

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

NEWFIELD EXPLORATION CO /DE/
Form 11-K
July 10, 2003

=====

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

[] TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMMISSION FILE NO. 33-79826

NEWFIELD EXPLORATION COMPANY 401(K) PLAN
(Full title of the Plan and the address of the Plan, if different
from that of the issuer named below)

NEWFIELD EXPLORATION COMPANY
363 NORTH SAM HOUSTON PARKWAY EAST
SUITE 2020
HOUSTON, TEXAS 77060
(281) 847-6000

(Name of issuer of the securities held pursuant to the Plan
and the address of its principal executive office)

=====

Item 4. Financial statements and schedules are prepared in accordance with the
financial reporting requirements of ERISA.

Newfield Exploration Company 401(k) Plan
Financial Statements and Supplemental Schedule

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2002

REPORT OF INDEPENDENT AUDITORS..... 1

REPORT OF INDEPENDENT ACCOUNTANTS..... 2

FINANCIAL STATEMENTS:

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2002 AND 2001..... 3

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2002..... 4

NOTES TO FINANCIAL STATEMENTS..... 5

SUPPLEMENTAL SCHEDULE:

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)..... 10

REPORT OF INDEPENDENT AUDITORS

Participants and Plan Administrator
Newfield Exploration Company 401(k) Plan
Houston, Texas

We have audited the accompanying statement of net assets available for benefits of the Newfield Exploration Company 401(k) Plan (the "Plan") as of December 31, 2002 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

Our audit was conducted for the purpose of forming an opinion on the basic 2002 financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic 2002 financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2002 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2002 financial statements taken as a whole.

/s/ Crowe Chizek and Company LLC

Oak Brook, Illinois
June 10, 2003

REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Administrator of
the Newfield Exploration Company 401(k) Plan

In our opinion, the accompanying statement of net assets available for benefits presents fairly, in all material respects, the net assets available for benefits of the Newfield Exploration Company 401(k) Plan (the "Plan") at December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Plan's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this financial statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Hartford, Connecticut
June 13, 2002

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2002 and 2001

	2002	2001
	----	----
ASSETS		
Investments, at fair value (Note 3)	\$ 11,744,856	\$ 11,090,170
Cash	50,296	-
	-----	-----

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

	11,795,152	11,090,170
LIABILITIES		
Pending trades	14,314	-
Accrued expenses	184	-
	-----	-----
	14,498	-
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 11,780,654	\$ 11,090,170
	=====	=====

See accompanying notes to financial statements.

3

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended December 31, 2002

ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income		
Net depreciation in fair value of		
investments (Note 3)	\$ (2,065,243)	
Interest and dividends	104,003	

	(1,961,240)	
Contributions		
Company	1,438,103	
Participant	1,773,473	
Rollovers	271,943	

	3,483,519	

Total additions	1,522,279	
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefit payments	830,037	
Administrative charges	1,758	

Total deductions	831,795	

INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	690,484	
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	11,090,170	

End of year	\$ 11,780,654	
	=====	

See accompanying notes to financial statements.

4

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

NEWFIELD EXPLORATION COMPANY 401(k) PLAN NOTES TO FINANCIAL STATEMENTS December 31, 2002 and 2001

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Newfield Exploration Company 401(k) Plan (the "Plan") contains general information for financial reporting purposes. A summary plan description is provided to participants explaining general Plan provisions. The Plan agreement, however, governs the operation of the Plan, and its terms prevail in the event of a conflict with any summary of the Plan. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The Plan is a defined contribution plan effective January 1, 1989. All employees of Newfield Exploration Company (the "Company") and certain of its affiliates, other than certain employees covered by collective bargaining agreements and nonresident aliens, are eligible to participate in the Plan. The Plan is subject to the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions: Participants may contribute up to 30% (15% prior to January 1, 2002) of their eligible compensation (as defined by the Plan) on a semi-monthly basis. The Company will make a matching contribution in an amount equal to \$1.00 for each \$1.00 contributed by a participant as described in the preceding sentence, up to a maximum of 8% of the participant's compensation for the applicable semi-monthly contribution period. Effective January 1, 2002, the Plan allows certain eligible participants to make catch-up contributions in accordance with Internal Revenue Service regulations. The foregoing participant and Company contributions are subject to certain limitations.

Participants may also contribute amounts representing distributions from other qualified plans. Participants may direct the amounts contributed to their accounts into any of the investment options available under the Plan. Certain administrative fees of the Plan have been paid by the Company.

