

CALLON PETROLEUM CO
Form 10-Q
November 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended: September 30, 2013

or
 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 001-14039

CALLON PETROLEUM COMPANY

(Exact name of registrant as specified in its charter)

Delaware

64-0844345

(State or other jurisdiction

(I.R.S. Employer

of incorporation or organization)

Identification No.)

200 North Canal Street

Natchez, Mississippi

39120

(Address of principal executive offices)

(Zip Code)

601-442-1601

(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

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

No

Indicate by check mark whether the registrant is a larger accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

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 November 1, 2013 there were outstanding 40,345,456 shares of the Registrant's common stock, par value \$0.01 per share.

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Part I. Financial Information

Item I. Financial Statements

Callon Petroleum Company

Consolidated Balance Sheets

(in thousands, except per share data)

	September 30, 2013 Unaudited	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$869	\$1,139
Accounts receivable	20,072	15,608
Fair market value of derivatives	—	1,674
Deferred tax asset	3,323	—
Other current assets	1,738	1,502
Total current assets	26,002	19,923
Oil and natural gas properties, full-cost accounting method:		
Evaluated properties	1,634,151	1,497,010
Less accumulated depreciation, depletion and amortization	(1,329,866) (1,296,265
Net oil and natural gas properties	304,285	200,745
Unevaluated properties excluded from amortization	50,540	68,776
Total oil and natural gas properties	354,825	269,521
Other property and equipment, net	10,635	10,058
Restricted investments	3,800	3,798
Investment in Medusa Spar LLC	7,776	8,568
Deferred tax asset	60,198	64,383
Other assets, net	4,205	1,922
Total assets	\$467,441	\$378,173
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$49,384	\$36,016
Asset retirement obligations	6,002	2,336
Fair market value of derivatives	1,139	125
Total current liabilities	56,525	38,477
13% Senior Notes:		
Principal outstanding	96,961	96,961
Deferred credit, net of accumulated amortization of \$20,248 and \$17,800, respectively	11,259	13,707
Total 13% Senior Notes	108,220	110,668
Senior secured revolving credit facility	17,000	10,000
Asset retirement obligations	5,505	10,965
Other long-term liabilities	3,579	2,092
Total liabilities	190,829	172,202
Stockholders' equity:		
Preferred stock, series A cumulative, \$0.01 par value and \$50.00 liquidation preference, 2,500 shares authorized: 1,579 and 0 shares	16	—

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outstanding, respectively

Common stock, \$0.01 par value, 60,000 shares authorized; 40,328 and 39,801 shares outstanding, respectively	405	398	
Capital in excess of par value	400,348	328,116	
Retained deficit	(124,157) (122,543)
Total stockholders' equity	276,612	205,971	
Total liabilities and stockholders' equity	\$467,441	\$378,173	

The accompanying notes are an integral part of these consolidated financial statements.

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Callon Petroleum Company
Consolidated Statements of Operations
(Unaudited; in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating revenues:				
Crude oil sales	\$27,014	\$24,061	\$65,615	\$71,883
Natural gas sales	3,783	3,341	10,483	10,174
Total operating revenues	30,797	27,402	76,098	82,057
Operating expenses:				
Lease operating expenses	5,270	5,203	16,412	18,687
Production taxes	991	656	2,217	1,778
Depreciation, depletion and amortization	11,907	11,965	33,603	35,998
General and administrative				