

BURLINGTON RESOURCES INC
Form 11-K
June 28, 2002

UNITED STATES
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, 2001

Or

() Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____
Commission file number _____

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Burlington Resources Inc. Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Burlington Resources Inc., 5051 Westheimer, Suite 1400, Houston, Texas 77056

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BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN

REPORT ON AUDITS OF FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULE

AS OF DECEMBER 31, 2001 AND 2000 AND

FOR THE YEAR ENDED DECEMBER 31, 2001

BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN

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BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | DECEMBER 31, | |
|--|-------------------------------|-------------------------------|
| | ----- 2001 ----- | ----- 2000 ----- |
| Investments | | |
| At fair value | | |
| Burlington Resources Inc. common stock | \$ 49,504,267 | \$ 46,356,730 |
| Registered investment companies | 107,857,682 | 134,590,632 |
| Participants' notes receivable | 5,284,896 | 5,987,605 |
| Cash and cash equivalents | 2,624,189 | 5,888,683 |
| At contract value | | |
| Unallocated investment contracts | 46,262,893 | 37,586,122 |
| Synthetic investment contracts | 16,448,438 | 19,860,924 |
| Total investments | ----- 227,982,365 ----- | ----- 250,270,696 ----- |
| Contributions receivable | | |
| Company | 257,831 | 228,336 |

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| | | |
|-----------------------------------|---------------|---------------|
| Participant | 356,829 | 330,040 |
| | ----- | ----- |
| Net assets available for benefits | \$228,597,025 | \$250,829,072 |
| | ===== | ===== |

The accompanying notes are an integral part of these financial statements.

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BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

| | YEAR ENDED DECEMBER 31, 2001 |
|---|------------------------------------|
| | ----- |
| Investment income | |
| Interest income | \$ 485,180 |
| Dividend income | 1,802,138 |
| Net depreciation in the fair value of investments | (24,037,787) |
| | ----- |
| Net investment income | (21,750,469) |
| | ----- |
| Contributions | |
| Company | 7,458,724 |
| Participant | 10,658,494 |
| | ----- |
| Total contributions | 18,117,218 |
| | ----- |
| Total additions | (3,633,251) |
| | ----- |
| Participant withdrawals and distributions | (18,495,584) |
| Administrative expenses | (103,212) |
| | ----- |
| Total deductions | (18,598,796) |
| | ----- |
| Net decrease | (22,232,047) |
| Net assets available for benefits | |
| Beginning of year | 250,829,072 |
| | ----- |
| End of year | \$ 228,597,025 |
| | ===== |

The accompanying notes are an integral part of these financial statements.

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BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

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1. PLAN DESCRIPTION

General

The following description of the Burlington Resources Inc. ("BR" or the "Company") Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

The Plan is a trustee, defined contribution plan, administered by a committee of BR executives, for participants of the employer companies BR and Burlington Resources Oil & Gas Company LP (formerly known as Burlington Resources Oil & Gas Company), which is a wholly-owned subsidiary of BR. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan's assets are held by Charles Schwab Trust Company and individual participant accounts are maintained by Charles Schwab Retirement Plan Services.

Investments

A participant may direct his or her contributions and account balances among the following investment funds.

Company Stock Fund - Invested in common stock of BR.

S&P 500 Institutional Index Fund - Invested in a diversified portfolio of common stock and other equity securities. This fund is managed to achieve results similar to those of the overall stock market as measured by the Standard & Poor's 500 Index.

International Equity Fund - Invested primarily in the equity securities of companies based outside the United States of America.

Balanced Fund - Invested 60% in equity securities, which attempt to mirror the Willshire 5000 Equity Index and 40% in high-quality bonds, which attempt to mirror the Lehman Brothers Aggregate Bond Index.

Small-Cap Equity Fund - Invested at least 65% of its total assets in common stock, or other equity securities including preferred stocks, rights and warrants of the second 1,000 largest U.S. corporations.

Growth Equity Fund - Invested primarily in common stocks of corporations that the trust advisor believes are undervalued and capable of generating strong earnings growth in the near term.

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Large Capital Value Fund - Invested primarily in common stocks and other instruments convertible into common stock issued by large corporations.

Global Equity Fund - Invested primarily in equity instruments issued by corporations from the U.S. and abroad.

Stable Value Fund - Invested primarily in a diversified portfolio of investment contracts offered by major insurance companies and financial institutions.

Small Cap Growth Fund - Invested primarily in common stocks of U.S. and foreign companies within the range of capitalizations of companies included in the Lipper, Inc. Small Cap category.

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Participants' Notes Receivable

The Plan may make loans to actively employed participants of up to 50% of their account balance (excluding any Individual Retirement Account balance), subject to a minimum loan of \$1,000 and a maximum loan of \$50,000. The \$50,000 limit is reduced by the participant's highest outstanding loan balance during the prior one-year period. Interest on loans accrues at 1% above the Wall Street Journal published prime rate, which is determined at the time the loan is taken, and remains fixed for the term of the loan. The repayment period may be from one to five years. Repayments are made through payroll deductions and are reinvested in Plan funds according to the borrowing participant's current investment elections. Loan balances due from terminated participants may be deemed distributed to the participants at the time his or her account balance is liquidated. During 2001, \$395,149 of such distributions are included in participant withdrawals and distributions in the accompanying financial statements.

Contributions

A participant may elect to make regular semi-monthly pre-tax and/or after-tax contributions from 1% to 13% of his or her total eligible compensation. Pre-tax contributions are subject to an IRS limitation of \$10,500. The Company matches up to 6% of total eligible compensation for a participant with less than 10 years of service and up to 8% of total eligible compensation for a participant with 10 or more years of service. In addition, a participant may make an approved rollover contribution from another qualified employee benefit plan. All regular Company and participant contributions are paid to the Plan's trustee semi-monthly, and allocated among the investment options consistent with participant investment elections.

Vesting

Participant accounts are 100% vested and nonforfeitable at all times.

Participant Withdrawals and Distributions

The Plan provides for several different types of withdrawals by participants. Participants may take in-service withdrawals of certain funds depending on their source. Upon the separation

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from service, a participant's account balance may be distributed in a lump sum. A participant whose account balance exceeds \$5,000 may elect a deferred distribution or installment payments over a period ending not later than April 1 of the year following the calendar year in which the participant attains age 70-1/2.

Termination of the Plan

While the Board of Directors of BR has not expressed any intention to do so, they may at any time terminate the Plan. Upon termination, the Plan's assets will be distributed to the participants on the basis of their account balances existing at the date of termination.

Income Taxes

The Plan has received a determination letter dated June 12, 2000, from

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the Internal Revenue Service advising that the Plan constitutes a qualified plan under Section 401(a) of the Internal Revenue Code and is therefore exempt from income taxes.

2. ACCOUNTING POLICIES

Principles of Reporting

In accordance with generally accepted accounting principles ("GAAP"), the accounting records of the Plan are maintained on the accrual basis except for participant withdrawals and distributions, which are reported when paid. Amounts for benefit claims that have been processed and approved for payment prior to December 31, but not paid as of that date are reported on Form 5500 as withdrawals. No such unpaid claims exist at December 31, 2001 or 2000. The preparation of the Plan's financial statements in conformity with GAAP requires certain estimates and assumptions. Actual results could differ from estimates. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

Investments

The Plan's investments, except for its investment contracts, are stated at fair value. Investment contracts, which are fully benefit responsive, are stated at contract value. Fair value for investments other than participants' notes receivable is determined by quoted market prices. Participants' notes receivable are carried at original loan principal balance, less principal repayments which approximates fair value.

Net appreciation (depreciation) in the fair value of the Plan investments, which consists of net realized and unrealized appreciation (depreciation), is presented in the Statement of Changes in Net Assets Available for Benefits. This appreciation (depreciation) is allocated to participants based upon their proportionate share of assets in each investment fund.

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Cash and Cash Equivalents

All short-term investments purchased with a maturity of three months or less are considered cash equivalents. Cash equivalents are stated at fair value.

Dividend and Interest Income

Dividend and interest income from investments are recorded as earned and allocated to participants based upon their proportionate share of assets in each investment fund.

Administrative Expenses

Certain administrative expenses and professional fees incurred by the Plan are paid by BR, including record keeping and trust fees.

3. NET DEPRECIATION IN THE FAIR VALUE OF INVESTMENTS

Following is a summary of the components of the net depreciation in the fair value of investments.

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| | Year Ended December 31, 2001 |
|---------------------------------|------------------------------------|
| | ----- |
| BR common stock | \$ (9,139,361) |
| Registered investment companies | (14,898,426) |
| | ----- |
| Total net depreciation | \$ (24,037,787) |
| | ===== |

4. INVESTMENTS

Investments that comprised 5% or more of the net assets available for benefits follow.

| | December 31, | |
|-----------------------------------|------------------------|------------------------|
| | ----- 2001 ----- | ----- 2000 ----- |
| BR common stock | \$ 49,504,267 | \$ 46,356,730 |
| Janus Worldwide Fund | \$ 18,365,059 | \$ 29,553,641 |
| Vanguard Institutional Index Fund | \$ 43,591,919 | \$ 52,444,999 |
| Schwab Small-Cap Index Fund | \$ 16,822,336 | \$ 17,681,087 |
| Vanguard Balanced Index Fund * | | \$ 13,581,882 |

* Item does not meet 5% threshold as of December 31, 2001.

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5. INVESTMENT CONTRACTS

The fair value of investment contracts as of December 31, 2001 and 2000 was approximately \$64,500,000 and \$58,100,000, respectively. Fair value was determined using a discounted cash flow analysis assuming market rates for similar contracts. The average yield for these investment contracts during 2001 and 2000 was 5.82% and 6.50%, respectively. The crediting interest rates ranged from 2.44% to 8.75% and 5.13% to 7.50% at December 31, 2001 and 2000, respectively.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Administrator of
Burlington Resources Inc. Retirement Savings Plan

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In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Burlington Resources Inc. Retirement Savings Plan (the "Plan") at December 31, 2001 and 2000, and the changes in its net assets available for benefits for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. 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 audits. We conducted our audits of these statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule listed in the accompanying table of contents on Page 1 is presented for the purpose of additional analysis and is not a required part of the basic 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
June 20, 2002

SUPPLEMENTAL SCHEDULE

BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN
SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

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DECEMBER 31, 2001

| (a) (b) (c) | (e) CURRENT VALUE/ FAIR VALUE ----- |
|--|---|
| Unallocated Investment Contracts | |
| John Hancock Mutual Life Insurance Company | |
| #7216, 5.24%, matures 6/20/02 | \$ 289,665 |
| #7354-1, 3.87%, matures 8/1/02 | 2,514,663 |
| #7474, 8.18%, no maturity date | 5,343,992 |
| Continental Assurance Company | |
| #630-05573, 5.61%, matures 12/17/12 | 1,664,377 |
| #25708-101, 5.97%, no maturity date | 4,088,586 |
| J.P. Morgan Chase Bank | |
| #401725-G, 5.85%, no maturity date | 3,828,559 |
| Bank of America NT & SA | |
| #99-043, 5.87%, no maturity date | 2,627,546 |
| BMA | |
| #1335, 5.75%, matures 11/17/03 | 1,785,909 |
| State Street Bank & Trust | |
| #99007, 5.21%, matures 12/17/12 | 4,710,086 |
| Monumental Life Ins. Co. | |
| #00214FR, 6.98%, matures 10/30/03 | 1,623,197 |
| UBS AG | |
| #5002, 2.44%, no maturity date | 2,738,388 |
| Prudential - Cap MAC Inc. | |
| #10041-211, 6.61%, matures 6/14/02 | 1,765,398 |
| Prudential - Cap MAC Insd | |
| #10041-212, 5.97%, 1/18/05 | 1,163,450 |
| Sun America Life Ins. Co. | |
| #4887, 7.44%, matures 1/2/04 | 482,777 |
| Aetna Life Insurance & Annuity Company | |
| #14680, 5.46%, matures 12/25/12 | 4,979,660 |
| Caisse des Depots (CDC) | |
| #1810-01, 4.19%, no maturity date | 4,036,584 |
| GE Life & Annuity Asr Co. | |
| #3528, 5.50%, 3/29/04 | 1,042,692 |
| Metropolitan Life Insurance | |
| #25811, 6.02%, 2/17/04 | 1,577,364 |
| | ----- |
| Total unallocated investment contracts | \$ 46,262,893 ----- |

