

ABRAXAS PETROLEUM CORP
Form 10-Q
August 09, 2007
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 Quarter Ended June 30, 2007

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

Commission File Number 0-16701

ABRAXAS PETROLEUM CORPORATION

(Exact name of Registrant as specified in its charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

74-2584033
(I.R.S. Employer
Identification Number)

500 N. Loop 1604 East, Suite 100, San Antonio, Texas 78232

(Address of Principal Executive Offices) (Zip Code)

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

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 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 or No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one)

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Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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 of the issuer's common stock, par value \$0.01 per share outstanding as of August 6, 2007 was 48,760,511.

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 heading

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 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;
- economic and business conditions;
- political and economic conditions in oil producing countries, especially those in the Middle East;
- price 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 document.

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, 2006, which are incorporated by reference herein. 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

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Abraxas Petroleum Corporation

Condensed Consolidated Balance Sheets

(in thousands)

	June 30, 2007 (Unaudited)	December 31, 2006
Assets:		
Current assets:		
Cash	\$ 11,488	\$ 43
Accounts receivable, net		
Joint owners	281	556
Oil and gas production	5,858	5,645
Other	447	39
	6,586	6,240
Hedge asset - current	2,399	
Other current assets	257	470
Total current assets	20,730	6,753
Property and equipment:		
Oil and gas properties, full cost method of accounting:		
Proved	247,032	347,245
Other property and equipment	3,554	3,519
Total	250,586	350,764
Less accumulated depreciation, depletion, and amortization	143,610	245,807
Total property and equipment - net	106,976	104,957
Deferred financing fees, net	863	4,446
Hedge asset - long-term	1,403	
Other assets	1,145	1,330
Total assets	\$ 131,117	\$ 117,486

See accompanying notes to condensed consolidated financial statements (unaudited)

Abraxas Petroleum Corporation**Condensed Consolidated Balance Sheets (continued)****(in thousands)**

	June 30, 2007 (Unaudited)	December 31, 2006
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 3,287	\$ 5,268
Joint interest oil and gas production payable	2,715	2,621
Accrued interest	222	1,427
Other accrued expenses	2,088	1,156
Hedge liability - current	457	
Total current liabilities	8,769	10,472
Long-term debt	35,000	127,614
Hedge liability - long-term	1,416	
Future site restoration	1,074	1,019
Total liabilities	46,259	139,015
Minority interest in partnership	28,873	
Commitments and contingencies		
Stockholders' equity (deficit):		
Common Stock, par value \$.01 per share-		
Authorized 200,000 shares, issued 48,759 and 42,762	488	428
Additional paid-in capital	187,080	164,210
Accumulated deficit	(132,667)	(186,947)
Treasury stock, at cost, -0- and 35,552 shares		(285)
Accumulated other comprehensive income	1,084	975
Total stockholders' equity (deficit)	55,985	&nbs