ENERGY PARTNERS LTD Form 10-Q August 02, 2012 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# **FORM 10-Q**

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-16179

# **ENERGY PARTNERS, LTD.**

(Exact Name of Registrant as Specified in Its Charter)

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Delaware (State or Other Jurisdiction of

72-1409562 (I.R.S. Employer

**Incorporation or Organization)** 

**Identification Number)** 

201 St. Charles Ave., Suite 3400 New Orleans, Louisiana (Address of principal executive offices)

70170 (Zip code)

(504) 569-1875

(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 x 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 x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer x

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 x

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No "

As of July 27, 2012, there were 39,103,674 shares of the Registrant s Common Stock, par value \$0.001 per share, outstanding.

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#### PART I FINANCIAL INFORMATION

#### Item 1. FINANCIAL STATEMENTS.

## ENERGY PARTNERS, LTD. AND SUBSIDIARIES

#### CONDENSED CONSOLIDATED BALANCE SHEETS

#### (UNAUDITED)

(In thousands, except share data)	June 30, 2012	De	cember 31, 2011
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 60,847	\$	80,128
Trade accounts receivable net	32,620		31,817
Fair value of commodity derivative instruments	10,736		587
Prepaid expenses	9,226		11,046
Total current assets	113,429		123,578
Property and equipment, under the successful efforts method of accounting	1,220,695		1,082,248
Less accumulated depreciation, depletion, amortization and impairments	(362,644)		(305,110)
Net property and equipment	858,051		777,138
Restricted cash	6,023		6,023
Other assets	3,155		3,029
Fair value of commodity derivative instruments	3,790		
Deferred financing costs net of accumulated amortization of \$1,707 at June 30, 2012 and \$1,061 at December 31 2011	, 4,812		5,452
	\$ 989,260	\$	915,220
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable	\$ 24,911	\$	25,393
Accrued expenses	78,990		58,538
Asset retirement obligations	32,698		25,578
Fair value of commodity derivative instruments	620		1,056
Deferred tax liabilities	6,771		2,823
Total current liabilities	143,990		113,388
Long-term debt	204,750		204,390
Asset retirement obligations	67,219		73,769
Deferred tax liabilities	49,481		31,775
Fair value of commodity derivative instruments	607		190
Other	1,179		663
	467,226		424,175
Commitments and contingencies (Note 8) Stockholders equity:			
Preferred stock, \$0.001 par value per share; authorized 1,000,000 shares; no shares issued and outstanding at			

June 30, 2012 and December 31, 2011

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Common stock, \$0.001 par value per share; authorized 75,000,000 shares; shares issued 40,558,925 and 40,326,451 at June 30, 2012 and December 31, 2011, respectively; shares outstanding 39,103,674 and 39,404,106	Ó	
at June 30, 2012 and December 31, 2011, respectively	40	40
Additional paid-in capital	507,657	505,235
Treasury stock, at cost, 1,455,251 and 922,345 shares at June 30, 2012 and December 31, 2011, respectively	(19,698)	(11,361)
Retained earnings (accumulated deficit)	34,035	(2,869)
Total stockholders equity	522,034	491,045
	\$ 989,260	\$ 915,220

See accompanying notes to condensed consolidated financial statements.

#### ENERGY PARTNERS, LTD. AND SUBSIDIARIES

# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

#### (UNAUDITED)

Manual Revenue:   Separation   Separation			Three Months Ended June 30,		Six Months Ended June 30,	
Oil and natural gas         \$ 99,249         \$ 92,798         \$ 198,021         \$ 160,018           Other         99,270         92,830         198,066         160,079           Costs and expenses:         88,661         17,908         37,072         33,239           Transportation         99         236         250         371           Exploration expenditures and dry hole costs         2,587         822         16,896         1,370           Impairments         3,94         2,886         5,708         13,674           Depreciation, depletion and amortization         27,918         25,522         51,826         46,585           Accretion of liability for asset retirement obligations         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         31,19         31,259         58,494         38,333           Other income from operations         31,19         31,259         58,494         38,333           Other income (expense):         1         8         2         7           Interest income <th>(In thousands, except per share data)</th> <th></th> <th>2012</th> <th>2011</th> <th>2012</th> <th>2011</th>	(In thousands, except per share data)		2012	2011	2012	2011
Other         21         32         45         66           Costs and expenses:         18.661         17.908         37.072         33.239           Transportation         99.278         28.87         25.0         371           Exploration expenditures and dry hole costs         2.587         822         16.896         13.70           Impairments         3.394         2.886         5.708         13.674           Depreciation, depletion and amortization         27.918         25.522         51.826         46.585           Accretion of liability for asset retirement obligations         3.411         3.804         6.559         7.379           General and administrative         5.654         4.796         10.998         10.083           Taxes, other than on earnings         2.904         3.695         6.645         7.013           Other         3.433         1.902         3.618         2.032           Total costs and expenses         68.071         61.571         39.572         21.746           Income from operations         31.199         31.259         58.494         38.333           Other income (expense):         2.01         4.974         (9.967         (7.444)           Interest expense	Revenue:					
Costs and expenses:         9,270         92,830         198,06e         160,079           Lease operating         18,661         17,908         37,072         33,239           Transportation         99         236         250         371           Exploration expenditures and dry hole costs         2,878         822         16,896         1,370           Impairments         3,394         2,886         5,708         13,674           Depreciation, depletion and amortization         27,918         25,522         51,826         46,585           Accretion of liability for asset retirement obligations         3,411         3,804         6,595         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         31,192         31,192         36,18         2,032           Income from operations         31,193         31,259         58,494         38,333           Other         50         17         88         27           Interest spense         (5,093)         4,974         9,967         7,444           Gain (loss) on derivative instruments	Oil and natural gas	9	\$ 99,249	\$ 92,798	\$ 198,021	\$ 160,013
Costs and expenses:         Lease operating         18,661         17,908         37,072         33,239           Transportation         99         236         250         371           Exploration expenditures and dry hole costs         2,587         822         16,896         1,370           Impairments         3,394         2,886         5,708         13,674           Depreciation, depletion and amortization         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           General and administrative         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         1         1,571         139,572         121,746           Interest income (expense):         5         1,7         88         2,7           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on	Other		21	32	45	66
Costs and expenses:         Lease operating         18,661         17,908         37,072         33,239           Transportation         99         236         250         371           Exploration expenditures and dry hole costs         2,587         822         16,896         1,370           Impairments         3,394         2,886         5,708         13,674           Depreciation, depletion and amortization         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           General and administrative         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         1         1,571         139,572         121,746           Interest income (expense):         5         1,7         88         2,7           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on						
Costs and expenses:         Lease operating         18,661         17,908         37,072         33,239           Transportation         99         236         250         371           Exploration expenditures and dry hole costs         2,587         822         16,896         1,370           Impairments         3,394         2,886         5,708         13,674           Depreciation, depletion and amortization         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           General and administrative         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         1         1,571         139,572         121,746           Interest income (expense):         5         1,7         88         2,7           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on			99,270	92,830	198,066	160,079
Transportation         99         236         250         371           Exploration expenditures and dry hole costs         2,587         822         16.896         1,370           Impairments         3,394         2,886         5,708         13.674           Depreciation, depletion and amortization         27,918         25,522         51,826         46,585           Accretion of liability for asset retirement obligations         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         1         8         27           Interest income         50         17         88         27           Interest expense         (5,093)         (4,974)         (9,967)         7,444           Gain (loss) on derivative instruments         3	Costs and expenses:					
Exploration expenditures and dry hole costs         2,587         822         16,896         1,370           Impairments         3,394         2,886         5,708         13,674           Depreciation, depletion and amortization         27,918         25,522         51,826         46,585           Accretion of liability for asset retirement obligations         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         5         17         88         27           Interest income         5         17         88         27           Interest expense         (5,093)         4,974         (9,967)         7,444           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)	Lease operating		18,661	17,908	37,072	33,239
Impairments         3,394         2,886         5,708         13,674           Depreciation, depletion and amortization         27,918         25,522         51,826         46,585           Accretion of liability for asset retirement obligations         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         11         11,695         58,494         38,333           Interest expense         50         17         88         27           Interest expense         50,903         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488) <tr< td=""><td>Transportation</td><td></td><td>99</td><td>236</td><td>250</td><td>371</td></tr<>	Transportation		99	236	250	371
Depreciation, depletion and amortization         27,918         25,522         51,826         46,585           Accretion of liability for asset retirement obligations         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         50         17         88         27           Interest expense         5,093         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         21,060         (15,130)         (21,954)         (6	Exploration expenditures and dry hole costs		2,587	822	16,896	1,370
Accretion of liability for asset retirement obligations         3,411         3,804         6,559         7,379           General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         31,199         31,259         58,494         38,333           Other income (expense):         50         17         88         27           Interest income         50         17         88         27           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           <	Impairments		3,394	2,886	5,708	13,674
General and administrative         5,654         4,796         10,998         10,083           Taxes, other than on earnings         2,904         3,695         6,645         7,013           Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         5         17         88         27           Interest income         5,093         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         9.99         9.62         9.94         9.026           Diluted earnings per s	Depreciation, depletion and amortization		27,918	25,522	51,826	46,585
Taxes, other than on earnings Other         2,904 3,695 3,645 7,013         7,013 2,001           Other         3,443 1,902 3,618 2,032         2,032           Total costs and expenses         68,071 61,571 139,572 121,746           Income from operations         31,199 31,259 58,494 38,333           Other income (expense):         50 17 88 27           Interest income         5,093 4,974 (9,967) (7,444)           Gain (loss) on derivative instruments         30,305 13,831 10,243 (11,694)           Loss on early extinguishment of debt         25,262 8,874 364 (21,488)           Income before income taxes         56,461 40,133 58,858 16,845           Income tax expense         (21,060) (15,130) (21,954) (6,351)           Net income         35,401 25,003 36,904 10,494           Basic earnings per share         9,090 \$0,62 \$0,94 \$0,26           Diluted earnings per share         9,090 \$0,62 \$0,94 \$0,26           Diluted earnings per share         38,914 40,109 39,018 40,095			3,411	3,804	6,559	7,379
Other         3,443         1,902         3,618         2,032           Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         50         17         88         27           Interest income         50         17         88         27           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Diluted earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Weighted average common shares used in comp	General and administrative		5,654	4,796	10,998	10,083
Total costs and expenses         68,071         61,571         139,572         121,746           Income from operations         31,199         31,259         58,494         38,333           Other income (expense):         50         17         88         27           Interest income         50         17         88         27           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$0,90         0.62         0.94         0.26           Diluted earnings per share         \$0,90         0.62         0.94         0.26           Weighted average common shares used in computing earnings per share         38,914         40,109         39,018         40,095 <td>Taxes, other than on earnings</td> <td></td> <td>2,904</td> <td>3,695</td> <td>6,645</td> <td>7,013</td>	Taxes, other than on earnings		2,904	3,695	6,645	7,013
Income from operations   31,199   31,259   58,494   38,333     Other income (expense):	Other		3,443	1,902	3,618	2,032
Income from operations   31,199   31,259   58,494   38,333     Other income (expense):						
Income from operations   31,199   31,259   58,494   38,333     Other income (expense):	Total costs and expenses		68.071	61.571	139.572	121.746
Other income (expense):         50         17         88         27           Interest income         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Diluted earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Weighted average common shares used in computing earnings per share:         38,914         40,109         39,018         40,095	Total Costs and Cripolises		00,071	01,071	10,0,0,2	121,710
Other income (expense):         50         17         88         27           Interest income         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Diluted earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Weighted average common shares used in computing earnings per share:         38,914         40,109         39,018         40,095	Income from energtions		21 100	21 250	59 404	29 222
Interest income         50         17         88         27           Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         9.090         9.062         9.094         9.026           Weighted average common shares used in computing earnings per share:         8.090         9.062         9.094         9.026           Basic         38,914         40,109         39,018         40,095			31,199	31,239	30,494	36,333
Interest expense         (5,093)         (4,974)         (9,967)         (7,444)           Gain (loss) on derivative instruments         30,305         13,831         10,243         (11,694)           Loss on early extinguishment of debt         25,262         8,874         364         (21,488)           Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$0.90         \$0.62         \$0.94         \$0.26           Weighted average common shares used in computing earnings per share:         38,914         40,109         39,018         40,095			50	17	00	27
Gain (loss) on derivative instruments       30,305       13,831       10,243       (11,694)         Loss on early extinguishment of debt       25,262       8,874       364       (21,488)         Income before income taxes       56,461       40,133       58,858       16,845         Income tax expense       (21,060)       (15,130)       (21,954)       (6,351)         Net income       35,401       25,003       36,904       10,494         Basic earnings per share       \$0.90       \$0.62       \$0.94       \$0.26         Diluted earnings per share       \$0.90       \$0.62       \$0.94       \$0.26         Weighted average common shares used in computing earnings per share:       38,914       40,109       39,018       40,095						
C2,377   C						
Second Register   Second Reg			30,303	13,031	10,243	
Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$ 0.90         \$ 0.62         \$ 0.94         \$ 0.26           Diluted earnings per share         \$ 0.90         \$ 0.62         \$ 0.94         \$ 0.26           Weighted average common shares used in computing earnings per share:         38,914         40,109         39,018         40,095	Loss on early extinguishment of deot					(2,377)
Income before income taxes         56,461         40,133         58,858         16,845           Income tax expense         (21,060)         (15,130)         (21,954)         (6,351)           Net income         35,401         25,003         36,904         10,494           Basic earnings per share         \$ 0.90         \$ 0.62         \$ 0.94         \$ 0.26           Diluted earnings per share         \$ 0.90         \$ 0.62         \$ 0.94         \$ 0.26           Weighted average common shares used in computing earnings per share:         38,914         40,109         39,018         40,095			27.2/2	0.0=4	24	(24.400)
Income tax expense       (21,060)       (15,130)       (21,954)       (6,351)         Net income       35,401       25,003       36,904       10,494         Basic earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Diluted earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Weighted average common shares used in computing earnings per share:       38,914       40,109       39,018       40,095						
Net income       35,401       25,003       36,904       10,494         Basic earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Diluted earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Weighted average common shares used in computing earnings per share:         Basic       38,914       40,109       39,018       40,095					,	
Basic earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Diluted earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Weighted average common shares used in computing earnings per share:         Basic       38,914       40,109       39,018       40,095	Income tax expense		(21,060)	(15,130)	(21,954)	(6,351)
Basic earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Diluted earnings per share       \$ 0.90       \$ 0.62       \$ 0.94       \$ 0.26         Weighted average common shares used in computing earnings per share:         Basic       38,914       40,109       39,018       40,095						
Diluted earnings per share \$ 0.90 \$ 0.62 \$ 0.94 \$ 0.26 Weighted average common shares used in computing earnings per share:  Basic \$ 38,914 40,109 39,018 40,095	Net income		35,401	25,003	36,904	10,494
Diluted earnings per share \$ 0.90 \$ 0.62 \$ 0.94 \$ 0.26 Weighted average common shares used in computing earnings per share:  Basic \$ 38,914 40,109 39,018 40,095						
Weighted average common shares used in computing earnings per share:  Basic 38,914 40,109 39,018 40,095	Basic earnings per share	9	0.90	\$ 0.62	\$ 0.94	\$ 0.26
Basic 38,914 40,109 39,018 40,095		9	0.90	\$ 0.62	\$ 0.94	\$ 0.26
Basic 38,914 40,109 39,018 40,095						
Diluted 39,027 40,237 39,132 40,217			38,914	40,109	39,018	40,095
	Diluted		39,027	40,237	39,132	40,217

See accompanying notes to condensed consolidated financial statements.

#### ENERGY PARTNERS, LTD. AND SUBSIDIARIES

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (UNAUDITED)

	Six Months Ended June 30,	
(In thousands)	2012	2011
Cash flows from operating activities:		2011
Net income	\$ 36,904	\$ 10,494
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	51,826	46,585
Accretion of liability for asset retirement obligations	6,559	7,379
Loss on early extinguishment of debt		2,377
Unrealized gain on derivative contracts	(13,958)	(3,063)
Non-cash compensation	2,318	1,276
Deferred income taxes	21,654	6,334
Exploration expenditures	4,173	131
Impairments	5,708	13,674
Amortization of deferred financing costs and discount on debt	1,004	689
Other	3,401	1,731
Changes in operating assets and liabilities:		
Trade accounts receivable	901	(9,523)
Other receivables		1,283
Prepaid expenses	1,820	(4,814)
Other assets	(78)	