

MILLER ENERGY RESOURCES, INC.
Form 10-Q
September 10, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
Form 10-Q

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

For the quarterly period ended July 31, 2012
OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 001-34732

Miller Energy Resources, Inc.
(Name of registrant as specified in its charter)

Tennessee 62-1028629
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9721 Cogdill Road, Suite 302, Knoxville, TN 37932
(Address of principal executive offices) (Zip Code)

(865) 223-6575
(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 Website, 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 Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 42,021,893 shares of common stock are issued and outstanding as of August 31, 2012.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

MILLER ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	July 31, 2012	April 30, 2012
	(In thousands, except share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$1,892	\$3,971
Restricted cash	1,605	2,250
Accounts receivable	2,880	3,107
State production credits receivable	2,958	2,958
Inventory	1,866	1,835
Prepaid expenses	1,887	482
	13,088	14,603
OIL AND GAS PROPERTIES, NET	478,131	475,802
EQUIPMENT, NET	39,020	33,728
OTHER ASSETS:		
Land	542	542
Restricted cash, non-current	9,880	9,875
Deferred financing costs, net of accumulated amortization	5,231	1,426
Other assets	624	413
	\$546,516	\$536,389
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$11,785	\$9,504
Accrued expenses	5,172	6,744
Short-term portion of derivative instruments	1,396	2,803
Current portion of long-term debt	1,500	24,130
	19,853	43,181
OTHER LIABILITIES:		
Deferred income taxes	168,440	167,319
Asset retirement obligation	18,650	18,366
Long-term portion of derivative instruments	1,716	7,700
Long-term debt	38,500	—
Total Liabilities	247,159	236,566
COMMITMENTS AND CONTINGENCIES (Note 14)		
MEZZANINE EQUITY:		
Series A cumulative preferred stock, redemption amount of \$11.2 million	—	8,818
STOCKHOLDERS' EQUITY:		
Common stock, \$0.0001 par, 500,000,000 shares authorized, 41,959,393 and 41,086,751 shares issued and outstanding, respectively	4	4
Additional paid-in capital	72,976	64,813
Retained earnings	226,377	226,188
	299,357	291,005

\$546,516

\$536,389

See accompanying notes to the unaudited condensed consolidated financial statements.

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MILLER ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		
	July 31, 2012	July 31, 2011	
	(In thousands, except share and per share data)		
REVENUES:			
Oil sales	\$7,646	\$8,191	
Natural gas sales	83	128	
Other	533	536	
	8,262	8,855	
OPERATING EXPENSES:			
Oil and gas operating	3,974	3,796	
Cost of other revenue	548	227	
General and administrative	5,330	5,772	
Exploration expense	29	32	
Depreciation, depletion and amortization	3,125	3,373	
Accretion of asset retirement obligation	284	269	
Other operating income, net	(25) (892)
	13,265	12,577	
OPERATING LOSS	(5,003) (3,722)
OTHER INCOME (EXPENSE):			
Interest income	3	1	
Interest expense	(134) (496)
Gain on derivatives, net	8,941	3,756	
Other income (expense), net	(75) 31	
	8,735	3,292	
INCOME (LOSS) BEFORE INCOME TAXES	3,732	(430)
Income tax (provision) benefit	(1,121) 247	
NET INCOME (LOSS)	2,611	(183)
Accretion of preferred stock	(2,422)	