

FOREST OIL CORP
Form 10-Q
May 07, 2013
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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 March 31, 2013

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 1-13515

FOREST OIL CORPORATION

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

707 17th Street, Suite 3600

Denver, Colorado

(Address of principal executive offices)

25-0484900

(I.R.S. Employer Identification No.)

80202

(Zip Code)

Registrant's telephone number, including area code: (303) 812-1400

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 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 (§232.405 of this chapter) 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

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As of May 2, 2013 there were 119,292,850 shares of the registrant's common stock, par value \$.10 per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

FOREST OIL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In Thousands, Except Share Amounts)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,225	\$1,056
Accounts receivable	81,879	67,516
Derivative instruments	10,094	40,190
Other current assets	16,864	16,318
Total current assets	110,062	125,080
Property and equipment, at cost:		
Oil and natural gas properties, full cost method of accounting:		
Proved, net of accumulated depletion of \$8,284,724 and \$8,237,186	1,229,752	1,459,312
Unproved	233,364	277,798
Net oil and natural gas properties	1,463,116	1,737,110
Other property and equipment, net of accumulated depreciation and amortization of \$47,778 and \$46,908	15,383	17,128
Net property and equipment	1,478,499	1,754,238
Deferred income taxes	4,150	14,681
Goodwill	239,420	239,420
Derivative instruments	3,780	8,335
Other assets	59,073	60,108
	\$1,894,984	\$2,201,862
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$181,179	\$164,786
Accrued interest	23,803	23,407
Derivative instruments	15,772	9,347
Deferred income taxes	4,150	14,681
Current portion of long-term debt	12	12
Other current liabilities	12,927	14,092
Total current liabilities	237,843	226,325
Long-term debt	1,640,351	1,862,088
Asset retirement obligations	23,699	56,155
Derivative instruments	4,440	7,204
Other liabilities	93,402	92,914
Total liabilities	1,999,735	2,244,686
Shareholders' equity:		
Preferred stock, none issued and outstanding	—	—
Common stock, 119,330,398 and 118,245,320 shares issued and outstanding	11,933	11,825
Capital surplus	2,547,430	2,541,859
Accumulated deficit	(2,643,942)	(2,575,994)

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Accumulated other comprehensive loss	(20,172)	(20,514)
Total shareholders' equity (deficit)	(104,751)	(42,824)
	\$1,894,984		\$2,201,862	

See accompanying Notes to Condensed Consolidated Financial Statements.

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FOREST OIL CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (In Thousands, Except Per Share Amounts)

	Three Months Ended March 31,	
	2013	2012
Revenues:		
Oil, natural gas, and natural gas liquids sales	\$ 118,042	\$ 158,901
Interest and other	132	32
Total revenues	118,174	158,933
Costs, expenses, and other:		
Lease operating expenses	21,204	27,607
Production and property taxes	2,216	11,153
Transportation and processing costs	3,280	3,972
General and administrative	20,014	15,384
Depreciation, depletion, and amortization	48,543	66,970
Ceiling test write-down of natural gas properties	—	34,817
Interest expense	36,128	33,392
Realized and unrealized losses (gains) on derivative instruments, net	25,580	(29,524)
Other, net	28,820	26,920
Total costs, expenses, and other	185,785	190,691
Loss before income taxes	(67,611)	(31,758)
Income tax	337	915
Net loss	\$(67,948)	\$(32,673)
Basic loss per common share	\$(.59)	\$(.29)
Diluted loss per common share	\$(.59)	\$(.29)

See accompanying Notes to Condensed Consolidated Financial Statements.

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FOREST OIL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In Thousands)