

NEWFIELD EXPLORATION CO /DE/
Form 10-Q
October 23, 2009

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, 2009

OR

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

For the Transition Period from to .

Commission File Number: 1-12534

NEWFIELD EXPLORATION COMPANY
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

72-1133047
(I.R.S. Employer
Identification Number)

363 North Sam Houston Parkway East
Suite 100
Houston, Texas 77060
(Address and Zip Code of principal executive offices)

(281) 847-6000
(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

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any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of October 22, 2009, there were 132,868,433 shares of the registrant’s common stock, par value \$0.01 per share, outstanding.

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CONSOLIDATED BALANCE SHEET(In millions, except share data)
(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$96	\$24
Accounts receivable	293	375
Inventories	110	96
Derivative assets	377	663
Other current assets	66	48
Total current assets	942	1,206
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties (\$1,265 at September 30, 2009 and \$1,303 at December 31, 2008 were excluded from amortization)	9,960	10,349
Less—accumulated depreciation, depletion and amortization	(5,020)	(4,591)
Total property and equipment, net	4,940	5,758
Derivative assets	48	247
Long-term investments	56	72
Deferred taxes	36	¾
Other assets	15	22
Total assets	\$6,037	\$7,305
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$34	\$103
Accrued liabilities	566	672
Advances from joint owners	74	73
Asset retirement obligation	6	11
Deferred taxes	125	226
Total current liabilities	805	1,085
Other liabilities	41	22
Derivative liabilities	25	¾
Long-term debt	2,106	2,213
Asset retirement obligation	77	70
Deferred taxes	345	658
Total long-term liabilities	2,594	2,963
Commitments and contingencies (Note 5)	¾	¾
Stockholders' equity:		
Preferred stock (\$0.01 par value; 5,000,000 shares authorized; no shares issued)	¾	¾
	1	1

Common stock (\$0.01 par value; 200,000,000 shares authorized at September 30, 2009 and December 31, 2008;

134,338,720 and 133,985,751 shares issued at September 30, 2009 and December

31, 2008, respectively)

Additional paid-in capital	1,375	1,335
Treasury stock (at cost; 1,492,640 and 1,908,243 shares at September 30, 2009 and December 31, 2008, respectively)	(33)	(32)
Accumulated other comprehensive income (loss):		
Unrealized loss on investments	(13)	(13)
Unrealized gain (loss) on post retirement benefits	(1)	2
Retained earnings	1,309	1,964
Total stockholders' equity	2,638	3,257
Total liabilities and stockholders' equity	\$6,037	\$7,305

The accompanying notes to consolidated financial statements are an integral part of this statement.

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NEWFIELD EXPLORATION COMPANY
CONSOLIDATED STATEMENT OF INCOME

(In millions, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Oil and gas revenues	\$375	\$680	\$924	\$1,887
Operating expenses:				
Lease operating	64	67	192	184
Production and other taxes	14	51	38	154
Depreciation, depletion and amortization	144	181	440	504
General and administrative	40	36	106	105
Ceiling test writedown	¾	¾	1,344	¾
Other	1	¾	8	¾
Total operating expenses	263	335	2,128	947
Income (loss) from operations	112	345	(1,204)	940
Other income (expenses):				
Interest expense	(31)	(36)	(95)	(83)
Capitalized interest	13	16	39	43
Commodity derivative income (expense)	(8)	726	189	(247)
Other	(1)	8	4	10
Total other income (expenses)	(27)	714	137	(277)
Income (loss) before income taxes	85	1,059	(1,067)	663
Income tax provision (benefit):				
Current	35	9	36	34
Deferred	(28)	326	(448)	213
Total income tax provision (benefit)	7	335	(412)	247
Net income (loss)	\$78	\$724	\$(655)	\$416
Income (loss) per share:				
Basic	\$0.59	\$5.59	\$(5.06)	\$3.22
Diluted	\$0.58	\$5.48	\$(5.06)	\$3.15
Weighted average number of shares outstanding for basic income (loss) per share				
	130	129	129	129
Weighted average number of shares outstanding for diluted income (loss) per share				
	132	132	129	132

The accompanying notes to consolidated financial statements are an integral part of this statement.

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NEWFIELD EXPLORATION COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$(655)	\$416
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	440	504
Deferred tax provision (benefit)	(448)	213
Stock-based compensation	22	17
Ceiling test writedown	1,344	
Commodity derivative (income) expense	(189)	247
Cash receipts (payments) on derivative settlements	701	(783)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	81	(63)
Increase in inventories	(22)	(5)
Increase in commodity derivative assets		(65)
Increase in other current assets	(18)	(10)
Increase (decrease) in accounts payable and accrued liabilities	(59)	135
Increase (decrease) in advances from joint owners	1	2
Increase in other liabilities	19	14
Net cash provided by operating activities	1,217	622
Cash flows from investing activities:		
Additions to oil and gas properties	(1,045)	(1,537)
Acquisition of oil and gas properties	(9)	(231)
Proceeds from sale of oil and gas properties		2
Additions to furniture, fixtures and equipment	(7)	(14)
Purchases of investments		(22)
Redemptions of investments	18	70
Net cash used in investing activities	(1,043)	(1,732)
Cash flows from financing activities:		
Proceeds from borrowings under credit arrangements	813	1,826
Repayments of borrowings under credit arrangements	(920)	(1,541)
Net proceeds from issuance of senior subordinated notes		592
Proceeds from issuances of common stock	6	18
Purchases of treasury stock, net	(1)	
Net cash provided by (used in) financing activities	(102)	895
Increase (decrease) in cash and cash equivalents	72	(215)
Cash and cash equivalents, beginning of period	24	250
Cash and cash equivalents, end of period	\$96	\$35

The accompanying notes to consolidated financial statements are an integral part of this statement.

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NEWFIELD EXPLORATION COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In millions)
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2008	134.0	\$ 1	(1.9)	\$ (32)	\$ 1,335	\$ 1,964	\$ (11)	\$ 3,257
Issuances of common and restricted stock	0.3				6			6
Treasury stock, at cost			0.4	(1)				(1)
Stock-based compensation					34			34
Comprehensive loss:								
Net loss						(655)		(655)
Realized loss on post retirement benefits, net of tax of \$2							(3)	(3)
Total comprehensive loss								