

VAALCO ENERGY INC /DE/

Form 10-Q

August 08, 2016

Table of Contents

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 June 30, 2016

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 1-32167

VAALCO Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of Incorporation or organization)	76 0274813 (I.R.S. Employer Identification No.)
9800 Richmond Avenue Suite 700 Houston, Texas (Address of principal executive offices)	77042 (Zip code)

(713) 623-0801

(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 Exchange Act 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 website, 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.

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 Exchange Act Rule 12b-2).

Yes No

As of July 29, 2016, there were outstanding 58,386,243 shares of common stock, \$0.10 par value per share, of the registrant.

Table of Contents

VAALCO ENERGY, INC. AND SUBSIDIARIES

Table of Contents

<u>PART I. FINANCIAL INFORMATION</u>	
<u>ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets</u>	
<u>June 30, 2016 and December 31, 2015</u>	3
<u>Condensed Consolidated Statements of Operations</u>	
<u>Three and Six Months Ended June 30, 2016 and 2015</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	
<u>Six Months Ended June 30, 2016 and 2015</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	15
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	23
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	24
<u>PART II. OTHER INFORMATION</u>	24
<u>ITEM 1. LEGAL PROCEEDINGS</u>	24
<u>ITEM 1A. RISK FACTORS</u>	25
<u>ITEM 6. EXHIBITS</u>	26

Unless the context otherwise indicates, references to "VAALCO," "the Company", "we," "our," or "us" in this Form 10-Q are references to VAALCO Energy, Inc., including its wholly-owned subsidiaries.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

VAALCO ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except number of shares and par value amounts)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,681	\$ 25,357
Restricted cash	783	1,048
Receivables:		
Trade	7,363	5,353
Accounts with partners	12,220	27,856
Other	100	42
Crude oil inventory	704	639
Materials and supplies	161	194
Prepayments and other	3,630	3,253
Total current assets	38,642	63,742
Property and equipment - successful efforts method:		
Wells, platforms and other production facilities	410,423	412,593
Undeveloped acreage	10,000	10,000
Equipment and other	10,545	10,948
	430,968	433,541
Accumulated depreciation, depletion, amortization and impairment	(403,888)	(400,168)
Net property and equipment	27,080	33,373
Other noncurrent assets:		
Restricted cash	15,830	15,830
Value added tax and other receivables, net of allowance of \$4.8 million and \$4.2 million at June 30, 2016 and December 31, 2015	4,968	4,221
Deferred finance charge	-	1,655
Abandonment funding	5,137	5,137
Total assets	\$ 91,657	\$ 123,958

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable \$