

VAALCO ENERGY INC /DE/
Form 10-Q
May 08, 2012
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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, 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 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 309 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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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, 2012, there were outstanding 57,845,799 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, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 140,329	\$ 137,139
Restricted cash	947	1,314
Receivables:		
Trade	643	10,087
Accounts with partners, net of allowance of \$4.7 million and \$4.4 million at March 31, 2012 and December 31, 2011 respectively	13,649	6,974
Other	8,424	4,239
Crude oil inventory	1,842	757
Materials and supplies	450	235
Prepayments and other	4,966	2,178
Total current assets	171,250	162,923
Property and equipment - successful efforts method:		
Wells, platforms and other production facilities	192,207	178,653
Undeveloped acreage	24,647	25,344
Work in progress	22,526	20,703
Equipment and other	6,787	4,543
	246,167	229,243
Accumulated depreciation, depletion and amortization	(134,733)	(129,395)
Net property and equipment	111,434	99,848
Other assets:		
Deferred tax asset	1,349	1,349
Restricted cash	10,895	10,895
Total assets	\$ 294,928	\$ 275,015
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 33,461	\$ 25,090
Total current liabilities	33,461	25,090
Asset retirement obligations	14,874	14,528
Other liabilities	2,330	2,330
Total liabilities	50,665	41,948

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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, 62,581,563 and 62,376,563 shares issued with 5,257,638 and 5,257,638 shares in treasury at March 31, 2012 and December 31, 2011, respectively	6,258	6,238
Additional paid-in capital	68,370	66,122
Retained earnings	189,757	180,739
Less treasury stock, at cost	(23,975)	(23,975)
Total VAALCO Energy, Inc. shareholders' equity	240,410	229,124
Noncontrolling interest	3,853	3,943
Total Equity	244,263	233,067
Total Liabilities and Equity	\$ 294,928	\$ 275,015

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,	
	2012	2011
Revenues:		
Oil and gas sales	\$ 45,286	\$ 46,772
Operating costs and expenses:		
Production expense	5,526	5,233
Exploration expense	853	1,119
Depreciation, depletion and amortization	5,003	6,098
General and administrative expense	3,483	2,980
Bad debt expenses	315	
Total operating costs and expenses	15,180	15,430
Operating income	30,106	31,342
Other income (expense):		
Interest income	41	36
Other, net	200	(194)
Total other income (expense)	241	(158)
Income before income taxes	30,347	31,184
Income tax expense	19,820	18,288
Net income	10,527	12,896
Less net income attributable to noncontrolling interest	(1,509)	(1,657)
Net income attributable to VAALCO Energy, Inc.	\$ 9,018	\$ 11,239
Basic net income per share attributable to VAALCO Energy, Inc. common shareholders	\$ 0.16	\$ 0.20
Diluted net income per share attributable to VAALCO Energy, Inc. common shareholders	\$ 0.15	\$ 0.19
Basic weighted average shares outstanding	57,195	56,971
Diluted weighted average shares outstanding	58,308	58,258

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, 2012	VAALCO Energy, Inc. Shareholders					Noncontrolling Interest	Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock			
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	
Distribution to noncontrolling interest					(1,599)	(1,599)	
Balance at March 31, 2012	\$ 6,258	\$ 68,370	\$ 189,757	\$ (23,975)	\$ 3,853	\$ 244,263	

Three Months Ended March 31, 2011	VAALCO Energy, Inc. Shareholders					Noncontrolling Interest	Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock			
Balance at January 1, 2011	\$ 6,282	\$ 64,314	\$ 146,594	\$ (25,665)	\$ 4,718	\$ 196,243	
Proceeds from stock issuance	20	1,007				1,027	
Stock based compensation		1,258				1,258	
Net income			11,239		1,657	12,896	
Distribution to noncontrolling interest							