

GULFPORT ENERGY CORP
Form 10-Q
August 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED June 30, 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)

Delaware 73-1521290
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification Number)

14313 North May Avenue, Suite 100 73134
Oklahoma City, Oklahoma
(Address of Principal Executive Offices) (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 ý 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 ý 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 x 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 August 1, 2012, 55,687,845 shares of common stock were outstanding.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$6,613,000	\$93,897,000
Accounts receivable - oil and gas	23,269,000	28,019,000
Accounts receivable - related parties	27,182,000	4,731,000
Prepaid expenses and other current assets	3,136,000	1,327,000
Short-term derivative instruments	9,714,000	1,601,000
Total current assets	69,914,000	129,575,000
Property and equipment:		
Oil and natural gas properties, full-cost accounting, \$199,598,000 and \$138,623,000 excluded from amortization in 2012 and 2011, respectively	1,219,376,000	1,035,754,000
Other property and equipment	8,387,000	8,024,000
Accumulated depletion, depreciation, amortization and impairment	(620,182,000)	(575,142,000)
Property and equipment, net	607,581,000	468,636,000
Other assets		
Equity investments	185,934,000	86,824,000
Note receivable - related party	1,595,000	—
Other assets	5,776,000	5,123,000
Total other assets	193,305,000	91,947,000
Deferred tax asset	1,000,000	1,000,000
Total assets	\$871,800,000	\$691,158,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$95,689,000	\$43,872,000
Asset retirement obligation - current	60,000	620,000
Current maturities of long-term debt	145,000	141,000
Total current liabilities	95,894,000	44,633,000
Asset retirement obligation - long-term	13,120,000	12,033,000
Long-term debt, net of current maturities	70,072,000	2,142,000
Total liabilities	179,086,000	58,808,000
Commitments and contingencies (Note 10)		
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, 55,687,845 issued and outstanding in 2012 and 55,621,371 in 2011	557,000	556,000
Paid-in capital	606,853,000	604,584,000
Accumulated other comprehensive income (loss)	8,771,000	2,663,000
Retained earnings	76,533,000	24,547,000
Total stockholders' equity	692,714,000	632,350,000
Total liabilities and stockholders' equity	\$871,800,000	\$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 June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues:				
Oil and condensate sales	\$65,020,000	\$52,916,000	\$129,024,000	\$98,112,000
Gas sales	541,000	1,512,000	1,154,000	2,232,000
Natural gas liquids sales	694,000	1,034,000	1,500,000	1,693,000
Other income	70,000	127,000	108,000	190,000
	66,325,000	55,589,000	131,786,000	102,227,000
Costs and expenses:				
Lease operating expenses	5,714,000	4,706,000	11,563,000	9,359,000
Production taxes	7,572,000	6,732,000	15,341,000	12,239,000
Depreciation, depletion, and amortization	23,652,000	13,712,000	45,047,000	25,870,000
General and administrative	3,263,000	2,119,000	6,272,000	4,175,000
Accretion expense	177,000	164,000	353,000	323,000
	40,378,000	27,433,000	78,576,000	51,966,000
INCOME FROM OPERATIONS:	25,947,000	28,156,000	53,210,000	50,261,000
OTHER (INCOME) EXPENSE:				
Interest expense	474,000	285,000	627,000	938,000
Interest income	(4,000)	(37,000)	(31,000)	(75,000)
Loss from equity method investments	360,000	642,000	628,000	958,000
	830,000	890,000	1,224,000	1,821,000
INCOME BEFORE INCOME TAXES	25,117,000	27,266,000	51,986,000	48,440,000
INCOME TAX EXPENSE:	—	1,000	—	1,000
NET INCOME	\$25,117,000	\$27,265,000	\$51,986,000	\$48,439,000
NET INCOME PER COMMON SHARE:				
Basic	\$0.45	\$0.57	\$0.93	\$1.05
Diluted	\$0.45	\$0.57	\$0.93	\$1.04
Weighted average common shares outstanding -				
Basic	55,656,274	47,454,359	55,641,241	46,097,207
Weighted average common shares outstanding -				
Diluted	56,334,095	47,898,665	56,175,248	46,548,414

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$25,117,000	\$27,265,000	\$51,986,000	\$48,439,000
Foreign currency translation adjustment	(2,865,000)	401,000	(1,926,000)	1,570,000
Change in fair value of derivative instruments	18,194,000	6,780,000	7,573,000	(722,000)
Reclassification of settled contracts	561,000	1,164,000	461,000	2,011,000
Other comprehensive income	15,890,000	8,345,000	6,108,000	2,859,000
Comprehensive income	\$41,007,000	\$35,610,000	\$58,094,000	\$51,298,000

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	—	—	—	—	51,986,000	51,986,000
Other Comprehensive Loss	—	—	—	6,108,000	—	6,108,000
Stock Compensation	—	—	2,270,000	—	—	2,270,000
Issuance of Restricted Stock	66,474	1,000	(1,000)	—	—	—
Balance at June 30, 2012	55,687,845	\$557,000	\$606,853,000	\$8,771,000	\$76,533,000	\$692,714,000
Balance at January 1, 2011	44,645,435	\$446,000	\$296,253,000	\$(1,768,000)	\$(83,875,000)	\$211,056,000
Net income	—	—	—	—	48,439,000	48,439,000
Other Comprehensive Loss	—	—	—	2,859,000	—	2,859,000
Stock Compensation	—	—	453,000	—	—	453,000