

WHITING PETROLEUM CORP
Form 10-Q
November 03, 2011

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 September 30, 2011

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: 001-31899
WHITING PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

20-0098515
(I.R.S. Employer
Identification No.)

1700 Broadway, Suite 2300
Denver, Colorado
(Address of principal executive offices)

80290-2300
(Zip code)

(303) 837-1661
(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§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. (Check one):

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

Number of shares of the registrant’s common stock outstanding at October 15, 2011: 117,380,843 shares.

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GLOSSARY OF CERTAIN DEFINITIONS

Unless the context otherwise requires, the terms “we,” “us,” “our” or “ours” when used in this report refer to Whiting Petroleum Corporation, together with its consolidated subsidiaries. When the context requires, we refer to these entities separately.

We have included below the definitions for certain terms used in this report:

“Bbl” One stock tank barrel, or 42 U.S. gallons liquid volume, used in this report in reference to oil and other liquid hydrocarbons.

“Bcf” One billion cubic feet of natural gas.

“BOE” One stock tank barrel equivalent of oil, calculated by converting natural gas volumes to equivalent oil barrels at a ratio of six Mcf to one Bbl of oil.

“FASB” The Financial Accounting Standards Board.

“FASB ASC” The FASB Accounting Standards Codification.

“GAAP” Generally accepted accounting principles in the United States of America.

“MBbl” One thousand barrels of oil or other liquid hydrocarbons.

“MBOE” One thousand BOE.

“MBOE/d” One MBOE per day.

“Mcf” One thousand cubic feet of natural gas.

“MMBbl” One million Bbl.

“MMBOE” One million BOE.

“MMBtu” One million British Thermal Units.

“MMcf” One million cubic feet of natural gas.

“MMcf/d” One MMcf per day.

“plugging and abandonment” Refers to the sealing off of fluids in the strata penetrated by a well so that the fluids from one stratum will not escape into another or to the surface. Regulations of many states require plugging of abandoned wells.

“working interest” The interest in a crude oil and natural gas property (normally a leasehold interest) that gives the owner the right to drill, produce and conduct operations on the property and a share of production, subject to all royalties, overriding royalties and other burdens and to all costs of exploration, development and operations and all risks in connection therewith.

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

WHITING PETROLEUM CORPORATION
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except share and per share data)

ASSETS	September 30, 2011	December 31, 2010
Current assets:		
Cash and cash equivalents	\$ 6,088	\$ 18,952
Accounts receivable trade, net	230,942	199,713
Prepaid expenses and other	31,540	14,878
Total current assets	268,570	233,543
Property and equipment:		
Oil and gas properties, successful efforts method:		
Proved properties	6,724,836	5,661,619
Unproved properties	362,963	226,336
Other property and equipment	144,158	98,092
Total property and equipment	7,231,957	5,986,047
Less accumulated depreciation, depletion and amortization	(1,961,365)	(1,630,824)
Total property and equipment, net	5,270,592	4,355,223
Debt issuance costs	31,782	34,226
Other long-term assets	76,562	25,785
TOTAL ASSETS	\$ 5,647,506	\$ 4,648,777
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable trade	\$ 30,389	\$ 35,016
Accrued capital expenditures	112,526	84,789
Accrued liabilities and other	133,752	153,062
Revenues and royalties payable	104,185	82,124
Taxes payable	34,139	30,291
Derivative liabilities	20,682	69,375
Deferred income taxes	2,713	4,548
Total current liabilities	438,386	459,205
Long-term debt	1,200,000	800,000
Deferred income taxes	786,932	539,071
Derivative liabilities	31,424	95,256
Production Participation Plan liability	84,584	81,524
Asset retirement obligations	82,842	76,994
Deferred gain on sale	32,618	41,460
Other long-term liabilities	26,669	23,952
Total liabilities	2,683,455	2,117,462
Commitments and contingencies		
Equity:		
	-	-

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Preferred stock, \$0.001 par value, 5,000,000 shares authorized; 6.25% convertible perpetual preferred stock, 172,400 shares issued and outstanding as of September 30, 2011 and 172,500 shares issued and outstanding as of December 31, 2010, aggregate liquidation preference of \$17,240,000 at September 30, 2011		
Common stock, \$0.001 par value, 300,000,000 shares authorized; 118,109,058 issued and 117,380,843 outstanding as of September 30, 2011, 117,967,876 issued and 117,098,506 outstanding as of December 31, 2010 (1)	118	59
Additional paid-in capital	1,550,800	1,549,822
Accumulated other comprehensive income	1,144	5,768
Retained earnings	1,403,656	975,666
Total Whiting shareholders' equity	2,955,718	2,531,315
Noncontrolling interest	8,333	-
Total equity	2,964,051	2,531,315
TOTAL LIABILITIES AND EQUITY	\$ 5,647,506	\$ 4,648,777