

GULFPORT ENERGY CORP
Form 10-Q
May 09, 2013
Table of Contents

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 March 31, 2013
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 (Zip Code)
(Address of Principal Executive Offices)
(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 May 1, 2013, 77,375,107 shares of common stock were outstanding.

Table of Contents

GULFPORT ENERGY CORPORATION
TABLE OF CONTENTS

	Page
<u>PART I FINANCIAL INFORMATION</u>	
Item 1.	<u>Consolidated Financial Statements (unaudited):</u>
	<u>Consolidated Balance Sheets at March 31, 2013 and December 31, 2012</u> 3
	<u>Consolidated Statements of Operations for the Three Months Ended March 31, 2013 and 2012</u> 4
	<u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2013 and 2012</u> 5
	<u>Consolidated Statements of Stockholders' Equity for the Three Months Ended March 31, 2013 and 2012</u> 6
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012</u> 7
	<u>Notes to Consolidated Financial Statements</u> 8
Item 2.	<u>Management's Discussion and Analysis of Financial Conditions and Results of Operations</u> 25
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 38
Item 4.	<u>Controls and Procedures</u> 39
<u>PART II OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u> 40
Item 1A.	<u>Risk Factors</u> 41
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 41
Item 3.	<u>Defaults Upon Senior Securities</u> 41
Item 4.	<u>Mine Safety Disclosures</u> 41
Item 5.	<u>Other Information</u> 42
Item 6.	<u>Exhibits</u> 42
	<u>Signatures</u> S -1

Table of Contents

GULFPORT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2013	December 31, 2012
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$225,980	\$167,088
Accounts receivable—oil and gas	22,023	25,615
Accounts receivable—related parties	37,062	34,848
Prepaid expenses and other current assets	1,435	1,506
Short-term derivative instruments	343	664
Total current assets	286,843	229,721
Property and equipment:		
Oil and natural gas properties, full-cost accounting, \$869,879 and \$626,295 excluded from amortization in 2013 and 2012, respectively	1,932,419	1,611,090
Other property and equipment	8,924	8,662
Accumulated depletion, depreciation, amortization and impairment	(688,467) (665,884
Property and equipment, net	1,252,876	953,868
Other assets:		
Equity investments (\$212,413 and \$151,317 attributable to fair value option in 2013 and 2012, respectively)	451,592	381,484
Other assets	13,159	13,295
Total other assets	464,751	394,779
Total assets	\$2,004,470	\$1,578,368
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$109,777	\$110,244
Asset retirement obligation—current	780	60
Short-term derivative instruments	9,689	10,442
Deferred tax liability	158	—
Current maturities of long-term debt	152	150
Total current liabilities	120,556	120,896
Asset retirement obligation—long-term	12,560	13,215
Deferred tax liability	45,382	18,607
Long-term debt, net of current maturities	298,921	298,888
Other non-current liabilities	142	354
Total liabilities	477,561	451,960
Commitments and contingencies (Note 11)		
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, 77,375,107 issued and outstanding in 2013 and 67,527,386 in 2012	773	674
Paid-in capital	1,395,288	1,036,245
Accumulated other comprehensive income (loss)	(6,629) (3,429
Retained earnings	137,477	92,918

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Total stockholders' equity	1,526,909	1,126,408
Total liabilities and stockholders' equity	\$2,004,470	\$1,578,368
See accompanying notes to consolidated financial statements.		

3

Table of Contents

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands, except share data)	
Revenues:		
Oil and condensate sales	\$53,080	\$64,004
Gas sales	1,466	613
Natural gas liquid sales	324	806
Other income	130	38
	55,000	65,461
Costs and expenses:		
Lease operating expenses	5,172	5,849
Production taxes	7,287	7,769
Depreciation, depletion, and amortization	22,583	21,395
General and administrative	4,412	3,009
Accretion expense	175	176
Loss on sale of assets	427	—
	40,056	38,198
INCOME FROM OPERATIONS	14,944	27,263
OTHER (INCOME) EXPENSE:		
Interest expense	3,479	153
Interest income	(79) (27
(Income) loss from equity method investments	(61,210) 268
	(57,810) 394
INCOME BEFORE INCOME TAXES	72,754	26,869
INCOME TAX EXPENSE	28,195	—
NET INCOME	\$44,559	\$26,869
NET INCOME PER COMMON SHARE:		
Basic	\$0.61	\$0.48
Diluted	\$0.61	\$0.48
Weighted average common shares outstanding—Basic	72,830,215	55,626,208
Weighted average common shares outstanding—Diluted	73,334,848	56,247,609

See accompanying notes to consolidated financial statements.

Table of Contents

GULFPORT ENERGY CORPORATION
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Net income	\$44,559	\$26,869
Foreign currency translation adjustment	(3,567) 939
Change in fair value of derivative instruments (1)	(1,430) (10,621)
Reclassification of settled contracts (2)	1,797	(100)
Other comprehensive (loss)	(3,200) (9,782)
Comprehensive income	\$41,359	\$17,087

(1) Net of \$(0.9) million and \$0.0 million in taxes for the three months ended March 31, 2013, and 2012, respectively.

(2) Net of \$1.2 million and \$0.0 million in taxes for the three months ended March 31, 2013 and 2012, respectively.

See accompanying notes to consolidated financial statements.

Table of Contents

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional	Accumulated	Retained	Total
	Shares	Amount	Paid-in	Other	Earnings	Stockholders'
			Capital	Comprehensive		Equity
				Income (Loss)		
	(In thousands, except share data)					
Balance at January 1, 2013	67,527,386	\$674	\$1,036,245	\$ (3,429)	\$92,918	\$1,126,408
Net income	—	—	—	—	44,559	44,559
Other Comprehensive Loss	—	—	—	(3,200)	—	(3,200)
Stock Compensation	—	—	1,502	—	—	1,502
Issuance of Common Stock in public offerings, net of related expenses	9,812,500	99	357,541	—	—	357,640
Issuance of Restricted Stock	35,221	—	—	—	—	—
Balance at March 31, 2013	77,375,107	\$773	\$1,395,288	\$ (6,629)	\$137,477	\$1,526,909
Balance at January 1, 2012	55,621,371	\$556	\$604,584	\$ 2,663	\$24,547	\$632,350
Net income	—	—	—	—	26,869	26,869
Other Comprehensive Loss	—	—	—	(9,782)	—	(9,782)
Stock Compensation	—	—	1,135	—	—	1,135
Issuance of Restricted Stock	28,346	—	—	—	—	—
Balance at March 31, 2012	55,649,717	\$556	\$605,719	\$ (7,119)	\$51,416	\$650,572

See accompanying notes to consolidated financial statements.

Table of Contents

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Cash flows from operating activities:		
Net income	\$44,559	\$26,869
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of discount—Asset Retirement Obligation	175	176
Depletion, depreciation and amortization	22,583	21,395
Stock-based compensation expense	901	681
(Gain) loss from equity investments	(61,210)) 268
Unrealized loss on derivative instruments	171	266
Deferred income tax expense	28,195	—
Amortization of loan commitment fees	254	112
Amortization of note discount and premium	72	—
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	3,592	(1,718)
Increase in accounts receivable—related party	(2,214)) (463)
Decrease (increase) in prepaid expenses	71	(57)