NEWFIELD EXPLORATION CO /DE/
Form 11-K
June 26, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

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

For the transition period from to

COMMISSION FILE NO. 1-12534

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
4 WATERWAY SQUARE PLACE
SUITE 100
THE WOODLANDS, TEXAS 77380
(281) 210-5100
(Name of issuer of the securities held pursuant to the Plan
and the address of its principal executive office)

NEWFIELD EXPLORATION COMPANY 401(k) PLAN

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Note: Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for reporting and disclosure under ERISA have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statements of net assets available for benefits of the Newfield Exploration Company 401(k) Plan (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of Plan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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 Plan management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents 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, as amended. This supplementary information is the responsibility of Plan management. Such information has been subjected to the auditing procedures applied in the audit 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/ McConnell & Jones LLP
Houston, Texas
June 26, 2012

NEWFIELD EXPLORATION COMPANY 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011 and 2010

	2011	2010
Assets		
Cash, non-interest bearing	$—	$1,106
Investments, at fair value (See Note 4)	95,318,601	92,864,506
Total investments and cash	95,318,601	92,865,612
Receivables		
Notes receivable from participants	2,405,715	1,922,481
Employer match	251,259	145,586
Investment income	25,671	25,062
Total receivables	2,682,645	2,093,129
Net Assets Available for Benefits, at Fair Value	98,001,246	94,958,741
Adjustment From Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts	(114,104)	(396,121)
Net Assets Available for Benefits	$97,887,142	$94,562,620

See accompanying notes to financial statements.

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NEWFIELD EXPLORATION COMPANY 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended December 31, 2011

Additions to net assets attributable to:	
Investment income	
Interest and dividends	$1,690,972
Interest from notes receivable from participants	91,135
Contributions	
Employer	8,138,809
Participant	9,996,013
Rollover	1,321,189
Total contributions	19,456,011
Total additions	21,238,118
Deductions from net assets attributable to:	
Net depreciation in fair value of investments (See Note 3)	7,617,292
Benefits paid directly to participants	10,106,949
Administrative expenses	189,355
Total deductions	17,913,596
Increase in Net Assets Available for Benefits	3,324,522
Net Assets Available for Benefits, Beginning of Year	94,562,620
Net Assets Available for Benefits, End of Year	$97,887,142

See accompanying notes to financial statements.

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NEWFIELD EXPLORATION COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 – DESCRIPTION OF THE 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 adopted effective as of January 1, 1989. Generally, all employees of Newfield Exploration Company (the “Company”) and certain of its affiliates are eligible to participate in the Plan. However, the Plan does not allow employees covered by collective bargaining agreements, leased employees or nonresident aliens, if applicable, to participate in the Plan. The Plan is subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Participant Elective and Employer Matching Contributions: Participants may contribute up to 30% of their eligible compensation (as defined in the Plan agreement) on a per pay period basis. The Company will make a matching contribution, also on a per pay period basis, in an amount equal to $1.00 for each $1.00 contributed by a participant, up to a maximum of 8% of the participant’s compensation for the applicable pay period contribution. The Plan allows certain eligible participants to make catch-up contributions in accordance with Internal Revenue Service regulations. The Company does not match catch-up contributions. The foregoing participant and Company matching contributions are subject to certain limitations.

Participants may also rollover certain amounts representing distributions from other qualified plans and individual retirement accounts. Participants may direct the amounts contributed to their accounts into any of the investment options available under the Plan including the Company’s common stock.

Participant Accounts: Each participant has an account that is credited (or charged) with the participant’s contributions, allocations of the Company’s matching contributions and Plan earnings (or losses) and is, at times, charged with an allocation of Plan administrative expenses based on the participant’s earnings or account balances (as defined in the Plan agreement). Earnings (or losses) are allocated to participant accounts based on the earnings (or losses) of investment funds chosen by each participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting: Participants are immediately vested in their own contributions plus actual earnings thereon. Effective July 26, 2007, all current and new participants are immediately 100% vested in Company matching contributions. Matching contributions attributable to periods prior to July 26, 2007 will continue to vest according to their original schedule based on years of service (20% for each year of service and were fully vested after five years of service). An active participant is entitled to 100% of his or her account balances upon death, disability or reaching age 65.

Forfeitures: Forfeitures resulted from the termination of employment of participants who had less than 100% vested interests in the Company matching contribution portions of their accounts. Forfeitures remain in the Plan and are used first to reinstate participant accounts, as applicable, then to pay Plan expenses that otherwise would be payable by the Company in accordance with the Plan agreement, if any, and finally to offset the Company’s matching contributions.

At December 31, 2011 and 2010, forfeitures of $6,397 and $8,812, respectively, were available. In 2011, the Company's Plan expenses were offset by $11,647 from forfeited non-vested accounts.

Benefit Payments: Upon 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 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.

Notes Receivable from Participants: 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. Repayments of the notes are made in equal monthly payments over a period not extending beyond five years from the date of the loan.

Expenses: The Company pays certain administrative expenses as defined in the Plan document.

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NEWFIELD EXPLORATION COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS – (Continued)
December 31, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates: The preparation of financial statements in conformity with US GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, changes therein, and the accompanying notes to the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties: The Plan provides for various investment options. The underlying investment securities are exposed to various risks, such as interest rate, liquidity, credit and overall market volatility risk. Due to the general 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 change could materially affect the amount reported in the statement of net assets available for benefits and the individual participant account balances.

Payment of Benefits: Benefits are recorded when paid.

Investment Valuation and Income Recognition: The Plan's investments are stated at fair value. See Note 4, "Fair Value Measurements," for a detailed discussion.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses on investments are calculated using average costs. Interest is recorded when earned. Dividends are recorded on the ex-dividend date.

Notes Receivable from Participants: Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when earned. No allowance for credit losses has been recorded as of December 31, 2011 and 2010. If a participant ceases to make loan repayments and the Plan Administrator deems the delinquent participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Recent Accounting Pronouncements: In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This ASU requires the Company, for Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used, and a qualitative discussion about the sensitivities of the measurements. The guidance is effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of this ASU to have a material impact on the Plan’s financial statements.

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NEWFIELD EXPLORATION COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS – (Continued)
December 31, 2011 and 2010

NOTE 3 – INVESTMENTS

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

	2011	2010
Investments at fair value based on quoted market prices:		
Newfield Exploration Company common stock		
(164,016 and 142,302 shares in 2011 and 2010, respectively)*	$6,188,324	$10,261,397
American Beacon Large Cap Value Institutional Fund	5,843,691	5,898,218
Schwab S&P 500 Index Fund*	6,192,267	6,273,776
T. Rowe Price Retirement 2010	5,024,492	4,860,540
T. Rowe Price Retirement 2030	9,240,817	8,287,742
Vanguard Total Bond Market Index Institutional Fund	6,265,941	5,289,511
Vanguard Total International Stock Index Fund		