

SILVERBOW RESOURCES, INC.
Form 10-Q
August 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2018
Commission File Number 1-8754
SILVERBOW RESOURCES, INC.
(Exact Name of Registrant as Specified in Its Charter)
Delaware 20-3940661
(State of Incorporation) (I.R.S. Employer Identification No.)

575 North Dairy Ashford, Suite 1200
Houston, Texas 77079
(281) 874-2700
(Address and telephone number of principal executive
offices)
Securities registered pursuant to Section 12(b) of the Act:

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, 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 Web site, 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, a smaller reporting company or an emerging growth company. See definition 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 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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock (\$.01 Par Value) (Class of Stock) 11,667,165 Shares outstanding at August 1, 2018

Explanatory Note

On May 5, 2017, through an amendment to its Certificate of Incorporation and Bylaws, Swift Energy Company changed its name to SilverBow Resources, Inc. Additionally, SilverBow Resources, Inc. began trading on the New York Stock Exchange ("NYSE") under the symbol "SBOW" on May 5, 2017.

SILVERBOW RESOURCES, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018

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Condensed Consolidated Balance Sheets (Unaudited)

SilverBow Resources, Inc. and Subsidiaries (in thousands, except share amounts)

	June 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$6,611	\$ 7,806
Accounts receivable, net	22,057	27,263
Fair value of commodity derivatives	1,775	5,148
Other current assets	3,090	2,352
Total Current Assets	33,533	42,569
Property and Equipment:		
Property and Equipment, full cost method, including \$53,865 and \$50,377 of unproved property costs not being amortized at the end of each period	796,052	712,166
Less – Accumulated depreciation, depletion, amortization & impairment	(242,997)	(216,769)
Property and Equipment, Net	553,055	495,397
Fair value of long-term commodity derivatives	3,332	2,553
Other Long-Term Assets	7,076	10,751
Total Assets	\$596,996	\$ 551,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$35,350	\$ 44,437
Fair value of commodity derivatives	11,742	5,075
Accrued capital costs	41,821	10,883
Accrued interest	2,597	2,106
Undistributed oil and gas revenues	10,953	12,996
Total Current Liabilities	102,463	75,497
Long-Term Debt, net	274,577	265,325
Deferred Tax Liabilities	328	—
Asset Retirement Obligations	4,258	8,678
Fair value of long-term commodity derivatives	5,427	2,758
Other Long-Term Liabilities	2,500	5,554
Commitments and Contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued	—	—
Common stock, \$.01 par value, 40,000,000 shares authorized, 11,733,036 and 11,621,385 shares issued and 11,667,165 and 11,570,621 shares outstanding, respectively	117	116
Additional paid-in capital	282,726	279,111
Treasury stock, held at cost, 65,871 and 50,764 shares	(1,870)	(1,452)
Retained earnings (Accumulated deficit)	(73,530)	(84,317)
Total Stockholders' Equity	207,443	193,458
Total Liabilities and Stockholders' Equity	\$596,996	\$ 551,270

See accompanying Notes to Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Operations (Unaudited)

SilverBow Resources, Inc. and Subsidiaries (in thousands, except per-share amounts)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Revenues:		
Oil and gas sales	\$51,347	\$45,782
Operating Expenses:		
General and administrative, net	5,794	6,811
Depreciation, depletion, and amortization	13,096	10,828
Accretion of asset retirement obligations	84	576
Lease operating costs	3,760	4,776
Transportation and gas processing	5,421	4,761
Severance and other taxes	2,662	2,280
Total Operating Expenses	30,817	30,032
Operating Income (Loss)	20,530	15,750
Non-Operating Income (Expense)		
Gain (loss) on commodity derivatives, net	(10,752)	5,132
Interest expense, net	(6,585)	