

MAGELLAN PETROLEUM CORP /DE/
Form 10-Q
November 09, 2012

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

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended September 30, 2012

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 001-5507

MAGELLAN PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

06-0842255

(I.R.S. Employer
Identification No.)

1775 Sherman Street, Suite 1950, Denver, CO

80203

(Address of principal executive offices)

(Zip Code)

(720) 484-2400

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares outstanding of the issuer's single class of common stock as of November 1, 2012 was 53,885,594.

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PART I - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS (UNAUDITED)

MAGELLAN PETROLEUM CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except per share amounts)

	September 30, 2012	June 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$37,939	\$41,215
Accounts receivable — trade	1,037	1,152
Accounts receivable — working interest partners	216	231
Inventories	470	499
Prepaid and other assets	258	511
Total current assets	39,920	43,608
PROPERTY AND EQUIPMENT, NET (SUCCESSFUL EFFORTS METHOD):		
Proved oil and gas properties	33,499	33,927
Less accumulated depletion, depreciation, and amortization	(5,537) (5,740
Unproved oil and gas properties	6,501	7,091
Wells in progress	3,707	3,744
Land, buildings, and equipment (net of accumulated depreciation of \$2,174 and \$2,077 as of September 30, 2012, and June 30, 2012, respectively)	1,540	1,422
Net property and equipment	39,710	40,444
OTHER NON-CURRENT ASSETS:		
Goodwill	2,174	2,174
Deferred income taxes	6,287	5,951
Other long term assets	376	397
Total other non-current assets	8,837	8,522
Total assets	\$88,467	\$92,574
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short term line of credit	\$100	\$50
Current portion of note payable	456	480
Current portion of asset retirement obligations	339	329
Accounts payable	3,543	3,672
Accrued and other liabilities	3,170	3,000
Total current liabilities	7,608	7,531
LONG TERM LIABILITIES:		
Note payable	282	390
Asset retirement obligations	7,349	7,455
Contingent consideration payable	4,152	4,072
Other long term liabilities	213	218
Total long term liabilities	11,996	12,135
COMMITMENTS AND CONTINGENCIES (Note 10)		
EQUITY:		
Common stock (par value \$0.01 per share): Authorized 300,000,000 shares, outstanding, 53,885,594 and 53,835,594 as of September 30, 2012, and June 30, 2012, respectively	539	538

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Capital in excess of par value	91,098	90,753
Preferred stock (par value \$0.01 per share): Authorized 50,000,000 shares, outstanding, 0 as of September 30, 2012, and June 30, 2012, respectively	—	—
Accumulated deficit	(34,900) (29,590)
Accumulated other comprehensive income	12,126	11,207
Total equity attributable to Magellan Petroleum Corporation	68,863	72,908
Total liabilities and equity	\$88,467	\$92,574

The notes to the condensed consolidated financial statements (unaudited) are an integral part of these financial statements.

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MAGELLAN PETROLEUM CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
 (In thousands, except per share amounts)

	THREE MONTHS ENDED	
	September 30,	
	2012	2011
REVENUES:		
Oil production	\$ 1,460	\$ 3,296
Gas production	200	439
Total revenues	1,660	3,735
OPERATING EXPENSES:		
Lease operating	2,051	3,018
Depletion, depreciation, amortization, and accretion	316	474
Exploration	622	987
General and administrative	3,663	2,512
Impairment	890	—
Gain on sale of assets	—	(4,108)
Total operating expenses	7,542	2,883
(Loss) income from operations	(5,882)) 852
OTHER INCOME (EXPENSE)		
Net interest income	221	271
Other income	15	—
Total other income	236	271
(Loss) income before income tax	(5,646)) 1,123
Income tax benefit (provision)	336	(198)
Net (loss) income after income tax	(5,310))