

VINTAGE PETROLEUM INC
Form 10-Q
November 09, 2004
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2004

OR

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

For the transition period from _____ to _____

Commission file number 1-10578

VINTAGE PETROLEUM, INC.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

73-1182669
(I.R.S. Employer
Identification No.)

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110 West Seventh Street
Tulsa, Oklahoma
(Address of principal executive offices)

74119-1029
(Zip Code)

(918) 592-0101

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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 preceding 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 is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 29, 2004</u>
Common Stock, \$0.005 Par Value	65,749,693

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PART I

FINANCIAL INFORMATION

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Table of ContentsITEM 1. FINANCIAL STATEMENTS

VINTAGE PETROLEUM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except shares

and per share amounts)

(Unaudited)

ASSETS

	September 30, 2004	December 31, 2003
	<u> </u>	<u> </u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 46,012	\$ 32,264
Accounts receivable -		
Oil and gas sales	115,861	78,321
Joint operations	8,616	7,480
Deferred income taxes	21,513	
Prepays and other current assets	10,638	6,660
Assets of discontinued operations	253,387	224,321
	<u> </u>	<u> </u>
Total current assets	456,027	349,046
	<u> </u>	<u> </u>
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Oil and gas properties, successful efforts method	2,023,933	1,835,588
Oil and gas gathering systems and plants	23,890	23,344
Other	27,903	26,334
	<u> </u>	<u> </u>
	2,075,726	1,885,266
Less accumulated depreciation, depletion and amortization	908,462	829,055
	<u> </u>	<u> </u>
Total property, plant and equipment, net	1,167,264	1,056,211
	<u> </u>	<u> </u>
DEFERRED INCOME TAXES	14,558	
	<u> </u>	<u> </u>
OTHER ASSETS, net	42,513	41,581
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,680,362</u>	<u>\$ 1,446,838</u>

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See notes to unaudited consolidated financial statements.

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	September 30, 2004	December 31, 2003
	<u> </u>	<u> </u>
CURRENT LIABILITIES:		
Revenue payable	\$ 37,541	\$ 22,641
Accounts payable - trade	53,578	48,548
Current income taxes payable	21,815	17,316
Derivative financial instruments payable	59,968	7,551
Other payables and accrued liabilities	88,796	54,852
Liabilities of discontinued operations	79,454	46,093
	<u> </u>	<u> </u>
Total current liabilities	341,152	197,001
	<u> </u>	<u> </u>
LONG-TERM DEBT	676,547	699,943
	<u> </u>	<u> </u>
DEFERRED INCOME TAXES	85,214	54,311
	<u> </u>	<u> </u>
LONG-TERM LIABILITY FOR ASSET RETIREMENT OBLIGATIONS	77,577	72,158
	<u> </u>	<u> </u>
DERIVATIVE FINANCIAL INSTRUMENTS PAYABLE AND OTHER	16,338	939
	<u> </u>	<u> </u>
COMMITMENTS AND CONTINGENCIES (Note 5)		
STOCKHOLDERS EQUITY, per accompanying statement:		
Preferred stock, \$0.01 par, 5,000,000 shares authorized, zero shares issued and outstanding		
Common stock, \$0.005 par, 160,000,000 shares authorized, 66,181,811 and 64,720,975 shares issued and 65,657,693 and 64,281,199 outstanding, respectively	331	324
Capital in excess of par value	354,217	337,080
Retained earnings	96,974	22,844
Accumulated other comprehensive income	40,293	70,482
	<u> </u>	<u> </u>
	491,815	430,730
Less treasury stock, at cost, 524,118 and 439,776 shares	4,319	3,117
Less unamortized cost of restricted stock awards	3,962	5,127
	<u> </u>	<u> </u>

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Total stockholders' equity	483,534	422,486
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,680,362	\$ 1,446,838

See notes to unaudited consolidated financial statements.

Table of Contents**VINTAGE PETROLEUM, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share amounts)****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
REVENUES:				
Oil, condensate and NGL sales	\$ 136,382	\$ 105,269	\$ 367,320	\$ 323,806
Gas sales	49,158	25,282	127,284	86,545
Sulfur sales	234	440	949	1,305
Gas marketing	17,897	15,445	50,131	59,978
Total revenues	203,671	146,436	545,684	471,634
COSTS AND EXPENSES:				
Production costs	34,335	33,266	105,379	91,329
Transportation and storage costs	3,318	1,761	7,500	5,120
Production and ad valorem taxes	5,732	3,997	16,557	12,756
Export taxes	12,778	7,409	25,691	25,814
Exploration costs	12,435	6,061	21,000	17,395
Gas marketing	16,857	14,798	47,409	58,093
General and administrative	12,806	11,848	41,723	34,667
Stock compensation	1,153	1,861	7,091	4,295
Depreciation, depletion and amortization	26,720	21,392	72,687	65,463
Impairment of proved oil and gas properties			3,915	
Accretion	1,685	1,523	4,932	4,422
Other operating (income) expense	1,671	(701)	(1,933)	941
Total costs and expenses	129,490	103,215	351,951	320,295
OPERATING INCOME	74,181	43,221	193,733	151,339
OTHER (INCOME) EXPENSE:				
Interest expense	12,625	17,818	39,321	54,328
Loss on early extinguishment of debt			9,903	1,426
(Gain) loss on disposition of assets	(17)		(72)	667
Foreign currency exchange (gain) loss	(285)	(915)	(1,112)	6,653
Other non-operating expense	15,721	818	15,991	41
Net other expense	28,044	17,721	64,031	63,115
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	46,137	25,500	129,702	88,224

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INCOME TAX PROVISION (BENEFIT):				
Current	15,701	5,128	44,114	39,609
Deferred	3,024	5,034	5,115	(2,057)
Total income tax provision	18,725	10,162	49,229	37,552
Income from continuing operations before cumulative effect of change in accounting principle	27,412	15,338	80,473	50,672
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, net of income tax provision (benefit) of \$(184), \$221, \$130 and \$25,480	(397)	(3,583)	3,086	(14,042)
In				