PETROHAWK ENERGY CORP
Form 424B2
August 06, 2009

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Filed Pursuant to Rule No. 424(b)(2)
Registration Statement No. 333-137347

CALCULATION OF REGISTRATION FEE

Class of Securities Registered	Proposed Shares Registered(1)	Proposed Offering Price Per Share	Amount of Aggregate Offering Price	Registration Fee(2)
Common Stock, par value $0.001 per share	28,750,000	$22.86	$657,225,000	$36,673

(1) Includes 3,750,000 shares that the underwriters have the option to purchase to cover over-allotments, if any.

(2) The registration fee is being paid on a deferred basis in reliance upon Rules 456(b) and 457(r).

PROSPECTUS SUPPLEMENT
(To Prospectus dated September 15, 2006)

25,000,000 Shares

Common Stock

We are selling 25,000,000 shares of our common stock. Our common stock is listed on the New York Stock Exchange under the symbol HK. On August 5, 2009, the last sale price of our common stock as reported on the New York Stock Exchange was $22.86 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement.

	Per Share	**Total**
Public offering price	$ 22.86000	$ 571,500,000
Underwriting discounts and commissions	$ 0.85725	$ 21,431,250
Proceeds to Petrohawk Energy Corporation (before expenses)	$ 22.00275	$ 550,068,750

We have granted the underwriters a 30-day option to purchase up to an additional 3,750,000 shares of our common stock from us on the same terms and conditions as set forth above if the underwriters sell more than 25,000,000 shares of our common stock in this offering.

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about August 11, 2009.

Joint Book-Running Managers

Barclays Capital **J.P. Morgan**

BofA Merrill Lynch

BMO Capital Markets
Calyon Securities (USA) Inc.
Credit Suisse
RBC Capital Markets
UBS Investment Bank
BNP PARIBAS
Johnson Rice & Company L.L.C.
Macquarie
Morgan Keegan & Company, Inc.
SMH Capital
Stifel Nicolaus
Tudor, Pickering, Holt & Co.

Prospectus Supplement dated August 5, 2009

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement and the documents incorporated by reference herein, which, among other things, describe the specific terms of this offering. The second part, the accompanying prospectus and the documents incorporated by reference therein, give more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus. We have not authorized anyone to provide you with different information. We are not and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

All references in this prospectus supplement to we, our, us, the Company, or Petrohawk are to Petrohawk Energ Corporation, a Delaware corporation. All references to wells in this prospectus are to gross wells unless otherwise indicated.

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SUMMARY

This summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference. This summary is not complete and does not contain all of the information that you should consider before deciding whether or not to invest in our common stock. For a more complete understanding of our Company and this offering, we encourage you to read this entire document, including Risk Factors, the financial and other information incorporated by reference in this prospectus supplement and the other documents to which we have referred you.

PETROHAWK ENERGY CORPORATION

Overview

We are an independent energy company engaged in the exploration, development and production of predominately natural gas properties located onshore in the United States. Our properties are primarily located in Louisiana, Texas, Arkansas and Oklahoma. We organize our operations into two principal regions: the Mid-Continent, which includes our Louisiana and Arkansas properties; and the Western, which includes our Texas and Oklahoma properties.

At December 31, 2008, our estimated total proved oil and natural gas reserves, as prepared by our independent reserve engineering firm, Netherland, Sewell & Associates, Inc., were approximately 1,418 billion cubic feet of natural gas equivalent (Bcfe), consisting of 14 million barrels of oil, and 1,335 billion cubic feet of natural gas and natural gas liquids. Approximately 56% of our proved reserves were classified as proved developed. We maintain operational control of approximately 83% of our proved reserves.

Historically, we have grown through acquisitions of proved reserves and undeveloped acreage, with a focus on properties within our core operating areas which we believe have significant development and exploration opportunities and where we can apply our technical experience and economies of scale to increase production and proved reserves while lowering lease operating costs. During 2008 and the first half of 2009, we have significantly expanded our leasehold position in natural gas shale plays, particularly in the Haynesville Shale play in northern Louisiana and East Texas and the Eagle Ford Shale play in South Texas. We currently own leasehold interests in approximately 325,000 net acres in the Haynesville Shale play, 210,000 net acres in the Eagle Ford Shale play, and 157,000 net acres in the Fayetteville Shale play. The vast majority of our acreage in these plays is currently undeveloped.