Participant Accounts: Each participant has accounts that are credited with the participant's contributions, allocations of the Company's matching contributions and Plan earnings. Earnings are allocated by investment fund based on the ratio of a participant's account invested in a particular fund to all participants' investments in that fund. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested accounts.

Vesting: Participants are immediately vested in their own contributions plus actual earnings thereon. Vesting in Company matching contribution accounts is based on years of service. A participant becomes 20% vested for each year of service and is fully vested after five years of service. An active participant is entitled to 100% of his or her account balances upon retirement, death or disability.

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Benefit Payments: On termination of service, a participant is entitled to receive the vested portion of his or her accounts. A participant may elect to receive such vested portion in the form of a lump-sum payment, an annuity or installment payments. A participant may also elect to receive distributions in the form of Company common stock, to the extent the participant is invested therein. Distributions are subject to the applicable provisions of the Plan agreement.

Participant Loans: A participant may borrow up to the lesser of \$50,000 or 50% of his or her vested account balances. The loan will bear interest at a rate commensurate with market rates for similar loans.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting: The Plan's financial statements are prepared on the accrual basis of accounting.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator of the Plan (the "Plan Administrator") to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates.

Risks and Uncertainties: The Plan provides for various investment options. The underlying investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

Payment of Benefits: Benefits are recorded when paid.

Investment Valuation and Income Recognition: The Plan's investments are stated at fair value at year end. Quoted market prices are used to value investments in mutual funds and common stock. Shares or units of common collective trusts and pooled separate accounts are valued at the net asset value of shares or units held by the Plan.

The CIGNA Guaranteed Income Fund was valued at fair value as estimated by Connecticut General Life Insurance Company ("CG Life") at December 31, 2001.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

NOTE 3 - INVESTMENTS

Investments representing 5% or more of the Plan's net assets at December 31 are as follows:

	2002 ----	2001 ----
Newfield Exploration Company Common Stock (35,804 and 33,219 shares in 2002 and 2001, respectively)	\$ 1,290,738	\$ 1,179,620
Diversified Stable Pooled Fund	2,504,405	-
Diversified Stock Index Fund	1,659,920	-
Diversified Equity Growth Fund	1,577,777	-
Diversified Mid-Cap Growth Fund	1,392,348	-
Diversified Value & Income Fund	1,101,506	-
Diversified International Equity Fund	1,055,464	-
Diversified Core Bond Fund	642,231	-
CIGNA Guaranteed Income Fund	-	1,565,338
CIGNA Credit Suisse Capital Appreciation Account	-	1,458,878
CIGNA Fidelity Contrafund Fund	-	740,642
CIGNA Fidelity Growth & Income Fund	-	807,273
CIGNA Janus Fund	-	570,783
CIGNA Janus Worldwide Fund	-	961,014

During 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Mutual funds	\$ 250,224	
Common/collective fund	25,195	
Common stock	17,491	
Money market fund	(84)	
Pooled separate accounts	(2,358,069)	

	\$ (2,065,243)	

NOTE 4 - INVESTMENT CONTRACT WITH INSURANCE COMPANY

The Plan participated in a contract with CG Life via an investment in the CIGNA Guaranteed Income Fund at December 31, 2001 and for the period from January 1, 2002 through September 30, 2002. CG Life commingles the assets of the CIGNA Guaranteed Income Fund with other assets. As discussed in Note 2, the CIGNA Guaranteed Income Fund is included in the financial statements at fair value which, principally because of the periodic interest rate reset process, approximates contract value. The Plan was credited with interest at the interest rates specified in the contract, which ranged from 4.2% to 4.4% for the period from January 1, 2002 through September 30, 2002.

7

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2002 and 2001

NOTE 5 - RELATED-PARTY TRANSACTIONS

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the Company, and certain others. Some Plan investments are in mutual funds or common collective funds offered by Diversified Investment Advisors. As Investors Bank and Trust Company ("IBTC") is the trustee of the Plan and IBTC is affiliated with Diversified Investment Advisors, these investments qualify as party-in-interest investments. The Plan held the following party-in-interest investments with the trustee and the Company at December 31, 2002:

Diversified Stable Pooled Fund	\$	2,504,405
Diversified Stock Index Fund		1,659,920
Diversified Equity Growth Fund		1,577,777
Diversified Mid-Cap Growth Fund		1,392,348
Newfield Exploration Company Common Stock		1,290,738
Diversified Value & Income Fund		1,101,506
Diversified International Equity Fund		1,055,464
Diversified Core Bond Fund		642,231
Participant Loans		184,158
Diversified Money Market Fund		104,542
Diversified Mid-Cap Value Fund		52,331
Diversified Small Cap Growth Fund		50,933
Diversified Small Cap Value Fund		34,512
Diversified Intermediate/Long Term Strategic Allocation Fund		20,035
Diversified High Quality Bond Fund		19,719
Diversified Intermediate Horizon Fund		2,782
Diversified Short Term/ Intermediate Horizon Fund		1,988

At December 31, 2001, and for the period from January 1, 2002 through September 30, 2002, all investments were held in a combination of pooled separate accounts and a group annuity contract of CG Life (the Plan trustee during this time), Company stock and participant loans.

