

PETROHAWK ENERGY CORP
Form 8-K
October 20, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): October 14, 2009

PETROHAWK ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-25717
(Commission File Number)

86-0876964
(I.R.S. Employer
Identification No.)

1000 Louisiana, Suite 5600

Houston, Texas
(Address of principal executive offices)

77002
(Zip Code)

Registrant's telephone number, including area code: (832) 204-2700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.
Amendment to Senior Credit Agreement

See Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant for a description of the Fourth Amended and Restated Senior Revolving Credit Agreement, dated as of October 14, 2009 (the Senior Credit Agreement), between Petrohawk Energy Corporation (the Company), each of the lenders from time to time party thereto (the Lenders), BNP Paribas, as administrative agent for the Lenders, Bank of America, N.A. and Bank of Montreal as co-syndication agents for the Lenders, and JPMorgan Chase Bank, N.A. and Wells Fargo Bank, N.A., as co-documentation agents for the Lenders.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.
Amendment to Senior Credit Agreement

On October 14, 2009, the Company entered into the Senior Credit Agreement, which amends and restates its Third Amended and Restated Senior Revolving Credit Agreement dated September 10, 2008. The Senior Credit Agreement is a \$2.0 billion facility with a borrowing base of approximately \$1.5 billion, \$1.2 billion of which relates to the Company's oil and gas properties and up to \$300 million (currently limited as described below) of which relates to the Company's midstream business. The portion of the borrowing base which relates to the Company's oil and gas properties will be redetermined on a semi-annual basis (with the Company and the Lenders each having the right to one annual interim unscheduled redetermination) and adjusted based on the Company's oil and gas properties, reserves, other indebtedness and other relevant factors. The component of the borrowing base related to the Company's midstream business is limited to the lesser of \$300 million or 3.5 times midstream EBITDA, and is automatically determined quarterly. The initial available borrowing base aggregates \$1.38 billion as the midstream component is currently \$182 million. Amounts outstanding under the Senior Credit Agreement will bear interest at specified margins over the London Interbank Offered Rate of 2.25% to 3.25% for Eurodollar loans or at specified margins over the Alternate Base Rate (ABR) of 0.75% to 1.75% for ABR loans. Such margins will fluctuate based on the utilization of the facility. Borrowings under the Senior Credit Agreement will be secured by first priority liens on substantially all of the Company's assets, including pursuant to the terms of the Fourth Amended and Restated Guarantee and Collateral Agreement, all of the assets of, and equity interests in, the Company's subsidiaries. Amounts drawn down on the facility will mature on July 1, 2013.

Upon closing of the previously announced sale of the Company's Permian Basin properties, scheduled for October 30, 2009, the oil and gas properties portion of the borrowing base under the Senior Credit Agreement will be reduced by \$200 million to \$1 billion, resulting in a new aggregate borrowing base of \$1.18 billion, including the Company's midstream business.

The Senior Credit Agreement contains customary financial and other covenants, including maintenance of a ratio of consolidated earnings before interest, income taxes, depreciation, depletion, amortization and other non-cash charges to consolidated interest expense for the trailing four fiscal quarters to be not less than 2.5 to 1.0, and maintenance of the ratio of consolidated current assets to consolidated current liabilities to be not less than 1.0 to 1.0. In addition, the Company is subject to covenants limiting dividends and other restricted payments, transactions with affiliates, incurrence of debt, changes of control, asset sales, and liens on properties.

The foregoing summary of the terms of the Senior Credit Agreement and the security interests and liens granted in connection therewith is qualified in its entirety by reference to the Senior Credit Agreement and the Fourth Amended and Restated Guarantee and Collateral Agreement, attached hereto as Exhibits 10.1 and 10.2, respectively.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

10.1 Fourth Amended and Restated Senior Revolving Credit Agreement dated October 14, 2009, among Petrohawk Energy Corporation, each of the Lenders from time to time party thereto, BNP Paribas, as administrative agent for the Lenders, Bank of America, N.A. and Bank of Montreal, as co-syndication agents for the Lenders, and JPMorgan Chase Bank, N.A. and Wells Fargo Bank, N.A., as co-documentation agents for the Lenders.

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- 10.2 Fourth Amended and Restated Guarantee and Collateral Agreement dated October 14, 2009, made by Petrohawk Energy Corporation and each of its subsidiaries, as Grantors, in favor of BNP Paribas, as Administrative Agent.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PETROHAWK ENERGY CORPORATION

By: /s/ C. Byron Charboneau
Vice President, Chief Accounting Officer and
Controller

Date: October 20, 2009

EXHIBIT INDEX

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