Recent Developments and Operational Update

During the three months ended June 30, 2009, our production averaged 483 million cubic feet of natural gas equivalent per day (Mmcfe/d), a 17% increase over the first quarter of 2009 and a 71% increase over the same period one year ago. The increase in production compared to the same period in the prior year resulted from our continued drilling successes in the Haynesville, Fayetteville and Eagle Ford Shales. Total production for the second quarter of 2009 was 43.9 Bcfe, 94% of which was natural gas. The second quarter of 2009 marked the fourth consecutive quarter in which we have achieved double-digit quarter-over-quarter production growth.

Of the average 483 Mmcfe/d produced during the latest quarter, 186 Mmcfe/d (39%) was produced from the Haynesville Shale, 79 Mmcfe/d (16%) was produced from the Fayetteville Shale, 12 Mmcfe/d (2%) was produced from the Eagle Ford Shale, and 206 Mmcfe/d (43%) was produced from Petrohawk s conventional Cotton Valley program and other areas. For the full year ended December 31, 2008, the Haynesville Shale accounted for only 6% of production, the Fayetteville Shale accounted for 16% of production, and the Eagle Ford Shale accounted for less than 1% of production.

During the three months ended June 30, 2009, the Company expended $327 million on drilling, completions, seismic and infrastructure. Expenditures for land were $55 million. The Company drilled 30 operated and 102 non-operated wells during the second quarter with a success rate of 100%.

Haynesville Shale

During the three months ended June 30, 2009, we utilized 10 horizontal rigs and two pre-drill, or spudder, rigs on average in the Haynesville Shale and exited the period with 12 horizontal rigs running. We drilled a total of 13 operated and 19 non-operated wells in the Haynesville Shale during the second quarter of 2009, bringing our total number of operated Haynesville Shale wells on production at June 30, 2009 to 40. Initial production rates for our 14 operated Haynesville Shale wells completed during the second quarter of 2009 ranged from 9.8 Mmcfe/d to 22.4 Mmcfe/d, with a 17.3 Mmcfe/d average initial production rate. The average initial production rate for 42 of the operated Haynesville Shale completions to date, which excludes two wells that were mechanically compromised, is 17.9 Mmcfe/d. Excluding those same two wells, we had a total of 38 operated wells with at least 30 days of production at June 30, 2009, with an average production rate of 14.2 Mmcfe/d over the first 30 days of production.

Eagle Ford Shale

We operated two horizontal rigs in the Eagle Ford Shale in South Texas during the second quarter of 2009 and recently added a third rig. During that same period, we drilled six operated wells, participated in the drilling of one non-operated well and completed three operated wells. We have drilled a total of six wells in the Eagle Ford Shale without intermediate casing and without drilling a pilot hole, and these wells have reached total depth in an average of 18 days at a completed cost of approximately $5.0 million per well. Initial production rates from our three operated wells drilled and completed during the second quarter of 2009 have averaged 9.3 Mmcfe/d. The average initial production rate for all eight operated wells completed in the Eagle Ford Shale to date is 8.6 Mmcfe/d. Production rates have averaged 6.0 Mmcfe/d over the first 30 days of production for the seven wells with at least 30 days of production history, including two wells that experienced modest curtailments during the first 30 days of production.

Based on our success to date within the Eagle Ford Shale trend we have expanded our acreage position beyond the Hawkville Field in LaSalle and McMullen Counties into other areas where we believe the rock quality could compare favorably to the Hawkville Field. Our current total acreage position in the Eagle Ford Shale trend is approximately 210,000 net acres. We expect to drill several exploratory wells in the second half of 2009 to evaluate our new leasehold positions in the Eagle Ford Shale.

Fayetteville Shale

In the Fayetteville Shale, we operated two horizontal rigs on average during the second quarter of 2009, and we drilled a total of 11 operated wells. We also participated in the drilling of 68 non-operated wells in the Fayetteville Shale during the same period. Eight of the operated wells have been completed with an average initial production rate of 1.2 Mmcfe/d. All of these wells were drilled in the far northern portion of the play where drilling and completion costs are currently approximately $1.8 million per well, with an average of 11 days from spud to rig release.

