

ABRAXAS PETROLEUM CORP
Form 10-Q
May 12, 2008
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, 2008

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: 001-16701

ABRAXAS PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada
(State of Incorporation)

74-2584033
(I.R.S. Employer Identification No.)

500 N. Loop 1604 East, Suite 100, San Antonio, TX 78232
(Address of principal executive offices) (Zip Code)

210-490-4788
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 the filing requirements for the past 90 days. 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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer

Non-accelerated filer

(Do not mark if a smaller reporting company)

Accelerated
filer

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

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The number of shares of the issuer's common stock outstanding as of May 8, 2008 was:

<u>Class</u>	<u>Shares Outstanding</u>
Common Stock, \$.01 Par Value	49,099,518

1

Forward-Looking Information

We make forward-looking statements throughout this document. Whenever you read a statement that is not simply a statement of historical fact (such as statements including words like “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “could”, “potentially” or similar expressions) must remember that these are forward-looking statements, and that our expectations may not be correct, even though we believe they are reasonable. The forward-looking information contained in this document is generally located in the material set forth under the headings “Management’s Discussion and Analysis of Financial Condition and Results of Operations” but may be found in other locations as well. These forward-looking statements generally relate to our plans and objectives for future operations and are based upon our management’s reasonable estimates of future results or trends. The factors that may affect our expectations regarding our operations include, among others, the following:

- our high debt level;
- our success in development, exploitation and exploration activities;
- our ability to make planned capital expenditures;
- declines in our production of natural gas and crude oil;
- prices for natural gas and crude oil;
- our ability to raise equity capital or incur additional indebtedness;
- political and economic conditions in oil producing countries, especially those in the Middle East;
- prices and availability of alternative fuels;
- our restrictive debt covenants;
- our acquisition and divestiture activities;
- results of our hedging activities; and
- other factors discussed elsewhere in this report.

In addition to these factors, important factors that could cause actual results to differ materially from our expectations (“Cautionary Statements”) are disclosed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2007. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the Cautionary Statements.

ABRAXAS PETROLEUM CORPORATION AND SUBSIDIARIES

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Abraxas Petroleum Corporation

Condensed Consolidated Balance Sheets

(unaudited)

(in thousands)

	March 31, 2008 (Unaudited)	December 31, 2007
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,571	\$ 18,936
Accounts receivable, net:		
Joint owners	1,726	840
Oil and gas production	12,856	5,288
Other	55	—
	14,637	6,240
Hedge asset – current	—	2,658
Other current assets	343	377
Total current assets	21,551	28,099
Property and equipment:		
Oil and gas properties, full cost method of accounting:		
Proved	402,761	265,090
Unproved properties excluded from depletion	—	—
Other property and equipment	3,819	3,633
Total	406,580	268,723
Less accumulated depreciation, depletion, and amortization	156,788	151,696
Total property and equipment – net	249,792	117,027
Deferred financing fees, net	2,161	856
Hedge asset – Long-term	—	359
Other assets	908	778
Total assets	\$ 274,412	\$ 147,119

See accompanying notes to condensed consolidated financial statements

Abraxas Petroleum Corporation

Condensed Consolidated Balance Sheets (continued)

(unaudited)

(in thousands)

Liabilities and Stockholders' Equity

**March 31,
2008
(Unaudited)**

**December 31,
2007**