

CRIMSON EXPLORATION INC.

Form 10-Q

November 14, 2007

FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended September 30, 2007

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 000-21644

CRIMSON EXPLORATION INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

717 Texas Avenue, Suite 2900

Houston, Texas

(Address of principal executive offices)

20-3037840

(IRS Employer Identification No.)

77002

(zip code)

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(713) 236-7400

(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 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.

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

On November 9, 2007, there were 5,077,437 shares outstanding of the Registrant's Common Stock, par value \$0.001.

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CRIMSON EXPLORATION INC.

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS.**

CRIMSON EXPLORATION INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2007 (unaudited)	December 31, 2006
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,524,293	\$ 23,321
Accounts receivable - trade, net of allowance for doubtful accounts of \$118,110 in 2007 and 2006	24,032,500	3,283,270
Prepaid expenses	472,375	225,304
Derivative instruments	4,257,681	700,088
Total current assets	44,286,849	4,231,983
PROPERTY AND EQUIPMENT		
Oil and gas properties, using the successful efforts method of accounting	381,767,344	91,656,534
Other property and equipment	2,476,204	1,713,911
Less accumulated depreciation, depletion and amortization	(37,020,880)	(16,823,553)
Net oil and gas properties and other property and equipment	347,222,668	76,546,892
NONCURRENT ASSETS		
Deposits	94,591	49,502
Debt issuance cost, net	4,221,232	449,583
Derivative instruments		2,233,800
Deferred tax asset, net		1,190,962
Total other assets	4,315,823	3,923,847
TOTAL ASSETS	\$ 395,825,340	\$ 84,702,722

The Notes to Consolidated Financial Statements are an integral part of these statements.

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CRIMSON EXPLORATION INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2007 (unaudited)	December 31, 2006
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 94,673	\$ 91,093
Accounts payable - trade	35,963,756	9,778,359
Accrued expenses	1,851,379	736,406
Income taxes payable	75	75
Asset retirement obligations	1,028,877	185,414
Deferred tax liability, net	439,485	140,808
Total current liabilities	39,378,245	10,932,155
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	266,036,349	8,414,993
Asset retirement obligations	6,661,168	4,029,791
Derivative instruments	1,582,368	
Deferred tax liability, net	3,826,666	
Other noncurrent liabilities	705,432	
Total noncurrent liabilities	278,811,983	12,444,784
Total liabilities	318,190,228	23,376,939
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock (see Note 2)	912	1,032
Common stock (see Note 2)	5,067	3,334
Additional paid-in capital	88,171,713	79,693,736
Retained deficit	(10,542,580)	(18,372,319)
Total stockholders' equity	77,635,112	61,325,783
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 395,825,340	\$ 84,702,722

The Notes to Consolidated Financial Statements are an integral part of these statements.

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CRIMSON EXPLORATION INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
OPERATING REVENUES				
Oil and gas sales	\$ 37,852,687	\$ 5,609,961	\$ 68,980,733	\$ 15,873,521
Operating overhead and other income	155,963	26,218	231,942	82,500
Total operating revenues	38,008,650	5,636,179	69,212,675	15,956,021
OPERATING EXPENSES				
Lease operating expenses	6,565,045	2,245,161	13,590,821	5,534,562
Exploration expenses	867,582	227,648	1,520,025	287,952
Depreciation, depletion and amortization	11,666,837	1,028,112	20,685,730	2,701,919
Impaired assets				8,036
Asset retirement obligations	131,970	20,994	315,521	62,982
General and administrative	3,786,110	2,129,634	8,771,256	5,994,371
Gain on sale of assets	(681,224)		(682,874)	
Total operating expenses	22,336,320	5,651,549	44,200,479	14,589,822
INCOME (LOSS) FROM OPERATIONS	15,672,330	(15,370)	25,012,196	1,366,199
OTHER INCOME (EXPENSE)				
Interest expense	(6,001,759)	(34,189)	(9,425,199)	(99,989)
Other financing cost	(351,388)	(50,910)	(1,001,452)	(139,474)
Loss from equity in investments		-		(1,843)
Unrealized gain (loss) on derivative instruments	618,264	4,343,441	(258,576)	5,620,388
Total other income (expense)	(5,734,883)	4,258,342	(10,685,227)	5,379,082
				6,745,281
INCOME BEFORE INCOME TAXES	9,937,447	4,242,972	14,326,969	
INCOME TAX EXPENSE	(3,783,592)	(1,635,936)	(5,480,356)	(2,563,571)
NET INCOME	6,153,855	2,607,036	8,846,613	4,181,710
DIVIDENDS ON PREFERRED STOCK (Paid 2007 \$662,706; 2006 \$118,650)	(1,665,843)	(916,039)	(3,423,543)	(2,728,312)
NET INCOME AVAILABE TO COMMON SHAREHOLDERS	\$ 4,488,012	\$ 1,690,997	\$ 5,423,070	\$ 1,453,398
NET INCOME PER SHARE				