Over the first half of 2009, our net non-operated production from the Fayetteville Shale has grown from 18.3 Mmcfe/d to 32.6 Mmcfe/d, an 78% increase since January 1, 2009. While average production from our operated component has declined from 52.9 Mmcfe/d to 47.7 Mmcfe/d from January 1, 2009 to the end of the second quarter as a result of running only two rigs in the Fayetteville Shale, overall net production from the field has grown from 71.2 Mmcfe/d to 80.3 Mmcfe/d during that period, or over 13% production growth.

Planned Divestment

We have initiated a marketing process for the potential sale of our Permian Basin properties. These assets are currently producing approximately 31 Mmcfe/d. With our increased focus on natural gas shale plays, these properties are no longer core holdings for us. While no assurance can be given that a transaction will be completed on satisfactory terms, our goal is to complete a sale of these properties before the end of 2009.

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Corporate Information

Petrohawk is a Delaware corporation with principal offices located at 1000 Louisiana Street, Suite 5600, Houston, Texas 77002, telephone number (832) 204-2700, fax number (832) 204-2800, and our website can be found at www.petrohawk.com. Unless specifically incorporated by reference in this prospectus supplement, information that you may find on our website, or any other website, is not part of this prospectus supplement.

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THE OFFERING

Common stock offered	25,000,000 shares(1)
Common stock outstanding after this offering	300,825,805 shares(1)(2)
Use of proceeds	We intend to use the estimated net proceeds from this offering of approximately $549.1 million to fund potential acquisitions, a portion of our capital budget and general corporate purposes including repayment of borrowings under our senior revolving credit facility. Please see Use of Proceeds. Certain of the underwriters or their affiliates are lenders under our senior revolving credit facility and, accordingly, may receive a portion of the proceeds of this offering. Please see Underwriting Relationships. If the underwriters exercise their option to purchase additional shares, we intend to use the additional net proceeds to fund potential acquisitions, a portion of our capital budget and general corporate purposes including repayment of borrowings under our senior revolving credit facility.
NYSE symbol	HK

(1) Excludes shares that may be issued to the underwriters pursuant to their option to purchase additional shares. If the underwriters exercise their option to purchase additional shares in full, the total number of shares of common stock offered will be 28,750,000 and the total number of shares of our common stock outstanding after this offering will be 304,575,805 based on a total outstanding shares of common stock of 275,825,805 as of July 31, 2009.

(2) Excludes 3,542,634 shares potentially issuable as of July 31, 2009, under outstanding options to purchase a total of 6,865,561 shares of common stock at a weighted average exercise price of $11.75, calculated as a net issuance using the closing price of our common stock on July 31, 2009 of $24.28. We also have reserved 9,403,897 additional shares as of that date for future equity awards under our existing benefit plans.

RISK FACTORS

In evaluating an investment in our common stock, prospective investors should carefully consider, along with the other information set forth or incorporated by reference in this prospectus supplement (including the risk factors set forth in our annual report on Form 10-K for the year ended December 31, 2008 and in our quarterly reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009), the specific factors set forth under Risk Factors for risks involved with an investment in our common stock.

This prospectus supplement contains information regarding initial and 30-day average rates of production that are subject to decline over time and should not be regarded as reflective of sustained production levels. Our current estimates are that the average rate of production from our Haynesville Shale wells will decline approximately 80% during the first twelve months of production. Comparable rates of decline may be expected of shale wells in other areas, but insufficient data exists to establish decline curves in this and other areas with certainty. Accordingly, actual decline rates may differ significantly.

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SUMMARY HISTORICAL FINANCIAL DATA

Below is a summary of our historical financial data derived from:

- our audited financial statements for the year ended December 31, 2008; and
- our unaudited financial statements as of and for the six-month periods ended June 30, 2008 and June 30, 2009.

Interim period results are not necessarily indicative of results of operations for the full year. We have not included our historical financial data for prior periods as they are not comparable due to various acquisitions and divestitures that have occurred.

