

LINN ENERGY, LLC
Form 10-Q
April 29, 2015

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 March 31, 2015

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: 000-51719

LINN ENERGY, LLC

(Exact name of registrant as specified in its charter)

Delaware

65-1177591

(State or other jurisdiction of incorporation or
organization)

(IRS Employer
Identification No.)

600 Travis, Suite 4900

77002

Houston, Texas

(Zip Code)

(Address of principal executive offices)

(281) 840-4000

(Registrant's telephone number, including area code)

600 Travis, Suite 5100

Houston, Texas 77002

(Former address of principal executive offices)

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) 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 registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of March 31, 2015, there were 336,887,489 units outstanding.

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GLOSSARY OF TERMS

As commonly used in the oil and natural gas industry and as used in this Quarterly Report on Form 10-Q, the following terms have the following meanings:

Bbl. One stock tank barrel or 42 United States gallons liquid volume.

Bcf. One billion cubic feet.

Bcfe. One billion cubic feet equivalent, determined using a ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

Btu. One British thermal unit, which is the heat required to raise the temperature of a one-pound mass of water from 58.5 degrees to 59.5 degrees Fahrenheit.

MBbls. One thousand barrels of oil or other liquid hydrocarbons.

MBbls/d. MBbls per day.

Mcf. One thousand cubic feet.

Mcfe. One thousand cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

MMBbls. One million barrels of oil or other liquid hydrocarbons.

MMBtu. One million British thermal units.

MMcf. One million cubic feet.

MMcf/d. MMcf per day.

MMcfe. One million cubic feet equivalent, determined using a ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

MMcfe/d. MMcfe per day.

MMMBtu. One billion British thermal units.

NGL. Natural gas liquids, which are the hydrocarbon liquids contained within natural gas.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LINN ENERGY, LLC

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2015	December 31, 2014
	(in thousands, except unit amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$48,312	\$1,809
Accounts receivable – trade, net	340,838	471,684
Derivative instruments	1,119,332	1,077,142
Other current assets	147,969	155,955
Total current assets	1,656,451	1,706,590
Noncurrent assets:		
Oil and natural gas properties (successful efforts method)	18,246,897	18,068,900
Less accumulated depletion and amortization	(5,592,674)	(4,867,682)
	12,654,223	13,201,218
Other property and equipment	682,772	669,149
Less accumulated depreciation	(158,409)	(144,282)
	524,363	524,867
Derivative instruments	949,879	848,097
Other noncurrent assets	135,259	142,737
	1,085,138	990,834
Total noncurrent assets	14,263,724	14,716,919
Total assets	\$15,920,175	\$16,423,509
LIABILITIES AND UNITHOLDERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued expenses	\$608,926	\$814,809
Derivative instruments	899	—
Other accrued liabilities	184,430	167,736
Total current liabilities	794,255	982,545
Noncurrent liabilities:		
Credit facilities	3,148,175	2,968,175
Term loan	500,000	500,000
Senior notes, net	6,750,313	6,827,634
Derivative instruments	1,999	684
Other noncurrent liabilities	598,930	600,866
Total noncurrent liabilities	10,999,417	10,897,359
Commitments and contingencies (Note 10)		

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Unitholders' capital:

336,887,489 units and 331,974,913 units issued and outstanding at March 31, 2015, and December 31, 2014, respectively	5,317,869	5,395,811
Accumulated deficit	(1,191,366) (852,206)
Total liabilities and unitholders' capital	4,126,503	4,543,605
	\$15,920,175	\$16,423,509

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

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LINN ENERGY, LLC
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

	Three Months Ended March 31,	
	2015	2014
	(in thousands, except per unit amounts)	
Revenues and other:		
Oil, natural gas and natural gas liquids sales	\$450,569	\$938,877
Gains (losses) on oil and natural gas derivatives	424,781	(241,493)
Marketing revenues	33,744	30,546
Other revenues	7,453	5,657
	916,547	733,587
Expenses:		
Lease operating expenses	173,021	194,033
Transportation expenses	53,540	45,630
Marketing expenses	28,841	21,072
General and administrative expenses	78,968	79,228
Exploration costs	396	1,091
Depreciation, depletion and amortization	215,014	267,801
Impairment of long-lived assets	532,617	—
Taxes, other than income taxes	54,045	65,713
(Gains) losses on sale of assets and other, net	(12,287) 2,586