

GULFPORT ENERGY CORP
Form 10-Q
May 07, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED March 31, 2010

OR

.. **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF SECURITIES EXCHANGE ACT OF 1934**
Commission File Number 000-19514

Gulfport Energy Corporation

(Exact Name of Registrant As Specified in Its Charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

73-1521290
(IRS Employer

Identification Number)

14313 North May Avenue, Suite 100

Oklahoma City, Oklahoma
(Address of Principal Executive Offices)

73134
(Zip Code)

(405) 848-8807

(Registrant 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 past 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 any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 1, 2010, 42,711,122 shares of common stock were outstanding.

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GULFPORT ENERGY CORPORATION

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	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 711,000	\$ 1,724,000
Accounts receivable - oil and gas	10,974,000	9,492,000
Accounts receivable - related parties	104,000	136,000
Prepaid expenses and other current assets	1,608,000	2,047,000
Total current assets	13,397,000	13,399,000
Property and equipment:		
Oil and natural gas properties, full-cost accounting, \$18,598,000 and \$17,521,000 excluded from amortization in 2010 and 2009, respectively	643,984,000	628,849,000
Other property and equipment	7,286,000	7,182,000
Accumulated depletion, depreciation, amortization and impairment	(481,840,000)	(473,915,000)
Property and equipment, net	169,430,000	162,116,000
Other assets		
Equity investments	32,819,000	32,006,000
Note receivable - related party	17,146,000	15,920,000
Other assets	3,364,000	3,370,000
Total other assets	53,329,000	51,296,000
Deferred tax asset	533,000	533,000
Total assets	\$ 236,689,000	\$ 227,344,000
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,326,000	\$ 20,977,000
Asset retirement obligation - current	635,000	635,000
Short-term derivative instruments	14,959,000	18,735,000
Current maturities of long-term debt	824,000	2,842,000
Total current liabilities	37,744,000	43,189,000
Asset retirement obligation - long-term	9,342,000	9,518,000
Long-term debt, net of current maturities	49,381,000	49,586,000

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Total liabilities	96,467,000	102,293,000
Commitments and contingencies (Note 12)		
Preferred stock, \$.01 par value; 5,000,000 authorized, 30,000 authorized as redeemable 12% cumulative preferred stock, Series A; 0 issued and outstanding		
Stockholders' equity:		
Common stock - \$.01 par value, 100,000,000 authorized, 42,710,543 issued and outstanding in 2010 and 42,696,409 in 2009	427,000	427,000
Paid-in capital	274,026,000	273,901,000
Accumulated other comprehensive income (loss)	(12,974,000)	(18,039,000)
Retained earnings (accumulated deficit)	(121,257,000)	(131,238,000)
Total stockholders' equity	140,222,000	125,051,000
Total liabilities and stockholders' equity	\$ 236,689,000	\$ 227,344,000

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2010	2009
Revenues:		
Oil and condensate sales	\$ 26,260,000	\$ 17,025,000
Gas sales	438,000	383,000
Natural gas liquids sales	648,000	452,000
Other income (expense)	9,000	(76,000)
	27,355,000	17,784,000
Costs and expenses:		
Lease operating expenses	4,176,000	4,987,000
Production taxes	3,192,000	1,885,000
Depreciation, depletion, and amortization	7,925,000	7,420,000
General and administrative	1,382,000	1,136,000
Accretion expense	154,000	142,000
	16,829,000	15,570,000
INCOME FROM OPERATIONS:	10,526,000	2,214,000
OTHER (INCOME) EXPENSE:		
Interest expense	718,000	633,000
Insurance proceeds		(1,050,000)
Interest income	(173,000)	(102,000)
	545,000	(519,000)
INCOME BEFORE INCOME TAXES	9,981,000	2,733,000
INCOME TAX EXPENSE:		
NET INCOME	\$ 9,981,000	\$ 2,733,000
NET INCOME PER COMMON SHARE:		
Basic	\$ 0.23	\$ 0.06
Diluted	\$ 0.23	\$ 0.06

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Common Stock		Additional	Accumulated	Retained Earnings	Total
	Shares	Amount	Paid-in	Other	(Accumulated	Stockholders
			Capital	Comprehensive	Deficit)	Equity
				Income (Loss)		
Balance at January 1, 2010	42,696,409	\$ 427,000	\$ 273,901,000	\$ (18,039,000)	\$ (131,238,000)	\$ 125,051,000
Net income					9,981,000	9,981,000
Other Comprehensive Income:						
Foreign currency translation adjustment				1,289,000		1,289,000
Change in fair value of derivative instruments				(1,408,000)		(1,408,000)
Reclassification of settled contracts				5,184,000		5,184,000
Total Comprehensive Income						15,046,000
Stock Compensation			125,000			125,000
Issuance of Restricted Stock	14,134					
Balance at March 31, 2010	42,710,543	\$ 427,000	\$ 274,026,000	\$ (12,974,000)	\$ (121,257,000)	\$ 140,222,000
Balance at January 1, 2009	42,639,201	\$ 426,000	\$ 273,343,000	\$ (4,803,000)	\$ (154,865,000)	\$ 114,101,000
Net income					2,733,000	2,733,000
Other Comprehensive Income:						
Foreign currency translation adjustment				(904,000)		(904,000)
Change in fair value of derivative instruments				3,589,000		3,589,000
Reclassification of settled contracts				(1,543,000)		(1,543,000)
Total Comprehensive Income						3,875,000
Stock Compensation			175,000			175,000