

CRIMSON EXPLORATION INC.

Form 10-Q

May 21, 2007

**FORM 10-Q**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended March 31, 2007

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 000-21644

**CRIMSON EXPLORATION INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**717 Texas Avenue, Suite 2900**

**Houston, Texas**

(Address of principal executive offices)

**20-3037840**

(IRS Employer Identification No.)

**77002**

(zip code)

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**480 N. Sam Houston Parkway East, Suite 300**

**Houston, Texas**

(Former address of principal executive offices)

**77060**

(Former zip code)

**(713) 236-7400**

(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 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.

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

On May 11, 2007, there were 4,093,969 shares of common stock outstanding.

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CRIMSON EXPLORATION INC.

FOR THE QUARTER ENDED

MARCH 31, 2007

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.**

## CRIMSON EXPLORATION INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

## ASSETS

|   | March 31,<br>2007<br>(unaudited) | December 31,<br>2006 |
|---|----------------------------------|----------------------|
| <b>CURRENT ASSETS</b>   |                                  |                      |
| Cash and cash equivalents   | \$                               | \$ 23,321            |
| Accounts receivable - trade, net of allowance for doubtful accounts of \$118,110 and \$118,110 , respectively | 4,288,542                        | 3,283,270            |
| Prepaid and other current expenses  | 462,494                          | 225,304              |
| Derivative instruments  |                                  | 700,088              |
| Total current assets  | 4,751,036                        | 4,231,983            |
| <b>PROPERTY AND EQUIPMENT</b>   |                                  |                      |
| Oil and gas properties, using the successful efforts method of accounting                                     | 98,005,037                       | 91,656,534           |
| Other property and equipment  | 1,783,110                        | 1,713,911            |
| Less accumulated depreciation, depletion and amortization   | (17,595,319)                     | (16,823,553)         |
| Total property and equipment, net   | 82,192,828                       | 76,546,892           |
| <b>NONCURRENT ASSETS</b>  |                                  |                      |
| Deposits  | 49,502                           | 49,502               |
| Debt issuance cost, net   | 400,249                          | 449,583              |
| Derivative instruments  | 1,253,508                        | 2,233,800            |
| Deferred tax asset, net   | 2,285,413                        | 1,190,962            |
| Total other assets  | 3,988,672                        | 3,923,847            |
| <b>TOTAL ASSETS</b>   | <b>\$ 90,932,536</b>             | <b>\$ 84,702,722</b> |

The Notes to Consolidated Financial Statements are an integral part of these statements.



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CRIMSON EXPLORATION INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

|   | March 31,<br>2007<br>(unaudited) | December 31,<br>2006 |
|---|----------------------------------|----------------------|
| <b>CURRENT LIABILITIES</b>                        |                                  |                      |
| Current portion of long-term debt                 | \$ 97,653                        | \$ 91,093            |
| Accounts payable - trade                          | 6,603,339                        | 9,778,359            |
| Accrued expenses                                  | 355,821                          | 736,406              |
| Income taxes payable                              | 75                               | 75                   |
| Asset retirement obligations                      | 173,925                          | 185,414              |
| Derivative instruments                            | 181,735                          |                      |
| Deferred tax liability, net                       | 119,057                          | 140,808              |
| Total current liabilities                         | 7,531,605                        | 10,932,155           |
| <b>NONCURRENT LIABILITIES</b>                     |                                  |                      |
| Long-term debt, net of current portion            | 18,333,377                       | 8,414,993            |
| Asset retirement obligations                      | 4,092,347                        | 4,029,791            |
| Other noncurrent liabilities                      | 518,219                          |                      |
| Total noncurrent liabilities                      | 22,943,943                       | 12,444,784           |
| Total liabilities                                 | 30,475,548                       | 23,376,939           |
| <b>COMMITMENTS AND CONTINGENCIES</b>              |                                  |                      |
| <b>STOCKHOLDERS' EQUITY</b>                       |                                  |                      |
| Preferred stock (see Note 2)                      | 1,032                            | 1,032                |
| Common stock (see Note 2)                         | 3,335                            | 3,334                |
| Additional paid-in capital                        | 80,741,702                       | 79,693,736           |
| Retained deficit                                  | (20,289,081)                     | (18,372,319)         |
| Total stockholders' equity                        | 60,456,988                       | 61,325,783           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$ 90,932,536</b>             | <b>\$ 84,702,722</b> |

The Notes to Consolidated Financial Statements are an integral part of these statements.



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CRIMSON EXPLORATION INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

**Three Months  
Ended March 31,  
2007**

2006

OPERATING REVENUES