely the costs of fuel, steel (i. e., wellbore tubulars and facilities manufactured using steel), labor and drilling and completion services. Such inflationary pressures on our operating **costs** and capital **expenditures** ~~costs, which we currently expect to continue in 2023, have~~ impacted our cash flows and results of operations **during these periods. While such inflationary pressures diminished in 2023, the market for such materials, services and labor continues to fluctuate and, as a result, the timing and impact of any price changes on our future operating costs and capital expenditures is uncertain** . We have undertaken, and plan to continue with, certain initiatives and actions (such as agreements with service providers to secure the costs and availability of services) to mitigate **any** such inflationary pressures. However, there can be no assurance that such efforts will offset, largely or at all, the impacts of any future inflationary pressures on our operating costs and capital expenditures and, in turn, our cash flows and results of operations. For additional discussion, see ITEM 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations – Overview – Recent Developments. We have substantial capital requirements, and we may be unable to obtain needed financing on satisfactory terms, if at all. We make, and expect to continue to make, substantial capital expenditures for the acquisition, exploration, development and production of crude oil, NGLs and natural gas reserves. We intend to finance our capital expenditures primarily through our cash flows from operations and cash on hand and, ~~to a lesser extent and~~ if and as necessary, commercial paper borrowings, bank borrowings, borrowings under our revolving credit facility and public and private **debt and** equity ~~and debt~~ offerings. Lower crude oil, NGLs and natural gas prices, however, reduce our cash flows and could also delay or impair our ability to consummate any planned divestitures. Further, if the condition of the credit and capital markets materially declines, we might not be able to obtain financing on terms we consider acceptable, if at all. In addition, weakness and / or volatility in domestic and global financial markets or economic conditions or a depressed commodity price environment may increase the interest rates that lenders and commercial paper investors require us to pay or adversely affect our ability to finance our capital expenditures through **debt or** equity ~~or debt~~ offerings or other borrowings. Similarly, a reduction in our cash flows (for example, as a result of lower crude oil, **NGLs and / or** natural gas ~~and / or NGLs~~ prices or unanticipated well shut- ins) and the corresponding adverse effect on our financial condition and results of operations may also increase the interest rates that lenders and commercial paper investors require us to pay. A substantial increase in interest rates would decrease our net cash flows available for reinvestment. Any of these factors could have a material and adverse effect on our business, financial condition and results of operations. Further, our ability to obtain financings, our borrowing costs and the terms of any financings are, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. The interrelated factors that may impact our credit ratings include our debt levels; planned capital expenditures and sales of assets; near- term and long- term production growth opportunities; liquidity; asset quality; cost structure; product mix; and commodity pricing levels (including, but not limited to, the estimates and assumptions of credit rating agencies with respect to future commodity prices). We cannot provide any assurance that our current credit ratings will remain in effect for any given period of time or that our credit ratings will be raised in the future, nor can we provide any assurance that any of our credit ratings will not be lowered. In addition, companies in the oil and gas sector may be exposed to increasing reputational risks and, in turn, certain financial risks. Specifically, certain financial institutions (including certain investment advisors and sovereign wealth, pension and endowment funds), in response to concerns related to climate change and the requests and other influence of environmental groups and similar stakeholders, have elected to shift some or all of their investments **and financing** away from oil and gas- related sectors **; such trend may be accelerated by the extensive climate- related disclosure requirements discussed below. Further** , ~~and~~ additional financial institutions and other investors may elect to do likewise in the future **or may impose more stringent conditions with respect to investments in, and financing of, oil and gas- related sectors** . As a result, fewer financial institutions and other investors may be willing to invest in, and provide capital to, companies in the oil and gas sector. A material reduction in capital available to the oil and gas sector could make it more difficult (e. g., due to a lack of investor interest in our **debt or** equity ~~or debt~~ securities) and / or more costly (e. g., due to higher interest rates on our debt securities or other borrowings) to secure funding for our operations, which, in turn, could adversely affect our ability to successfully carry out our business strategy and have a material and adverse effect on our business, financial condition and operations. Reserve estimates depend on many interpretations and assumptions. Any significant inaccuracies in these interpretations and assumptions could cause the reported quantities of our reserves to be materially misstated. Estimating quantities of crude oil, NGLs and natural gas reserves and future net cash flows from such reserves is a complex, inexact process. It requires interpretations of available technical data and various assumptions, including assumptions relating to economic factors, made by our management. Any significant inaccuracies in these interpretations or assumptions could cause the reported quantities of our reserves and future net cash flows from such reserves to be overstated or understated. Also, the data for a given reservoir may also change substantially over time as a result of numerous factors including, but not limited to, additional development activity, evolving production history, continual reassessment of the viability of production under varying economic conditions and improvements and other changes in geological, geophysical and engineering evaluation methods. To prepare estimates of our economically recoverable crude oil, NGLs and natural gas reserves and future net cash flows from our reserves, we analyze many variable factors, such as historical production from the area compared with production rates from other producing areas. We also analyze available geological, geophysical, production and engineering data, and the extent, quality and reliability of this data can vary. The process also involves economic assumptions relating to commodity prices, production costs, gathering, processing, compression, storage and transportation costs, severance, ad valorem and other applicable taxes, capital expenditures and workover and remedial costs. Many of these factors are or may be beyond our control. Our actual reserves and future net cash flows from such reserves most likely will vary from our estimates. Any significant variance, including any significant downward revisions to our existing reserve estimates, could materially and adversely affect our business, financial condition and results of operations and, in turn, the trading price of our common stock. For related discussion, see ITEM 2, Properties- Oil and Gas Exploration and Production- Properties and Reserves and Supplemental Information to Consolidated Financial Statements.