

VAALCO ENERGY INC /DE/
Form 10-Q
May 09, 2013
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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 March 31, 2013

**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 1-32167

VAALCO Energy, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

76-0274813
(I.R.S. Employer
Identification No.)

4600 Post Oak Place
Suite 300
Houston, Texas
(Address of principal executive offices)

77027
(Zip code)

(713) 623-0801
(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 Exchange Act 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 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 a check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No .

As of April 30, 2013, there were outstanding 57,909,800 shares of common stock, \$0.10 par value per share, of the registrant.

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VAALCO ENERGY, INC. AND SUBSIDIARIES

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VAALCO ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands of dollars, except number of shares and par value amounts)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 102,641	\$ 130,800
Restricted cash	2,075	1,257
Receivables:		
Trade	24,502	7,961
Accounts with partners, net of allowance of \$6.9 million and \$6.0 million at March 31, 2013 and December 31, 2012 respectively	1,268	689
Other	7,537	4,463
Crude oil inventory	259	683
Materials and supplies	325	337
Prepayments and other	2,677	2,935
Total current assets	141,284	149,125
Property and equipment - successful efforts method:		
Wells, platforms and other production facilities	188,911	188,208
Undeveloped acreage	28,657	28,657
Work in progress	53,621	38,137
Equipment and other	6,734	7,574
	277,923	262,576
Accumulated depreciation, depletion and amortization	(159,301)	(155,968)
Net property and equipment	118,622	106,608
Other assets:		
Deferred tax asset	1,349	1,349
Restricted cash	10,874	10,874
Total assets	\$ 272,129	\$ 267,956
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	35,190	30,326
Accounts with partners	4,935	14,737
Total current liabilities	40,125	45,063
Asset retirement obligations	10,750	10,368
Total liabilities	50,875	55,431

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Commitments and contingencies (Note 4)

VAALCO Energy, Inc. shareholders' equity:		
Common stock, \$0.10 par value, 100,000,000 authorized shares, 63,167,438 and 63,135,772 shares issued with 5,257,638 and 5,257,638 shares in treasury at March 31, 2013 and December 31, 2012, respectively	6,317	6,314
Additional paid-in capital	50,354	48,816
Retained earnings	188,558	181,370
Less treasury stock, at cost	(23,975)	(23,975)
 Total VAALCO Energy, Inc. shareholders' equity	 221,254	 212,525
 Total Liabilities and Equity	 \$ 272,129	 \$ 267,956

See notes to unaudited condensed consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS

(unaudited)

(in thousands of dollars, except per share amounts)

	Three months ended March 31,	
	2013	2012
Revenues:		
Oil and gas sales	\$ 44,137	\$ 45,286
Operating costs and expenses:		
Production expense	8,384	5,526
Exploration expense	6,106	853
Depreciation, depletion and amortization	3,626	5,003
General and administrative expense	3,639	3,483
Bad debt expense	879	315
Total operating costs and expenses	22,634	15,180
Operating income	21,503	30,106
Other income (expense):		
Interest income	25	41
Other, net	(94)	200
Total other income (expense)	(69)	241
Income before income taxes	21,434	30,347
Income tax expense	14,246	19,820
Net income	7,188	10,527
Less net income attributable to noncontrolling interest		(1,509)
Net income attributable to VAALCO Energy, Inc.	\$ 7,188	\$ 9,018
Basic net income per share attributable to VAALCO Energy, Inc. common shareholders	\$ 0.12	\$ 0.16
Diluted net income per share attributable to VAALCO Energy, Inc. common shareholders	\$ 0.12	\$ 0.15
Basic weighted shares outstanding	57,907	57,195
Diluted weighted average shares outstanding	59,070	58,308

See notes to unaudited condensed consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(in thousands of dollars)

Three Months Ended March 31, 2013

	VAALCO Energy, Inc. Shareholders					Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Noncontrolling Interest	
Balance at January 1, 2013	\$ 6,314	\$ 48,816	\$ 181,370	\$ (23,975)	\$	\$ 212,525
Proceeds from stock issuance	3	132				135
Stock based compensation		1,406				1,406
Net income			7,188			7,188
Balance at March 31, 2013	\$ 6,317	\$ 50,354	\$ 188,558	\$ (23,975)	\$	\$ 221,254

Three Months Ended March 31, 2012

	VAALCO Energy, Inc. Shareholders					Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Noncontrolling Interest	
Balance at January 1, 2012	\$ 6,238	\$ 66,122	\$ 180,739	\$ (23,975)	\$ 3,943	\$ 233,067
Proceeds from stock issuance	20	896				916
Stock based compensation		1,352				1,352
Net income			9,018		1,509	10,527
Distrib. to noncontrolling interest					(1,599)	(1,599)
Balance at March 31, 2012	\$ 6,258	\$ 68,370	\$ 189,757	\$ (23,975)	\$ 3,853	\$ 244,263