

GULFPORT ENERGY CORP

Form 10-Q

May 08, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED March 31, 2009

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)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

73-1521290
(IRS Employer

Identification Number)

14313 North May Avenue, Suite 100

Oklahoma City, Oklahoma
(Address of Principal Executive Offices)

73134
(Zip Code)

(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 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 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 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 4, 2009, 42,658,511 shares of common stock were outstanding.

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GULFPORT ENERGY CORPORATION

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GULFPORT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 971,000	\$ 5,944,000
Accounts receivable - oil and gas	7,913,000	12,543,000
Accounts receivable - related parties	1,120,000	1,101,000
Prepaid expenses and other current assets	794,000	1,045,000
Short-term derivative instruments	3,521,000	
Total current assets	14,319,000	20,633,000
Property and equipment:		
Oil and natural gas properties, full-cost accounting, \$23,093,000 and \$22,543,000 excluded from amortization in 2009 and 2008, respectively	606,829,000	599,761,000
Other property and equipment	7,179,000	7,168,000
Accumulated depletion, depreciation, amortization and impairment	(452,110,000)	(444,690,000)
Property and equipment, net	161,898,000	162,239,000
Other assets		
Equity investments	25,015,000	25,440,000
Other assets	3,556,000	3,755,000
Note receivable related party	9,393,000	9,153,000
Total other assets	37,964,000	38,348,000
Deferred tax asset	653,000	653,000
Total assets	\$ 214,834,000	\$ 221,873,000
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,755,000	\$ 27,772,000
Asset retirement obligation - current	635,000	635,000
Current maturities of long-term debt	59,837,000	815,000
Total current liabilities	81,227,000	29,222,000
Long-term derivative instruments	1,475,000	
Asset retirement obligation - long-term	8,786,000	8,634,000
Long-term debt, net of current maturities	5,192,000	69,916,000
Total liabilities	96,680,000	107,772,000

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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, 55,000,000 authorized, 42,655,023 issued and outstanding in 2009 and 42,639,201 in 2008

	426,000	426,000
Paid-in capital	273,521,000	273,343,000
Accumulated other comprehensive loss	(3,661,000)	(4,803,000)
Accumulated deficit	(152,132,000)	(154,865,000)
Total stockholders' equity	118,154,000	114,101,000
Total liabilities and stockholders' equity	\$ 214,834,000	\$ 221,873,000

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2009	2008
Revenues:		
Oil and condensate sales	\$ 17,025,000	\$ 28,654,000
Gas sales	383,000	1,804,000
Natural gas liquids sales	452,000	812,000
Other income (expense)	(76,000)	(152,000)
	17,784,000	31,118,000
Costs and expenses:		
Lease operating expenses	4,987,000	3,739,000
Production taxes	1,885,000	3,431,000
Depreciation, depletion, and amortization	7,420,000	9,466,000
General and administrative	1,136,000	1,685,000
Accretion expense	142,000	137,000
	15,570,000	18,458,000
INCOME FROM OPERATIONS:	2,214,000	12,660,000
OTHER (INCOME) EXPENSE:		
Interest expense	633,000	1,234,000
Insurance proceeds	(1,050,000)	
Interest income	(102,000)	(80,000)
	(519,000)	1,154,000
INCOME BEFORE INCOME TAXES	2,733,000	11,506,000
INCOME TAX EXPENSE:		
NET INCOME	\$ 2,733,000	\$ 11,506,000
NET INCOME PER COMMON SHARE:		
Basic	\$ 0.06	\$ 0.27
Diluted	\$ 0.06	\$ 0.27

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Common Stock		Additional	Accumulated	Retained Earnings	Total
	Shares	Amount	Paid-in	Other	(Accumulated	Stockholders
			Capital	Comprehensive	Deficit)	Equity
				Income (Loss)		
Balance at January 1, 2009	42,639,201	\$ 426,000	\$ 273,343,000	\$ (4,803,000)	\$ (154,865,000)	\$ 114,101,000
Net income					2,733,000	2,733,000
Other Comprehensive Income:						
Foreign currency translation adjustment				(904,000)		(904,000)
Change in fair value of derivative instruments				3,589,000		3,589,000
Reclassification of settled contracts				(1,543,000)		(1,543,000)
Total Comprehensive Income						3,875,000
Stock Compensation			175,000			175,000
Issuance of Restricted Stock	14,072					
Issuance of Common Stock through exercise of options	1,750		3,000			3,000
Balance at March 31, 2009	42,655,023	\$ 426,000	\$ 273,521,000	\$ (3,661,000)	\$ (152,132,000)	\$ 118,154,000
Balance at January 1, 2008	42,453,587	\$ 424,000	\$ 271,807,000	\$ 2,254,000	\$ 29,637,000	\$ 304,122,000
Net income					11,506,000	11,506,000
Other Comprehensive Income:						
Foreign currency translation adjustment				(1,072,000)		(1,072,000)
Total Comprehensive Income						10,434,000
Stock Compensation			270,000			270,000
Issuance of Restricted Stock	8,622					
Issuance of Common Stock through exercise of options	119,121	2,000	394,000			396,000
Balance at March 31, 2008	42,581,330	\$ 426,000	\$ 272,471,000	\$ 1,182,000	\$ 41,143,000	\$ 315,222,000

See accompanying notes to consolidated financial statements.

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GULFPORT ENERGY CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

**Three Months Ended
March 31,
2009 2008**

Cash flows from operating activities: