

Oasis Petroleum Inc.
Form 10-Q
November 08, 2012
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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 September 30, 2012

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: 1-34776

Oasis Petroleum Inc.

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(Exact name of registrant as specified in its charter)

| | |
|--|--|
| Delaware (State or other jurisdiction of incorporation or organization) | 80-0554627 (I.R.S. Employer Identification No.) |
| 1001 Fannin Street, Suite 1500 Houston, Texas (Address of principal executive offices) | 77002 (Zip Code) |
| (281) 404-9500 | |
| (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

Number of shares of the registrant's common stock outstanding at November 5, 2012: 93,366,522 shares.

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OASIS PETROLEUM INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****Oasis Petroleum Inc.****Condensed Consolidated Balance Sheet****(Unaudited)**

| | September 30, 2012 | December 31, 2011 |
|--|-----------------------------------|---------------------|
| | (In thousands, except share data) | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 280,303 | \$ 470,872 |
| Short-term investments | 126,213 | 19,994 |
| Accounts receivable – oil and gas revenues | 104,965 | 52,164 |
| Accounts receivable – joint interest partners | 83,630 | 67,268 |
| Inventory | 21,142 | 3,543 |
| Prepaid expenses | 4,030 | 2,140 |
| Advances to joint interest partners | 4,025 | 3,935 |
| Derivative instruments | 17,320 | |
| Deferred income taxes | | 3,233 |
| Other current assets | 78 | 491 |
| Total current assets | 641,706 | 623,640 |
| Property, plant and equipment | | |
| Oil and gas properties (successful efforts method) | 2,079,016 | 1,235,357 |
| Other property and equipment | 45,261 | 20,859 |
| Less: accumulated depreciation, depletion, amortization and impairment | (320,478) | (176,261) |
| Total property, plant and equipment, net | 1,803,799 | 1,079,955 |
| Derivative instruments | 10,047 | 4,362 |
| Deferred costs and other assets | 25,349 | 19,425 |
| Total assets | \$ 2,480,901 | \$ 1,727,382 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 30,954 | \$ 12,207 |
| Advances from joint interest partners | 26,572 | 9,064 |
| Revenues and production taxes payable | 64,091 | 19,468 |
| Accrued liabilities | 200,544 | 119,692 |
| Accrued interest payable | 22,481 | 15,774 |
| Derivative instruments | 1,273 | 5,907 |
| Deferred income taxes | 3,782 | |
| Other current liabilities | 5,256 | 472 |
| Total current liabilities | 354,953 | 182,584 |
| Long-term debt | 1,200,000 | 800,000 |

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| | | |
|--|---------------------|---------------------|
| Asset retirement obligations | 20,529 | 13,075 |
| Derivative instruments | 360 | 3,505 |
| Deferred income taxes | 152,617 | 92,983 |
| Other liabilities | 2,078 | 997 |
| Total liabilities | 1,730,537 | 1,093,144 |
| Commitments and contingencies (Note 12) | | |
| Stockholders' equity | | |
| Common stock, \$0.01 par value; 300,000,000 shares authorized; 93,435,593 issued and 93,369,468 outstanding at September 30, 2012; 92,483,393 issued and 92,460,914 outstanding at December 31, 2011 | 923 | 921 |
| Treasury stock, at cost; 66,125 and 22,479 shares at September 30, 2012 and December 31, 2011, respectively | (1,901) | (602) |
| Additional paid-in-capital | 653,999 | 647,374 |
| Retained earnings (deficit) | 97,343 | (13,455) |
| Total stockholders' equity | 750,364 | 634,238 |
| Total liabilities and stockholders' equity | \$ 2,480,901 | \$ 1,727,382 |

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

Table of Contents**Oasis Petroleum Inc.****Condensed Consolidated Statement of Operations****(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|---------------------------------------|------------------|---------------------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (In thousands, except per share data) | | | |
| Revenues | | | | |
| Oil and gas revenues | \$ 178,748 | \$ 87,596 | \$ 461,857 | \$ 213,546 |
| Well services revenues | 5,963 | | 10,484 | |
| Total revenues | 184,711 | 87,596 | 472,341 | 213,546 |
| Expenses | | | | |
| Lease operating expenses | 16,134 | 9,597 | 37,979 | 21,178 |
| Well services operating expenses | 5,420 | | 7,104 | |
| Marketing, transportation and gathering expenses | 2,744 | 238 | 7,283 | 797 |
| Production taxes | 16,433 | 8,873 | 43,419 | 22,041 |
| Depreciation, depletion and amortization | 57,684 | 20,859 | 140,783 | 47,771 |
| Exploration expenses | 336 | 54 | 3,171 | 345 |
| Impairment of oil and gas properties | 36 | 396 | 2,607 | 3,313 |
| General and administrative expenses | 13,886 | 7,306 | 39,622 | 19,870 |
| Total expenses | 112,673 | 47,323 | 281,968 | 115,315 |
| Operating income | 72,038 | 40,273 | 190,373 | 98,231 |
| Other income (expense) | | | | |
| Net gain (loss) on derivative instruments | (22,441) | 71,224 | 33,568 | 67,105 |
| Interest expense | (20,979) | (6,786) | (48,952) | (18,745) |
| Other income | 1,147 | 524 | 2,521 | 1,215 |
| Total other income (expense) | (42,273) | 64,962 | (12,863) | 49,575 |
| Income before income taxes | 29,765 | 105,235 | 177,510 | 147,806 |
| Income tax expense | 11,451 | 38,946 | 66,712 | 55,015 |
| Net income | \$ 18,314 | \$ 66,289 | \$ 110,798 | \$ 92,791 |
| Earnings per share: | | | | |
| Basic and diluted (Note 11) | \$ 0.20 | \$ 0.72 | \$ 1.20 | \$ 1.01 |
| Weighted average shares outstanding: | | | | |
| Basic (Note 11) | 92,186 | 92,060 | 92,164 | 92,052 |
| Diluted (Note 11) | 92,416 | 92,164 | 92,343 | 92,208 |

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

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Oasis Petroleum Inc.

Condensed Consolidated Statement of Changes in Stockholders' Equity

(Unaudited)

(In thousands)

| | Common Stock | Treasury Stock | Additional | Retained Earnings | Total |
|---------------------------------|---------------------|-----------------------|------------------------|--------------------------|---------------------|
| | Shares | Amount | Shares | Amount | Stockholders |
| | | | Amount | Amount | Equity |
| | | | Paid-in-Capital | (Deficit) | |
| Balance as of December 31, 2011 | 92,461 | | | | |