

LINN ENERGY, INC.  
Form 10-Q  
August 08, 2018

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 June 30, 2018

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, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

83-1207960  
(I.R.S. Employer  
Identification No.)

600 Travis  
Houston, Texas  
(Address of principal executive offices)

77002  
(Zip Code)

(281) 840-4000  
(Registrant's telephone number, including area code)

Linn Energy, Inc.

(Former name, former address and former fiscal year, if changed since last report)

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of July 31, 2018, there were 78,449,265 shares of Class A common stock, par value \$0.001 per share, 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.

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 the 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, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2018	December 31, 2017
	(in thousands, except share amounts)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$301,365	\$464,508
Accounts receivable – trade, net	64,686	140,485
Derivative instruments	3,934	9,629
Restricted cash	43,387	56,445
Other current assets	46,659	79,771
Assets held for sale	22	106,963
Total current assets	460,053	857,801
Noncurrent assets:		
Oil and natural gas properties (successful efforts method)	785,815	950,083
Less accumulated depletion and amortization	(59,870)	(49,619)
	725,945	900,464
Other property and equipment	566,861	480,729
Less accumulated depreciation	(44,412)	(28,658)
	522,449	452,071
Derivative instruments	1,254	469
Deferred income taxes	169,691	198,417
Equity method investments	473,269	464,926
Other noncurrent assets	5,264	6,975
	649,478	670,787
Total noncurrent assets	1,897,872	2,023,322
Total assets	\$2,357,925	\$2,881,123
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$179,887	\$253,975
Share-based payment liability	111,792	—
Derivative instruments	5,536	10,103
Other accrued liabilities	19,830	58,617
Liabilities held for sale	—	43,302
Total current liabilities	317,045	365,997
Noncurrent liabilities:		
Derivative instruments	24	2,849
Asset retirement obligations and other noncurrent liabilities	105,531	160,720
Total noncurrent liabilities	105,555	163,569



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LINN ENERGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS - Continued

(Unaudited)

	June 30, 2018	December 31, 2017
	(in thousands, except share amounts)	
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock (\$0.001 par value, 30,000,000 shares authorized; no shares issued at June 30, 2018, or December 31, 2017)	—	—
Class A common stock (\$0.001 par value, 270,000,000 shares authorized; 78,749,510 shares and 83,582,176 shares issued at June 30, 2018, and December 31, 2017, respectively)	79	84
Additional paid-in capital	1,427,458	1,899,642
Retained earnings	507,788	432,860
Total common stockholders' equity	1,935,325	2,332,586
Noncontrolling interests	—	18,971
Total equity	1,935,325	2,351,557
Total liabilities and equity	\$2,357,925	\$ 2,881,123

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

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LINN ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Successor  
Three Months  
Ended June 30,  
2018 2017  
(in thousands,  
except per share  
amounts)

Revenues and other:

Oil, natural gas and natural gas liquids sales	\$87,004	\$243,167
Gains (losses) on oil and natural gas derivatives	(7,525 )	45,714
Marketing revenues		