

GULFPORT ENERGY CORP  
Form 10QSB  
August 11, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-QSB**

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

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006**

OR

.. **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF SECURITIES EXCHANGE ACT OF 1934**  
**Commission File Number 000-19514**

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**Gulfport Energy Corporation**

(Exact name of small business issuer specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
Incorporation or organization)

**14313 North May Avenue, Suite 100**

**Oklahoma City, Oklahoma 73134**

**(405) 848-8807**

**73-1521290**  
(IRS Employer)

**Identification Number)**

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

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Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

As of August 10, 2006, 33,135,387 shares of common stock were outstanding.

Transitional Small Business Disclosure Format (check one): Yes  No

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**GULFPORT ENERGY CORPORATION**

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**FORM 10-QSB QUARTERLY REPORT**

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	<b>June 30,</b>
	<b>2006</b>
	<b>(Unaudited)</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 6,978,000
Accounts receivable	6,086,000
Insurance settlement receivables	4,028,000
Accounts receivable - related party	3,059,000
Prepaid expenses and other current assets	768,000
Total current assets	20,919,000
Property and equipment:	
Oil and natural gas properties, full-cost accounting	202,182,000
Other property and equipment	6,418,000
Accumulated depletion, depreciation, and amortization	(90,899,000)
Property and equipment, net	117,701,000
Other assets	8,548,000
<b>Total assets</b>	<b>\$ 147,168,000</b>
<b>Liabilities and Stockholders Equity</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 16,489,000
Short-term derivative instruments	2,867,000
Asset retirement obligation - current	480,000
Current maturities of long-term debt	117,000
Total current liabilities	19,953,000
Asset retirement obligation - long-term	8,107,000
Long-term debt, net of current maturities	17,831,000
<b>Total liabilities</b>	<b>45,891,000</b>
Commitments and contingencies (Note 8)	
Preferred stock, \$.01 par value; 5,000,000 authorized at June 30, 2006, 30,000 authorized as redeemable 12% cumulative preferred stock, Series A ; 0 issued and outstanding at June 30, 2006	
Stockholders equity:	
Common stock - \$.01 par value, 55,000,000 authorized, 32,978,289 issued and outstanding at June 30, 2006	330,000
Paid-in capital	129,542,000
Accumulated other comprehensive income (loss)	(2,536,000)
Accumulated deficit	(26,059,000)

Total stockholders' equity	101,277,000
<b>Total liabilities and stockholders' equity</b>	<b>\$ 147,168,000</b>

See accompanying notes to financial statements.

**Table of Contents****GULFPORT ENERGY CORPORATION****STATEMENTS OF INCOME****(Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues:</b>				
Gas sales	\$ 504,000	\$ 683,000	\$ 1,047,000	\$ 1,125,000
Oil and condensate sales	13,845,000	7,133,000	17,751,000	13,499,000
Other income	11,000	37,000	17,000	96,000
	14,360,000	7,853,000	18,815,000	14,720,000
<b>Costs and expenses:</b>				
Lease operating expenses	2,255,000	1,961,000	3,606,000	4,027,000
Production taxes	1,921,000	1,029,000	2,486,000	1,834,000
Depreciation, depletion, and amortization	2,743,000	1,452,000	3,736,000	2,752,000
General and administrative	513,000	311,000	1,514,000	695,000
Accretion expense	149,000	117,000	298,000	233,000
	7,581,000	4,870,000	11,640,000	9,541,000
<b>INCOME FROM OPERATIONS:</b>	<b>6,779,000</b>	<b>2,983,000</b>	<b>7,175,000</b>	<b>5,179,000</b>
<b>OTHER (INCOME) EXPENSE:</b>				
Interest expense	397,000	63,000	668,000	121,000
Interest expense - preferred stock				272,000
Business interruption insurance recoveries	(614,000)		(3,269,000)	
Interest income	(63,000)	(90,000)	(111,000)	(154,000)
	(280,000)	(27,000)	(2,712,000)	239,000
<b>INCOME BEFORE INCOME TAXES</b>	<b>7,059,000</b>	<b>3,010,000</b>	<b>9,887,000</b>	<b>4,940,000</b>
<b>INCOME TAX EXPENSE:</b>				
<b>NET INCOME</b>	<b>\$ 7,059,000</b>	<b>\$ 3,010,000</b>	<b>\$ 9,887,000</b>	<b>\$ 4,940,000</b>
<b>NET INCOME PER COMMON SHARE:</b>				
Basic	\$ 0.22	\$ 0.09	\$ 0.31	\$ 0.17
Diluted	\$ 0.21	\$ 0.09	\$ 0.29	\$ 0.17

See accompanying notes to financial statements.

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## GULFPORT ENERGY CORPORATION

## STATEMENTS OF STOCKHOLDERS EQUITY

(Unaudited)

	Common Stock		Additional Paid-in Capital	Notes Receivable for Exercise of Options	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders Equity
	Shares	Amount					
<b>Balance at December 31, 2004</b>	20,146,566	\$ 201,000	\$ 95,737,000			\$ (46,841,000)	\$ 49,097,000
Net income						4,940,000	4,940,000
Issuance of Common Stock	4,000,000	40,000	13,960,000				14,000,000
Issuance of Common Stock through exercise of warrants	7,736,621	78,000	9,129,000				9,207,000
Issuance of Common Stock through exercise of options	52,500		85,000	(85,000)			
<b>Balance at June 30, 2005</b>	31,935,687	\$ 319,000	\$ 118,911,000	\$ (85,000)	\$	\$ (41,901,000)	\$ 77,244,000
<b>Balance at December 31, 2005</b>	32,168,203	\$ 322,000	\$ 119,192,000	\$	\$ 759,000	\$ (35,946,000)	\$ 84,327,000
Net income						9,887,000	9,887,000
Other Comprehensive Income							
Unrealized loss on hedges					(2,961,000)		(2,961,000)
Deferred gain on settled contracts					30,000		30,000
Loss on hedging ineffectiveness					163,000		163,000
Reclassification adjustment on settled hedges					(527,000)		(527,000)
Total Comprehensive Income							6,592,000
Stock Compensation			368,000				368,000
Issuance of Common Stock in public offering, net of related expenses of \$479,000	790,000	8,000	9,964,000				9,972,000
Issuance of Restricted Stock	1,583						
Issuance of Common Stock through exercise of warrants	12,171						
Issuance of Common Stock through exercise of options	6,332		18,000				18,000
<b>Balance at June 30, 2006</b>	32,978,289	\$ 330,000	\$ 129,542,000	\$	\$ (2,536,000)	\$ (26,059,000)	\$ 101,277,000