



FEATURED OPTIONS RADAR REPORT



Call Buyer in Eagle Ford Shale Leader with Industry-Best Balance Sheet

Ticker/Price: EOG (\$70.1)

Analysis:

EOG Resources (EOG) traded 3X daily call volume on 9/13 with 4500 January \$80 OTM calls in focus with offer sweeps paying \$2.90 to \$3.15. EOG had an opening sale of 3000 January \$95 calls back on 8/12 and otherwise has minimal open interest outside of January \$39 deep ITM calls that have accumulated 3800X since mid-July. EOG started the week with a rally out of a narrow basing range holding its rising 200-day moving average and a recent low made was VWAP off the October 2020 lows. EOG needs to get back above \$74.45 to really make a run back to \$80 while above \$76.30 the volume profile thins out for a sharper push higher. EOG is a large cap Oil & Gas producer with assets in the US, Trinidad & Tobago, China, and Oman. At December 31, 2020, EOG's total estimated net proved reserves were 3,220 million barrels of oil equivalent (MMBoe), of which 1,514 million barrels (MMBbl) were crude oil and condensate reserves, 813 MMBbl were NGLs reserves and 5,360 billion cubic feet (Bcf), or 893 MMBoe, were natural gas reserves with 98% located in the US. EOG's main operations are South Texas with the Eagle Ford shale and Delaware Basin. EOG has a market cap of \$39.3B and trades 8.25X Earnings, 4.3X EBITDA and 8.4X FCF with a 2.46% dividend yield. EOG expects a surge in 2021 numbers over easy comps with 47% revenue growth and 93% EBITDA growth. EOG presented last week at the Barclays Energy Conference highlighting it as the low-cost operator and lowest emissions producer while recently announcing a \$600M special dividend. EOG also has a low debt balance sheet which is helpful in a cyclical/volatile industry. Analysts have an average target of \$100 and short interest is low at 1.4% of the float. Tudor Pickering upgraded to Buy this week with an \$82 target. Truist downgraded to Neutral on 8/30 due to its lower FCF yield to peers. Wells Fargo upgraded to Overweight on 8/23 with an \$88 target.

Hawk Vision:



Hawk's Perspective: EOG and several other Oil names seeing bullish positioning the last few days, the set-ups are nice versus recent base lows while **PXD** tends to be my preferred name.

Confidence Ranking: \$\$