

W&T OFFSHORE INC
Form 10-Q
May 08, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2013

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 1-32414

W&T OFFSHORE, INC.

(Exact name of registrant as specified in its charter)

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Texas
(State of incorporation)

72-1121985
(IRS Employer

Identification Number)

Nine Greenway Plaza, Suite 300

Houston, Texas
(Address of principal executive offices)

77046-0908
(Zip Code)

(713) 626-8525

(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 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 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. Yes No

As of May 6, 2013, there were 75,249,630 shares outstanding of the registrant's common stock, par value \$0.00001.

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W&T OFFSHORE, INC. AND SUBSIDIARIES

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

W&T OFFSHORE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2013	December 31, 2012
	(In thousands, except share data) (Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,277	\$ 12,245
Receivables:		
Oil and natural gas sales	97,309	97,733
Joint interest and other	35,681	56,439
Income taxes	45,638	47,884
Total receivables	178,628	202,056
Deferred income taxes	1,432	267
Prepaid expenses and other assets	22,363	25,555
Total current assets	214,700	240,123
Property and equipment at cost:		
Oil and natural gas properties and equipment (full cost method, of which \$125,485 at March 31, 2013 and \$123,503 at December 31, 2012 were excluded from amortization)	6,836,590	6,694,510
Furniture, fixtures and other	21,949	21,786
Total property and equipment	6,858,539	6,716,296
Less accumulated depreciation, depletion and amortization	4,759,198	4,655,841
Net property and equipment	2,099,341	2,060,455
Restricted deposits for asset retirement obligations	29,161	28,466
Other assets	18,855	19,943
Total assets	\$ 2,362,057	\$ 2,348,987
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	\$ 112,223	\$ 123,885
Undistributed oil and natural gas proceeds	41,255	37,073
Asset retirement obligations	69,964	92,630
Accrued liabilities	39,067	21,021
Total current liabilities	262,509	274,609
Long-term debt	1,060,079	1,087,611
Asset retirement obligations, less current portion	308,261	291,423
Deferred income taxes	158,922	145,249
Other liabilities	8,288	8,908
Commitments and contingencies		
Shareholders equity:		

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Preferred stock, \$0.00001 par value; 20,000,000 shares authorized; 0 issued at March 31, 2013 and December 31, 2012

Common stock, \$0.00001 par value; 118,330,000 shares authorized; 78,118,803 issued and 75,249,630 outstanding at March 31, 2013, and December 31, 2012	1	1
Additional paid-in capital	398,465	396,186
Retained earnings	189,699	169,167
Treasury stock, at cost	(24,167)	(24,167)
Total shareholders' equity	563,998	541,187
 Total liabilities and shareholders' equity	 \$ 2,362,057	 \$ 2,348,987

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**W&T OFFSHORE, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended March 31,	
	2013	2012
	(In thousands, except per share data)	
	(Unaudited)	
Revenues	\$ 259,222	\$ 235,886
Operating costs and expenses:		
Lease operating expenses	59,341	56,663
Production taxes	1,789	1,485
Gathering and transportation	4,444	4,221
Depreciation, depletion, amortization and accretion	108,872	88,491
General and administrative expenses	21,087	29,479
Derivative loss	3,368	39,634
Total costs and expenses	198,901	219,973
Operating income	60,321	15,913
Interest expense:		
Incurred	21,234	13,905
Capitalized	(2,433)	(3,191)
Income before income tax expense	41,520	5,199
Income tax expense	14,902	1,981
Net income	\$ 26,618	\$ 3,218
Basic and diluted earnings per common share	\$ 0.35	\$ 0.04
Dividends declared per common share	\$ 0.08	\$ 0.08

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**W&T OFFSHORE, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Common Stock Outstanding		Additional Paid-In Capital	Retained Earnings (In thousands) (Unaudited)	Treasury Stock		Total Shareholders Equity
	Shares	Value			Shares	Value	
Balances at December 31, 2012	75,250	\$ 1	\$ 396,186	\$ 169,167	2,869	\$ (24,167)	\$ 541,187
Cash dividends				(6,020)			(6,020)
Share-based compensation			2,255				2,255
Other			24	(66)			(42)
Net income				26,618			26,618
Balances at March 31, 2013	75,250	\$ 1	\$ 398,465	\$ 189,699	2,869	\$ (24,167)	\$ 563,998

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**W&T OFFSHORE, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months Ended March 31,	
	2013	2012
	(In thousands)	
	(Unaudited)	
Operating activities:		
Net income	\$ 26,618	\$ 3,218
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	108,872	88,491
Amortization of debt issuance costs and premium	447	586
Share-based compensation	2,255	2,659
Derivative loss	3,368	39,634
Cash payments on derivative settlements	(4,271)	(5,800)
Deferred income taxes	12,507	2,550
Changes in operating assets and liabilities:		
Oil and natural gas receivables	423	9,516
Joint interest and other receivables	25,875	(2,170)
Insurance receivables		715
Income taxes	2,372	(10,386)
Prepaid expenses and other assets	4,911	3,884
Asset retirement obligation settlements	(23,464)	(5,384)
Accounts payable, accrued liabilities and other	9,921	644
Net cash provided by operating activities	169,834	128,157
Investing activities:		
Investment in oil and natural gas properties and equipment	(136,626)	(84,626)
Purchases of furniture, fixtures and other	(114)	(500)
Net cash used in investing activities	(136,740)	