

GOODRICH PETROLEUM CORP
Form 10-Q
August 07, 2012
[Table of Contents](#)

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2012

OR

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

Commission file number: 001-12719

GOODRICH PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Edgar Filing: GOODRICH PETROLEUM CORP - Form 10-Q

Delaware
(State or other jurisdiction of

76-0466193
(I.R.S. Employer

incorporation or organization)

Identification No.)

801 Louisiana, Suite 700

Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): (713) 780-9494

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 ☐ 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 Registrant's common stock as of August 1, 2012 was 36,391,165.

Table of Contents

GOODRICH PETROLEUM CORPORATION AND SUBSIDIARY

TABLE OF CONTENTS

PART I	<u>FINANCIAL INFORMATION</u>	Page
ITEM 1	<u>FINANCIAL STATEMENTS</u>	3
	<u>Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011</u>	3
	<u>Consolidated Statements of Operations for the three and six months ended June 30, 2012 and 2011</u>	4
	<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2012 and 2011</u>	5
	<u>Notes to Consolidated Financial Statements</u>	6
ITEM 2	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	17
ITEM 3	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	28
ITEM 4	<u>CONTROLS AND PROCEDURES</u>	29
PART II	<u>OTHER INFORMATION</u>	30
ITEM 1	<u>LEGAL PROCEEDINGS</u>	30
ITEM 1A	<u>RISK FACTORS</u>	30
ITEM 6	<u>EXHIBITS</u>	31

Table of Contents**PART 1 FINANCIAL INFORMATION****Item 1 Financial Statements****GOODRICH PETROLEUM CORPORATION AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS****(In thousands, except share amounts)**

	June 30, 2012 (unaudited)	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,955	\$ 3,347
Accounts receivable, trade and other, net of allowance	9,560	7,594
Income taxes receivable	147	340
Accrued oil and natural gas revenue	14,728	20,420
Fair value of oil and natural gas derivatives	40,070	56,486
Inventory	4,255	8,627
Prepaid expenses and other	1,418	4,315
Total current assets	72,133	101,129
PROPERTY AND EQUIPMENT:		
Oil and natural gas properties (successful efforts method)	1,678,180	1,542,406
Furniture, fixtures and equipment	5,977	5,654
	1,684,157	1,548,060
Less: Accumulated depletion, depreciation and amortization	(896,351)	(824,894)
Net property and equipment	787,806	723,166
Fair value of oil and natural gas derivatives	1,302	
Deferred tax assets	13,944	19,720
Deferred financing cost and other	17,673	18,088
TOTAL ASSETS	\$ 892,858	\$ 862,103
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 52,189	\$ 46,095
Accrued liabilities	45,716	43,874
Accrued abandonment costs	474	5,176
Deferred tax liabilities current	13,944	19,720
Total current liabilities	112,323	114,865
LONG-TERM DEBT	626,510	566,126
Accrued abandonment costs	17,320	12,249
Fair value of oil and natural gas derivatives	6,059	17,420
Transportation obligation	7,213	7,743
Total liabilities	769,425	718,403

Edgar Filing: GOODRICH PETROLEUM CORP - Form 10-Q

Commitments and contingencies (See Note 8)		
STOCKHOLDERS' EQUITY:		
Preferred stock: 10,000,000 shares authorized: Series B convertible preferred stock, \$1.00 par value, issued and outstanding 2,250,000 shares	2,250	2,250
Common stock: \$0.20 par value, 100,000,000 shares authorized; issued and outstanding 36,388,801 and 36,378,508 shares, respectively	7,278	7,276
Treasury stock (530 and 44,826 shares, respectively)	(8)	(689)
Additional paid in capital	644,795	641,790
Retained earnings (accumulated deficit)	(530,882)	(506,927)
Total stockholders' equity	123,433	143,700
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 892,858	\$ 862,103

See accompanying notes to consolidated financial statements.

Table of Contents**GOODRICH PETROLEUM CORPORATION AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, Except Per Share Amounts)****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
REVENUES:				
Oil and natural gas revenues	\$ 41,411	\$ 52,434	\$ 86,788	\$ 93,352
Other	(65)	437	(134)	750
	41,346	52,871	86,654	94,102
OPERATING EXPENSES:				
Lease operating expense	6,695	5,215	15,049	10,118
Production and other taxes	2,087	1,645	4,080	2,595
Transportation and processing	3,522	2,301	7,650	4,687
Depreciation, depletion and amortization	34,562	30,927	66,840	55,886
Exploration	2,019	2,325	4,232	4,741
Impairment		1,050	2,662	1,050
General and administrative	6,690	7,328	14,611	15,578
Gain on sale of assets	(72)		(72)	(236)
	55,503	50,791	115,052	94,419
Operating income (loss)	(14,157)	2,080	(28,398)	(317)
OTHER INCOME (EXPENSE):				
Interest expense	(13,089)	(12,965)	(26,002)	(23,793)
Interest income and other	1	10	1	22
Gain on derivatives not designated as hedges	24,043	10,954	33,468	944
Gain on extinguishment of debt		3		58
	10,955	(1,998)	7,467	(22,769)
Income (loss) before income taxes	(3,202)	82	(20,931)	(23,086)
Income tax benefit				
Net income (loss)	(3,202)	82	(20,931)	(23,086)
Preferred stock dividends	1,512	1,512	3,024	3,024
Net loss applicable to common stock	\$ (4,714)	\$ (1,430)	\$ (23,955)	\$ (26,110)
PER COMMON SHARE				
Net loss applicable to common stock - basic	\$ (0.13)	\$ (0.04)	\$ (0.66)	\$ (0.72)
Net loss applicable to common stock - diluted	\$ (0.13)	\$ (0.04)	\$ (0.66)	\$ (0.72)
Weighted average common shares outstanding - basic	36,366	36,110	36,352	36,093
Weighted average common shares outstanding - diluted	36,366	36,110	36,352	36,093

See accompanying notes to consolidated financial statements.

Table of Contents

GOODRICH PETROLEUM CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (20,931)	\$ (23,086)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and amortization	66,840	55,886
Unrealized loss on derivatives not designated as hedges	3,753	12,168
Impairment	2,662	1,050
Amortization of leasehold costs	2,551	2,977
Share based compensation (non-cash)	3,035	3,177
Gain on sale of assets	(72)	