

PRIMEENERGY CORP
Form 10-Q/A
September 03, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

AMENDMENT NO. 1

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 2009

Or

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From _____ to _____

Commission File Number 0-7406

PrimeEnergy Corporation

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of

84-0637348
(IRS employer

incorporation or organization)

identification number)

One Landmark Square, Stamford, Connecticut 06901

(Address of principal executive offices)

(203) 358-5700

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicated 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 filings required 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, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer" and "smaller reporting company" in Rule 12-B of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

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

Smaller Reporting Company

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of each class of the Registrant's Common Stock as of August 11, 2009 was: Common Stock, \$0.10 par value, 3,040,872 shares.

EXPLANATORY NOTE

We are filing this Amendment No. 1 to our Quarterly Report on Form 10-Q, or Form 10-Q/A, to amend Item 1 in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, or the Quarterly report, which was originally filed with the Securities and Exchange Commission, or the SEC, on August 14, 2009. The diluted income (loss) per common share was incorrect on the face of the income statement as well as in Note 12 of The Notes to Consolidated Financial Statements. The error does not affect any other amounts reported on the corresponding financial statements for the periods reported. In addition, we are filing or furnishing, as indicated in this Form 10-Q/A, as exhibits, the required currently dated certifications.

The Form 10-Q/A is limited in scope to such items and does not amend, update, or change any other items or disclosures contained in the Quarterly Report. Accordingly, other items that remain unaffected are omitted in this filing. Except as described in this paragraph, we do not purport by this Form 10-Q/A to update any of the information contained in the Quarterly Report.

References in this Form 10-Q/A to we , us , the Company and PEC refer to PrimeEnergy Corporation and its wholly- owned subsidiaries, unless otherwise indicated or as otherwise required by the context.

PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PrimeEnergy Corporation

Consolidated Balance Sheet

June 30, 2009 and December 31, 2008

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,199,000	\$ 11,808,000
Restricted cash and cash equivalents	5,482,000	8,027,000
Accounts receivable (net)	11,432,000	18,257,000
Due from related parties	893,000	678,000
Prepaid expenses	2,067,000	1,302,000
Derivative contracts		1,755,000
Inventory at cost	4,515,000	4,532,000
Deferred income tax	772,000	30,000
Total current assets	35,360,000	46,389,000
Property and equipment, at cost		
Oil and gas properties (successful efforts method), net	196,231,000	212,149,000
Field service equipment and other, net	7,740,000	8,316,000
Net property and equipment	203,971,000	220,465,000
Other assets	492,000	976,000
Total assets	\$ 239,823,000	\$ 267,830,000

See accompanying notes to the consolidated financial statements.

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PrimeEnergy Corporation

Consolidated Balance Sheet

June 30, 2009 and December 31, 2008

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
LIABILITIES and STOCKHOLDERS EQUITY		
Current liabilities:		
Current bank debt	\$ 8,870,000	\$ 16,970,000
Accounts payable	22,959,000	26,715,000
Current portion of asset retirement and other long-term obligation	3,512,000	1,461,000
Derivative liability short term	690,000	387,000
Accrued liabilities	4,803,000	10,477,000
Due to related parties	426,000	233,000
Total current liabilities	41,260,000	56,243,000
Long-term bank debt	88,000,000	87,170,000
Indebtedness to related parties	20,000,000	20,000,000
Asset retirement obligation	17,818,000	18,650,000
Derivative liability long term		146,000
Deferred income taxes	22,777,000	25,688,000
Total liabilities	189,855,000	207,897,000
Stockholders' equity: (Note 13)		
Preferred stock, \$.10 par value, authorized 5,000,000 shares, none issued		
Common stock, \$.10 par value, authorized 10,000,000 shares; issued 7,694,970 in 2009 and 2008	769,000	769,000
Paid in capital	10,972,000	11,024,000
Retained earnings	65,774,000	73,426,000
Accumulated other comprehensive income, net	(441,000)	1,009,000
	77,074,000	86,228,000
Treasury stock, at cost, 4,654,098 common shares at 2009 and 4,647,316 common shares at 2008	(37,208,000)	(36,940,000)
Total stockholders' equity	39,866,000	49,288,000
Non-controlling interest	10,102,000	10,645,000
Total equity	49,968,000	59,933,000
Total liabilities and equity	\$ 239,823,000	\$ 267,830,000

See accompanying notes to the consolidated financial statements.

PrimeEnergy Corporation

Consolidated Statement of Operations

Six Months Ended June 30, 2009 and 2008

(Unaudited)

	2009	2008
Revenue:		
Oil and gas sales	\$ 32,549,000	\$ 74,648,000
Field service income	9,182,000	12,749,000
Administrative overhead fees	4,317,000	4,499,000
Other income	15,000	197,000
Total revenue	46,063,000	92,093,000
Costs and expenses:		
Lease operating expense	16,678,000	21,160,000
Field service expense	8,204,000	9,583,000
Depreciation, depletion and amortization	22,132,000	35,629,000
Loss on settlement of asset retirement obligation	1,611,000	
General and administrative expense	5,620,000	7,290,000
Exploration costs		299,000
Total costs and expenses	54,245,000	73,961,000
Gain (loss) on sale and exchange of assets	200,000	78,000
Income (loss) from operations	(7,982,000)	18,210,000
Other income and expenses:		
Less: interest expense	3,135,000	4,376,000
Add interest income	38,000	261,000
Income (loss) before provision (benefit) for income taxes	(11,079,000)	14,095,000
Provision (benefit) for income taxes	(3,610,000)	3,451,000
Net income (loss)	(7,469,000)	10,644,000
Less: Net income attributable to non-controlling interest	183,000	3,894,000
Net income (loss) attributable to PrimeEnergy	\$ (7,652,000)	\$ 6,750,000
Basic income (loss) per common share	\$ (2.51)	\$ 2.20
Diluted income (loss) per common share	\$ (2.51)	\$ 1.76

See accompanying notes to the consolidated financial statements.

PrimeEnergy Corporation

Consolidated Statement of Operations

Three Months Ended June 30, 2009 and 2008

(Unaudited)

	2009	2008
Revenue:		
Oil and gas sales	\$ 16,511,000	\$ 40,547,000
Field service income	4,224,000	6,494,000
Administrative overhead fees	2,048,000	2,300,000
Other income	3,000	(5,000)
Total revenue	22,786,000	49,336,000
Costs and expenses:		
Lease operating expense	8,451,000	11,454,000
Field service expense	4,139,000	4,804,000
Depreciation, depletion and amortization	10,364,000	18,709,000
Loss on settlement of asset retirement obligation	1,611,000	
General and administrative expense	2,757,000	4,065,000
Exploration costs		242,000
Total costs and expenses	27,322,000	39,274,000
Gain (loss) on sale and exchange of assets	104,000	93,000
Income (loss) from operations	(4,432,000)	10,155,000
Other income and expenses:		
Less: interest expense	1,569,000	1,929,000
Add interest income	28,000	104,000
Income (loss) before provision (benefit) for income taxes	(5,973,000)	8,330,000
Provision (benefit) for income taxes	(1,987,000)	2,063,000
Net income (loss)	(3,986,000)	6,267,000
Less: Net income attributable to non-controlling interest	168,000	2,248,000
Net income (loss) attributable to PrimeEnergy	\$ (4,154,000)	\$ 4,019,000
Basic income (loss) per common share	\$ (1.37)	\$ 1.31
Diluted income (loss) per common share	\$ (1.37)	\$ 1.05

See accompanying notes to the consolidated financial statements.

PrimeEnergy Corporation

Consolidated Statement of Stockholders' Equity

Six Months Ended June 30, 2009

(Unaudited)

	Common Stock		Paid in Capital	Retained Earnings	Accumulated	Treasury Stock	Total Stockholders Equity	Non- Controlling Interest	Total Equity
	Shares	Amount			Other Comprehensive Income/Loss				
Balance at December 31, 2008	7,694,970	\$ 769,000	\$ 11,024,000	\$ 73,426,000	\$ 1,009,000	\$ (36,940,000)	\$ 49,288,000	\$ 10,645,000	\$ 59,933,000
Purchased 6,782 shares of common stock						(268,000)	(268,000)		(268,000)
Net loss				(7,652,000)			(7,652,000)	183,000	(7,469,000)
Other comprehensive income (loss), net of taxes					(1,450,000)		(1,450,000)		(1,450,000)
Purchase of non-controlling interests			(52,000)				(52,000)	(95,000)	(147,000)
Distributions to non-controlling interests								(631,000)	(631,000)
Balance at June 30, 2009	7,694,970	\$ 769,000	\$ 10,972,000	\$ 65,774,000	\$ (441,000)	\$ (37,208,000)	\$ 39,866,000	\$ 10,102,000	\$ 49,968,000

See accompanying notes to the consolidated financial statements.

PrimeEnergy Corporation

Consolidated Statement of Comprehensive Income