

GULFPORT ENERGY CORP

Form 10-Q

November 07, 2008

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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 September 30, 2008

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 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 October 31, 2008, 42,627,456 shares of common stock were outstanding.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

Assets	(Unaudited) September 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,511,000	\$ 2,764,000
Accounts receivable - oil and gas	8,951,000	10,510,000
Accounts receivable - related parties	455,000	2,208,000
Prepaid expenses and other current assets	1,366,000	1,346,000
Total current assets	15,283,000	16,828,000
Property and equipment:		
Oil and natural gas properties, full-cost accounting, \$39,505,000 and \$37,278,000 excluded from amortization in 2008 and 2007, respectively	574,120,000	484,487,000
Other property and equipment	7,165,000	7,108,000
Accumulated depletion, depreciation and amortization	(158,408,000)	(129,496,000)
Property and equipment, net	422,877,000	362,099,000
Other assets		
Equity investments	29,405,000	33,822,000
Other assets	6,851,000	6,388,000
Note receivable - related party	9,511,000	
Total other assets	45,767,000	40,210,000
Total assets	\$ 483,927,000	\$ 419,137,000
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,169,000	\$ 39,848,000
Asset retirement obligation - current	480,000	480,000
Current maturities of long-term debt	813,000	808,000
Total current liabilities	36,462,000	41,136,000
Asset retirement obligation - long-term	8,775,000	8,154,000
Long-term debt, net of current maturities	95,120,000	65,725,000
Total liabilities	140,357,000	115,015,000
Commitments and contingencies (Note 13)		
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, 55,000,000 authorized, 42,624,723 issued and outstanding in 2008 and 42,453,587 in 2007	426,000	424,000

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Paid-in capital	273,103,000	271,807,000
Accumulated other comprehensive income (loss)	(95,000)	2,254,000
Retained earnings	70,136,000	29,637,000
Total stockholders' equity	343,570,000	304,122,000
Total liabilities and stockholders' equity	\$ 483,927,000	\$ 419,137,000

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenues:				
Gas sales	\$ 1,337,000	\$ 1,500,000	\$ 5,612,000	\$ 3,993,000
Oil and condensate sales	34,354,000	28,472,000	95,636,000	71,360,000
Natural gas liquids sales	1,216,000		2,784,000	
Other income (expense)	(176,000)	3,000	(381,000)	12,000
	36,731,000	29,975,000	103,651,000	75,365,000
Costs and expenses:				
Lease operating expenses	6,362,000	4,008,000	14,906,000	11,127,000
Production taxes	3,970,000	3,547,000	11,398,000	9,017,000
Depreciation, depletion, and amortization	9,392,000	7,845,000	28,912,000	20,128,000
General and administrative	1,748,000	1,192,000	5,270,000	3,427,000
Accretion expense	140,000	138,000	417,000	415,000
	21,612,000	16,730,000	60,903,000	44,114,000
INCOME FROM OPERATIONS:	15,119,000	13,245,000	42,748,000	31,251,000
OTHER (INCOME) EXPENSE:				
Interest expense	1,172,000	654,000	3,402,000	1,979,000
Insurance proceeds			(769,000)	
Interest income	(180,000)	(114,000)	(404,000)	(343,000)
	992,000	540,000	2,229,000	1,636,000
INCOME BEFORE INCOME TAXES	14,127,000	12,705,000	40,519,000	29,615,000
INCOME TAX EXPENSE:	20,000	4,000	20,000	57,000
NET INCOME	\$ 14,107,000	\$ 12,701,000	\$ 40,499,000	\$ 29,558,000
NET INCOME PER COMMON SHARE:				
Basic	\$ 0.33	\$ 0.34	\$ 0.95	\$ 0.82
Diluted	\$ 0.33	\$ 0.33	\$ 0.94	\$ 0.80

See accompanying notes to consolidated financial statements.

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	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders Equity
	Shares	Amount				
Balance at January 1, 2008	42,453,587	\$ 424,000	\$ 271,807,000	\$ 2,254,000	\$ 29,637,000	\$ 304,122,000
Net income					40,499,000	40,499,000
Other Comprehensive Income:						
Foreign currency translation adjustment				(2,349,000)		(2,349,000)
Total Comprehensive Income						38,150,000
Stock Compensation			816,000			816,000
Issuance of Restricted Stock	27,015					
Issuance of Common Stock through exercise of options	144,121	2,000	480,000			482,000
Balance at September 30, 2008	42,624,723	\$ 426,000	\$ 273,103,000	\$ (95,000)	\$ 70,136,000	\$ 343,570,000
Balance at January 1, 2007	33,659,759	\$ 337,000	\$ 131,610,000	\$	\$ (8,138,000)	\$ 123,809,000
Net income					29,558,000	29,558,000
Other Comprehensive Income:						
Foreign currency translation adjustment				2,094,000		2,094,000
Total Comprehensive Income						31,652,000
Stock Compensation			875,000			875,000
Issuance of Common Stock in public offerings, net of related expenses of \$572,000	4,047,500	40,000	62,786,000			