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| (a) (b) (c) | (e) CURRENT VALUE/ FAIR VALUE |
|---|--|
| | ----- |
| Synthetic investment contracts | |
| Monumental Life Ins. Co. #00085TR | |
| Citibank Credit Card MT | \$ 2,112,502 |
| Citibank Credit Card MT | 1,047,166 |
| Federal Home Loan Mortgage Co., 5.75%, matures 4/08 | 2,292,706 |
| Federal National Mortgage Co., 5.13%, matures 2/04 | |
| United States Treasury, 5.875%, matures 11/04 | 2,132,430 |
| United States Treasury, 6.625% matures 5/07 | 1,661,222 |
| Monumental Life Ins. Co. Wrapper | (341,742) |
| Chase Manhattan Bank, #401725-T | |
| Fannie Mae Whole Loan, 7.00%, matures 7/05 | 2,016,725 |
| Ford Auto Owners Trust | 1,569,225 |
| Fannie Mae Whole Loan, 6.625%, matures 9/09 | 543,816 |
| Fannie Mae Whole Loan, 5.125%, matures 2/04 | 526,712 |
| United States Dollars | 12,513 |
| Chase Manhattan Bank Wrapper | (78,288) |
| UBS AG, #5040 | |
| Fannie Mae Whole Loan, 7.0%, matures 7/05 | 1,120,403 |
| Federal Home Loan Mtg. Co. | 1,008,272 |
| Fannie Mae Whole Loan | 958,841 |
| United States Dollars | 53,460 |
| UBS AG Wrapper | (187,525) |
| | ----- |
| Total synthetic investment contracts | 16,448,438 |
| | ----- |
| Total investment contracts | \$ 62,711,331 |
| | ----- |

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BURLINGTON RESOURCES INC. RETIREMENT SAVINGS PLAN
SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2001

| (a) (b) (c) | (e) CURRENT VALUE/ FAIR VALUE |
|-------------------------------------|--|
| | ----- |
| Registered investment companies | |
| Janus Worldwide Fund | \$ 18,365,059 |
| MFS Massachusetts Investors A Trust | 2,152,259 |

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| | |
|--|----------------|
| Vanguard Balanced Index Fund | 9,557,933 |
| Waddell & Reed Small Cap Growth Fund | 1,589,668 |
| Montag and Caldwell Growth Fund | 8,635,343 |
| * Schwab Small-Cap Index Fund | 16,822,336 |
| Vanguard Institutional Index Fund | 43,591,919 |
| Vanguard International Growth Fund | 7,143,165 |
| | ----- |
| Total investment companies | 107,857,682 |
| Cash and cash equivalents | 2,624,189 |
| * Burlington Resources Inc. common stock | 49,504,267 |
| Participants' notes receivable, 5.38% to 8.75% | 5,284,896 |
| | ----- |
| Total investments | \$ 227,982,365 |
| | ===== |

* Denotes investment issued by a party-in-interest to the Plan.

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The Retirement Savings Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the person who administers the employee benefit plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Retirement Savings Plan

Date June 28, 2002

/s/ William Usher

William Usher
Vice President
Human Resources & Administration

EXHIBIT INDEX