NOTE 6 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts and the Plan's assets will be distributed in accordance with the terms of the Plan agreement.

8

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2002 and 2001

NOTE 7 - TAX STATUS

The Internal Revenue Service has determined by a letter dated April 28, 1998 that the Plan, which is a prototype plan, is designed in accordance with applicable sections of the Internal Revenue Code ("IRC") and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Thus, no provision for federal income taxes is included in the Plan's financial statements.

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

NOTE 8 - FORFEITURES

Forfeitures result from Company contributions that remain in the Plan following the termination of employment of participants who had less than 100 percent vested interests in their matching contribution accounts. At December 31, 2002 and 2001, forfeitures of \$9,315 and \$81,609, respectively, were available to offset Company contributions or pay Plan expenses that otherwise would be payable by the Company in accordance with the Plan agreement. In 2002, Company cash contributions were offset by \$58,159 from forfeited non-vested accounts.

NOTE 9 - TERMINATED PARTICIPANTS

Included in net assets available for benefits are amounts allocated to individuals who have elected to withdraw from the Plan but have not been paid. As of December 31, 2002 and 2001, amounts allocated to these individuals totaled \$44,146 and \$0, respectively.

9

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
 SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 December 31, 2002

Plan Sponsor: Newfield Exploration Company

 Employer Identification Number: 72-1133047

 Plan Number: 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Par, or Maturity Value	(d) Cost
---	-----	-----	----
*	Diversified High Quality Bond Fund	Mutual Fund 1,664 units	#
*	Diversified Core Bond Fund	Mutual Fund 50,930 units	#
*	Diversified Short Term/ Intermediate Horizon Fund	Mutual Fund 225 units	#
*	Diversified Intermediate Horizon Fund	Mutual Fund 286 units	#
*	Diversified Value & Income Fund	Mutual Fund 61,127 units	#
*	Diversified Stock Index Fund	Mutual Fund	#

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

		242,324 units	
*	Diversified Intermediate/Long Term Strategic Allocation Fund	Mutual Fund 2,134 units	#
*	Diversified Mid-Cap Growth Fund	Mutual Fund 184,907 units	#
*	Diversified Equity Growth Fund	Mutual Fund 111,111 units	#
*	Diversified Mid-Cap Value Fund	Mutual Fund 5,726 units	#
*	Diversified International Equity Fund	Mutual Fund 103,680 units	#
*	Diversified Small Cap Value Fund	Mutual Fund 4,032 units	#

* - Denotes party in interest

- Investments are participant-directed, therefore, cost information is not required.

10

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)--(Continued)
December 31, 2002

Plan Sponsor: Newfield Exploration Company

Employer Identification Number: 72-1133047

Plan Number: 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Par, or Maturity Value	(d) Cost
---	-----	-----	-----
*	Diversified Small Cap Growth Fund	Mutual Fund 4,940 units	#
*	Newfield Exploration Company	Common Stock 35,804 shares	#
*	Diversified Stable Pooled Fund	Collective Trust 182,790 units	#
*	Diversified Money Market Fund	Money Market	#

Edgar Filing: NEWFIELD EXPLORATION CO /DE/ - Form 11-K

9,843 units

Personal Choice Account

Self directed accounts

#

* Participant Loans

Interest rates ranging from 5.25% to 5.96%

* - Denotes party in interest

- Investments are participant-directed, therefore, cost information is not required.

11

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator of the Plan has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

NEWFIELD EXPLORATION COMPANY
401(K) PLAN

Date: July 10, 2003

By: /s/ MONA LEIGH BROUSSARD

Mona Leigh Broussard
Plan Administrator

12

INDEX TO EXHIBITS

EXHIBIT NUMBER

DESCRIPTION

23.1 Consent of Independent Auditors - Crowe Chizek and Company LLC

23.2 Consent of Independent Accountants - PricewaterhouseCoopers LLP

99.1 Certification of Plan Administrator of the Newfield Exploration Company 401(k) Plan pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002