	Year Ended December 31, 2008	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
	(In thousands, except per share amounts)		
Operating revenues:			
Oil and natural gas	$ 1,031,657	$ 519,571	$ 337,745
Marketing	63,553		153,010
Total operating revenues	1,095,210	519,571	490,755
Operating expenses:			
Marketing	58,581		145,136
Production:			
Lease operating	52,477	25,297	35,115
Workover and other	5,624	1,786	928
Taxes other than income	47,104	25,000	24,717
Gathering, transportation and other	47,309	20,467	43,127
General and administrative	74,810	33,368	43,631
Depletion, depreciation and amortization	396,556	169,821	198,691
Full cost ceiling impairment	950,799		1,732,486
Total operating expenses	1,633,260	275,739	2,223,831
(Loss) income from operations	(538,050)	243,832	(1,733,076)
Other income (expenses):			
Net gain (loss) on derivative contracts	156,870	(420,346)	197,928
Interest expense and other	(151,825)	(62,691)	(111,948)
Total other income (expenses)	5,045	(483,037)	85,980
Loss before income taxes	(533,005)	(239,205)	(1,647,096)
Income tax benefit	144,953	90,827	625,339
Net loss available to common stockholders	$ (388,052)	$ (148,378)	$ (1,021,757)

Net loss per share of common stock:			
Basic	$ (1.77)	$ (0.76)	$ (3.84)
Diluted	$ (1.77)	$ (0.76)	$ (3.84)
Weighted average shares outstanding:			
Basic	218,993	195,060	266,145
Diluted	218,993	195,060	266,145

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Summary Capitalization Data(1):

	As of June 30, 2009	
	Actual	As Adjusted for this Offering
	(In thousands)	
Cash	$ 2,738	$ 551,807
Long-term debt	$ 2,398,101	$ 2,398,101
Stockholders equity	2,767,464	3,316,533
Total capitalization	$ 5,165,565	$ 5,714,634

(1) See Capitalization for a description of certain assumptions and qualifications.

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RISK FACTORS

An investment in our common stock is subject to a number of risks. You should carefully consider the following risks, as well as the section titled Risk Factors included in our annual report on Form 10-K for the year ended December 31, 2008 and our quarterly reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009, which are incorporated herein by reference, as well as the other documents incorporated herein by reference, in evaluating this investment. If any of the following risks actually occur, our business, financial condition or results of operations could suffer. In any such case, the trading price of our common stock and other securities could decline, and you could lose all or part of your investment.

Risks relating to this offering and our common stock

The market price of our common stock has historically experienced volatility.

The market price of our common stock has historically experienced fluctuations. Since the beginning of 2008, our common stock traded at historically high market prices ($54.49 per share for the high in July 2008) followed by significant decreases in the share price ($8.49 per share for the low in October 2008). The market price of our common stock is likely to continue to be volatile and subject to price and volume fluctuations in response to commodity price volatility, market and other factors, including the other risk factors discussed elsewhere in this section and in Cautionary Statement Regarding Forward-Looking Statements. Volatility or depressed market prices of our common stock could make it difficult for you to resell shares of our common stock when you want or at attractive prices.

We may issue shares of preferred stock with greater rights than our common stock.

Although we have no current plans, arrangements, understandings or agreements to issue any preferred stock, our certificate of incorporation authorizes our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from our stockholders. Any preferred stock that is issued may rank ahead of our common stock in terms of dividends, liquidation rights or voting rights. If we issue preferred stock, it may adversely affect the market price of our common stock.

We have never paid dividends on our common stock and we do not anticipate paying any in the foreseeable future.

We have not paid dividends on our common stock to date, and we do not anticipate paying dividends for the foreseeable future. Our earnings, in general, will be used to finance acquisitions and our existing operations to develop our properties. Any future dividends will depend upon our earnings, our then-existing financial requirements and other factors, and will be at the discretion of our board of directors. We are also restricted from paying cash dividends on common stock under our senior revolving credit facility and our long-term debt.

There may be future dilution of our common stock, which may adversely affect the market price of our common stock.

Except as described under Underwriting, we are not restricted from issuing additional shares of our common stock or securities convertible into or exchangeable for our common stock. If we issue additional shares of our common stock or convertible or exchangeable securities, it may adversely affect the market price of our common stock. Our certificate of incorporation authorizes our board of directors to issue up to 500,000,000 shares of our common stock, par value $0.001 per share, and up to 5,000,000 shares of our preferred stock, par value $0.001 per share. As of

July 31, 2009, we had outstanding 275,825,805 shares of our common stock and no shares of our preferred stock.

