

GULFPORT ENERGY CORP
Form 10-Q
May 10, 2012
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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, 2012

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

73-1521290
(IRS Employer

Incorporation or Organization)

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 2, 2012, 55,649,717 shares of common stock were outstanding.

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GULFPORT ENERGY CORPORATION

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	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,893,000	\$ 93,897,000
Accounts receivable - oil and gas	29,737,000	28,019,000
Accounts receivable - related parties	5,194,000	4,731,000
Prepaid expenses and other current assets	1,384,000	1,327,000
Short-term derivative instruments		1,601,000
Total current assets	49,208,000	129,575,000
Property and equipment:		
Oil and natural gas properties, full-cost accounting, \$175,587,000 and \$138,623,000 excluded from amortization in 2012 and 2011, respectively	1,130,838,000	1,035,754,000
Other property and equipment	7,960,000	8,024,000
Accumulated depletion, depreciation, amortization and impairment	(596,530,000)	(575,142,000)
Property and equipment, net	542,268,000	468,636,000
Other assets		
Equity investments	163,174,000	86,824,000
Other assets	5,093,000	5,123,000
Total other assets	168,267,000	91,947,000
Deferred tax asset	1,000,000	1,000,000
Total assets	\$ 760,743,000	\$ 691,158,000
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 75,639,000	\$ 43,872,000
Asset retirement obligation - current	620,000	620,000
Short-term derivative instruments	9,259,000	
Current maturities of long-term debt	143,000	141,000
Total current liabilities	85,661,000	44,633,000
Long-term derivative instruments	127,000	
Asset retirement obligation - long-term	12,276,000	12,033,000
Long-term debt, net of current maturities	12,107,000	2,142,000
Total liabilities	110,171,000	58,808,000
Commitments and contingencies (Note 10)		

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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, 55,649,717 issued and outstanding in 2012 and 55,621,371 in 2011	556,000	556,000
Paid-in capital	605,719,000	604,584,000
Accumulated other comprehensive income (loss)	(7,119,000)	2,663,000
Retained earnings	51,416,000	24,547,000
 Total stockholders' equity	 650,572,000	 632,350,000
Total liabilities and stockholders' equity	\$ 760,743,000	\$ 691,158,000

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenues:		
Oil and condensate sales	\$ 64,004,000	\$ 45,196,000
Gas sales	613,000	720,000
Natural gas liquids sales	806,000	659,000
Other income	38,000	63,000
	65,461,000	46,638,000
Costs and expenses:		
Lease operating expenses	5,849,000	4,653,000
Production taxes	7,769,000	5,507,000
Depreciation, depletion, and amortization	21,395,000	12,158,000
General and administrative	3,009,000	2,056,000
Accretion expense	176,000	159,000
	38,198,000	24,533,000
INCOME FROM OPERATIONS:	27,263,000	22,105,000
OTHER (INCOME) EXPENSE:		
Interest expense	153,000	653,000
Interest income	(27,000)	(38,000)
Loss from equity method investments	268,000	316,000
	394,000	931,000
INCOME BEFORE INCOME TAXES	26,869,000	21,174,000
INCOME TAX EXPENSE:		
NET INCOME	\$ 26,869,000	\$ 21,174,000
NET INCOME PER COMMON SHARE:		
Basic	\$ 0.48	\$ 0.47
Diluted	\$ 0.48	\$ 0.47
Weighted average common shares outstanding - Basic	55,626,208	44,724,976
Weighted average common shares outstanding - Diluted	56,247,609	45,125,019

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Net income	\$ 26,869,000	\$ 21,174,000
Foreign currency translation adjustment	939,000	1,169,000
Change in fair value of derivative instruments	(10,621,000)	(7,502,000)
Reclassification of settled contracts	(100,000)	847,000
Other comprehensive income (loss)	(9,782,000)	(5,486,000)
Comprehensive income	\$ 17,087,000	\$ 15,688,000

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders Equity
	Shares	Amount				
Balance at January 1, 2012	55,621,371	\$ 556,000	\$ 604,584,000	\$ 2,663,000	\$ 24,547,000	\$ 632,350,000
Net income					26,869,000	26,869,000
Other Comprehensive Loss				(9,782,000)		(9,782,000)
Stock Compensation			1,135,000			1,135,000
Issuance of Restricted Stock	28,346					
Balance at March 31, 2012	55,649,717	\$ 556,000	\$ 605,719,000	\$ (7,119,000)	\$ 51,416,000	\$ 650,572,000
Balance at January 1, 2011	44,645,435	\$ 446,000	\$ 296,253,000			