

NATURAL RESOURCE PARTNERS LP

Form 10-Q

May 07, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

x **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**

Commission file number: 001-31465

NATURAL RESOURCE PARTNERS L.P.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

35-2164875
(I.R.S. Employer
Identification No.)

601 Jefferson Street, Suite 3600

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

(713) 751-7507

(Registrant's 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 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 definition of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer (Do not check if a smaller reporting company) 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

At May 7, 2013 there were 109,812,408 Common Units outstanding.

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Forward-Looking Statements

Statements included in this Quarterly Report on Form 10-Q are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements that are also forward-looking statements.

Such forward-looking statements include, among other things, statements regarding capital expenditures and acquisitions expected commencement dates of mining, projected quantities of future production by the lessees mining our reserves and projected demand for or supply of coal, aggregates and oil and gas that will affect sales levels, prices and royalties and other revenues realized by us.

These forward-looking statements speak only as of the date hereof and are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

You should not put undue reliance on any forward-looking statements. Please read "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012 for important factors that could cause our actual results of operations or our actual financial condition to differ.

Table of Contents**Part I. Financial Information****Item 1. Financial Statements****NATURAL RESOURCE PARTNERS L.P.****CONSOLIDATED BALANCE SHEETS****(In thousands, except unit data)**

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 76,153	\$ 149,424
Accounts receivable, net of allowance for doubtful accounts	34,591	35,116
Accounts receivable - affiliates	12,978	10,613
Other	802	1,042
Total current assets	124,524	196,195
Land	24,340	24,340
Plant and equipment, net	30,834	32,401
Mineral rights, net	1,375,972	1,380,428
Intangible assets, net	69,808	70,811
Equity and other unconsolidated investments	298,620	
Loan financing costs, net	5,648	4,291
Long-term contracts receivable - affiliate	55,021	55,576
Other assets, net	604	630
Total assets	\$ 1,985,371	\$ 1,764,672
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,345	\$ 3,693
Accounts payable - affiliates	432	957
Current portion of long-term debt	58,858	87,230
Accrued incentive plan expenses - current portion	6,237	7,718
Property, franchise and other taxes payable	5,552	7,952
Accrued interest	8,340	10,265
Total current liabilities	82,764	117,815
Deferred revenue	127,894	123,506
Accrued incentive plan expenses	7,091	8,865
Long-term debt	1,088,789	897,039
Partners' capital:		
Common units outstanding (109,812,408 and 106,027,836)	666,523	605,019
General partner's interest	11,283	10,026
Non-controlling interest	1,416	2,845
Accumulated other comprehensive loss	(389)	(443)
Total partners' capital	678,833	617,447
Total liabilities and partners' capital	\$ 1,985,371	\$ 1,764,672

The accompanying notes are an integral part of these financial statements.

Table of Contents**NATURAL RESOURCE PARTNERS L.P.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(In thousands, except per unit data)**

	Three Months Ended March 31, 2013 2012 (Unaudited)	
Revenues:		
Coal royalties	\$ 54,442	\$ 59,916
Equity and other unconsolidated investment income, net	7,048	
Aggregate royalties	1,552	1,716
Processing fees	1,180	2,126
Transportation fees	4,925	4,108
Oil and gas royalties	1,763	1,388
Property taxes	3,947	4,488
Minimums recognized as revenue	4,591	11,714
Override royalties	4,905	5,142
Other	9,979	1,274
Total revenues	94,332	91,872
Operating expenses:		
Depreciation, depletion and amortization	14,762	12,409
Asset impairments	291	
General and administrative	11,586	8,950
Property, franchise and other taxes	4,351	5,016
Transportation costs	459	473
Coal royalty and override payments	355	200
Total operating expenses	31,804	27,048
Income from operations	62,528	64,824
Other income (expense)		
Interest expense	(14,663)	(13,560)
Interest income	41	45
Income before non-controlling interest	47,906	51,309
Non-controlling interest		
Net income	\$ 47,906	\$ 51,309
Net income attributable to:		
General partner	\$ 958	\$ 1,026
Limited partners	\$ 46,948	\$ 50,283
Basic and diluted net income per limited partner unit	\$ 0.43	\$ 0.47
Weighted average number of units outstanding	108,887	106,028
Comprehensive income	\$ 47,960	\$ 51,319

The accompanying notes are an integral part of these financial statements.

Table of Contents**NATURAL RESOURCE PARTNERS L.P.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Three Months Ended March 31,	
	2013	2012
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 47,906	\$ 51,309
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	14,762	12,409
Gain on reserve swap	(8,149)	
Equity and other unconsolidated investment income, net	(7,048)	
Distributions from unconsolidated investments	237	
Non-cash interest charge, net	276	149
Gain on sale of assets	(150)	
Asset impairment	291	
Change in operating assets and liabilities:		
Accounts receivable	(531)	(1,237)
Other assets	266	200
Accounts payable and accrued liabilities	(873)	1,083
Accrued interest	(1,925)	(2,895)
Deferred revenue	4,506	(2,449)
Accrued incentive plan expenses	(3,255)	(6,592)
Property, franchise and other taxes payable	(2,400)	(2,492)
Net cash provided by operating activities	43,913	49,485
Cash flows from investing activities:		
Acquisition of land and mineral rights		(67,726)
Acquisition of equity interests	(292,939)	
Proceeds from sale of assets	154	
Return on direct financing lease and contractual override	418	
Investment in direct financing lease		(59,009)
Net cash used in investing activities	(292,367)	(126,735)
Cash flows from financing activities:		
Proceeds from loans	200,000	47,000
Repayment of loans	(36,622)	(15,191)
Deferred financing costs	(1,621)	
Proceeds from issuance of units	75,000	
Capital contribution by general partner	1,531	
Costs associated with equity transactions	&nbs	