

EVOLUTION PETROLEUM CORP

Form 10-Q

February 08, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2015

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 001-32942

EVOLUTION PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

41-1781991

(IRS Employer Identification No.)

2500 CityWest Blvd., Suite 1300, Houston, Texas 77042

(Address of principal executive offices and zip code)

(713) 935-0122

(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 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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

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:

The number of shares outstanding of the registrant's common stock, par value \$0.001, as of February 2, 2016, was 32,881,445.

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EVOLUTION PETROLEUM CORPORATION AND SUBSIDIARIES

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## PART I — FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Evolution Petroleum Corporation and Subsidiaries  
Consolidated Condensed Balance Sheets  
(Unaudited)

	December 31, 2015	June 30, 2015
Assets		
Current assets		
Cash and cash equivalents	\$16,325,013	\$20,118,757
Receivables	2,557,731	3,122,473
Deferred tax asset	—	82,414
Derivative assets, net	1,323,749	—
Prepaid expenses and other current assets	396,018	369,404
Total current assets	20,602,511	23,693,048
Oil and natural gas property and equipment, net (full-cost method of accounting)	49,049,250	45,186,886
Other property and equipment, net	38,279	276,756
Total property and equipment	49,087,529	45,463,642
Other assets	225,355	726,037
Total assets	\$69,915,395	\$69,882,727
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$4,902,135	\$8,173,878
Accrued liabilities and other	1,262,275	855,373
Derivative liabilities, net	—	109,974
Deferred income taxes	367,661	—
State and federal income taxes payable	342,930	190,032
Total current liabilities	6,875,001	9,329,257
Long term liabilities		
Deferred income taxes	10,244,897	11,242,551
Asset retirement obligations	692,976	715,767
Deferred rent	—	18,575
Total liabilities	17,812,874	21,306,150
Commitments and contingencies (Note 16)		
Stockholders' equity		
Preferred stock, par value \$0.001; 5,000,000 shares authorized:8.5% Series A Cumulative Preferred Stock, 1,000,000 shares designated, 317,319 shares issued and outstanding at December 31, 2015 and June 30, 2015 with a liquidation preference of \$7,932,975 (\$25.00 per share)	317	317
Common stock; par value \$0.001; 100,000,000 shares authorized: issued and outstanding 32,881,445 shares and 32,845,205 as of December 31, 2015 and June 30, 2015, respectively	32,881	32,845
Additional paid-in capital	40,063,167	36,847,289
Retained earnings	12,006,156	11,696,126
Total stockholders' equity	52,102,521	48,576,577
Total liabilities and stockholders' equity	\$69,915,395	\$69,882,727

See accompanying notes to consolidated condensed financial statements.

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Consolidated Condensed Statements of Operations  
(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Revenues				
Delhi field	\$6,558,215	\$7,644,831	\$13,854,601	\$11,513,433
Artificial lift technology	64,712	63,236	147,732	179,092
Other properties	—	—	—	20,369
Total revenues	6,622,927	7,708,067	14,002,333	11,712,894
Operating costs				
Production costs - Delhi field	2,226,141	2,817,866	4,784,028	2,817,866
Production costs - artificial lift technology	53,731	191,553	113,245	388,913
Production costs - other properties	—	9,390	1,046	97,412
Depreciation, depletion and amortization	1,471,571	917,757	2,689,844	1,287,107
Accretion of discount on asset retirement obligations	11,517	8,137	22,860	12,773
General and administrative expenses *	2,057,521			