In addition, to the extent options to purchase common stock under our employee stock option plans are exercised, holders of our common stock will experience dilution. As of July 31, 2009, we had outstanding options to purchase 6,865,561 shares of common stock at a weighted average exercise price of $11.75 per share.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information discussed in this prospectus, our filings with the Securities and Exchange Commission (SEC) and our public releases include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act. All statements, other than statements of historical facts, concerning, among other things, planned capital expenditures, potential increases in oil and natural gas production, the number of anticipated wells to be drilled in the future, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as may, expect, estimate, project, plan, believe, intend, achievable, anticipate, will, continue, potential, should, and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. The actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, the following factors:

- our ability to successfully develop our large inventory of undeveloped acreage primarily held in resource-style areas in Louisiana, Arkansas and Texas, including our resource-style plays such as Haynesville, Fayetteville and Eagle Ford Shales;
- the volatility in commodity prices for oil and natural gas, including continued declines in prices;
- the possibility that the industry may be subject to future regulatory or legislative actions (including any additional taxes and changes in environmental regulation);
- the possibility that the United States economy remains in an extended recessionary period, which would negatively impact the price of commodities, including oil and natural gas;
- the presence or recoverability of estimated oil and natural gas reserves and the actual future production rates and associated costs;
- the possibility that production decline rates in some of our resource-style plays are greater than we expect;
- our ability to generate sufficient cash flow from operations, borrowings or other sources to enable us to fully develop our undeveloped acreage positions;
- the ability to replace oil and natural gas reserves;
- environmental risks;
- drilling and operating risks;
- exploration and development risks;
- competition, including competition for acreage in resource-style areas;
- management s ability to execute our plans to meet our goals;

our ability to retain key members of our senior management and key technical employees;

our ability to obtain goods and services, such as drilling rigs and tubulars, and access to adequate gathering systems and pipeline take-away capacity, to support our drilling program;

our ability to secure firm transportation for natural gas we produce and to sell natural gas at market prices;

general economic conditions, whether internationally, nationally or in the regional and local market areas in which we do business, may be less favorable than expected, including the possibility that the current economic recession and credit crisis in the United States will be severe and prolonged, which

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could adversely affect the demand for oil and natural gas and make it difficult to access financial markets;

continued hostilities in the Middle East and other sustained military campaigns or acts of terrorism or sabotage; and

other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors may negatively impact our businesses, operations or pricing.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in our other filings with the SEC that are incorporated by reference herein and in the section entitled Risk Factors included elsewhere in this prospectus supplement or the prospectus. For additional information regarding risks and uncertainties, please read our other filings with the SEC under the Exchange Act and the Securities Act, including our annual report on Form 10-K for the fiscal year ended December 31, 2008 and our quarterly reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this prospectus and in the documents incorporated by reference. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $549.1 million after deducting fees and expenses (including underwriting discounts and commissions) and assuming no exercise of the underwriters option to purchase additional shares. We intend to use the net proceeds from this offering to fund potential acquisitions, a portion of our capital budget and general corporate purposes including repayment of borrowings under our senior revolving credit facility.

If the underwriters exercise in full their option to purchase additional shares, we intend to use the estimated net proceeds of approximately $82.5 million from the sale of the additional shares to fund potential acquisitions, a portion of our capital budget and general corporate purposes including repayment of borrowings under our senior revolving credit facility.

As of June 30, 2009, we did not have an outstanding balance on our senior revolving credit facility. Our balance outstanding under our senior revolving credit facility as of August 5, 2009 is approximately $274.0 million. The borrowings were used to fund our acquisitions of various oil and natural gas properties, transportation and infrastructure assets, capital expenditures and other general corporate purposes. Our borrowings fluctuate during any month depending on our various working capital needs.

Amounts outstanding under the senior revolving credit facility bear interest at specified margins over the London Interbank Offered Rate (LIBOR) of 1.25% to 2.00% for Eurodollar loans or at specified margins over the Alternate Base Rate (ABR) of 0.00% to 0.50% for ABR loans. Such margins will fluctuate based on the utilization of the facility. Amounts drawn down on the facility will mature on July 1, 2013