

MAGELLAN PETROLEUM CORP /DE/
Form 10-Q
May 15, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended March 31, 2015

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

For the transition period from to

Commission File Number 001-5507

MAGELLAN PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

06-0842255

(I.R.S. Employer
Identification No.)

1775 Sherman Street, Suite 1950, Denver, CO

(Address of principal executive offices)

(720) 484-2400

(Registrant's telephone number, including area code)

80203

(Zip 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

The number of shares outstanding of the issuer's single class of common stock as of May 13, 2015 was 45,701,107, which is net of 9,675,114 treasury shares held by the registrant.

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ITEM 1 FINANCIAL STATEMENTS (UNAUDITED)MAGELLAN PETROLEUM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except share amounts)

	March 31, 2015	June 30, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$3,031	\$16,422
Securities available-for-sale	4,122	11,935
Accounts receivable — trade	287	886
Accounts receivable — working interest partners	218	—
Inventories	656	739
Prepaid and other assets	1,899	2,105
Total current assets	10,213	32,087
PROPERTY AND EQUIPMENT, NET (SUCCESSFUL EFFORTS METHOD):		
Proved oil and gas properties	29,850	29,335
Less accumulated depletion, depreciation, and amortization	(4,056) (3,575
Unproved oil and gas properties	695	550
Wells in progress	27,464	21,296
Land, buildings, and equipment (net of accumulated depreciation of \$633 and \$483 as of March 31, 2015, and June 30, 2014, respectively)	248	368
Net property and equipment	54,201	47,974
OTHER NON-CURRENT ASSETS:		
Goodwill	1,174	1,174
Other long term assets	571	200
Total other non-current assets	1,745	1,374
Total assets	\$66,159	\$81,435
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short term line of credit	\$3,501	\$—
Current portion of asset retirement obligations	356	397
Accounts payable	3,283	3,586
Accrued and other liabilities	2,109	2,121
Accrued dividends	—	429
Total current liabilities	9,249	6,533
LONG TERM LIABILITIES:		
Asset retirement obligations, net of current portion	2,596	2,476
Contingent consideration payable	—	1,852
Other long term liabilities	126	118
Total long term liabilities	2,722	4,446
COMMITMENTS AND CONTINGENCIES (Note 15)		

PREFERRED STOCK (Note 10):

Series A convertible preferred stock (par value \$0.01 per share): Authorized 28,000,000 shares, issued 20,798,719 and 20,089,436 as of March 31, 2015, and June 30, 2014, respectively; liquidation preference of \$29,217 and \$28,220 as of March 31, 2015, and June 30, 2014, respectively	25,406	24,539
Total preferred stock	25,406	24,539

EQUITY:

Common stock (par value \$0.01 per share): Authorized 300,000,000 shares, issued, 55,376,221 and 55,004,838 as of March 31, 2015, and June 30, 2014, respectively	554	550
Treasury stock (at cost): 9,675,114 and 9,425,114 shares as of March 31, 2015, and June 30, 2014, respectively	(9,806) (9,344)
Capital in excess of par value	92,851	92,986
Accumulated deficit	(45,020) (36,266)
Accumulated other comprehensive loss	(9,879) (2,009)
Total equity attributable to Magellan Petroleum Corporation	28,700	45,917
Non-controlling interest in subsidiary	82	—
Total equity	28,782	45,917
Total liabilities, preferred stock and equity	\$66,159	\$81,435

The notes to the condensed consolidated financial statements (unaudited) are an integral part of these financial statements.

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MAGELLAN PETROLEUM CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
 (In thousands, except share and per share amounts)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	March 31,		March 31,	
	2015	2014	2015	2014
REVENUE FROM OIL PRODUCTION	\$688	\$1,907	\$3,543	\$5,674
OPERATING EXPENSES:				
Lease operating	1,417	1,397	3,901	4,714
Depletion, depreciation, amortization, and accretion	246	337	761	