GULFPORT ENERGY CORP
Form 424B5
March 28, 2011
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Filed pursuant to Rule 424(b)(5)
SEC File No. 333-168180

Prospectus Supplement

(To prospectus dated July 28, 2010)

4,800,000 Shares

Common Stock

We are offering 2,400,000 shares of our common stock. In addition, 2,400,000 shares of our common stock are being sold in this offering by the selling stockholder identified in this prospectus supplement. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholder.

Our common stock is quoted on The NASDAQ Global Select Market under the symbol GPOR. On March 24, 2011, the last reported sale price of our common stock on The NASDAQ Global Select Market was $32.58 per share.

The underwriters have an option to purchase a maximum of 360,000 additional shares from us and a maximum of 360,000 additional shares from the selling stockholder to cover over-allotments of shares.

Investing in our common stock involves risks. Please read Risk Factors beginning on page S-10 of this prospectus supplement for a description of various risks you should consider in evaluating an investment in the shares.

	Public Offering Price	Underwriting Discounts and Commissions	Proceeds to Us (Before Expenses)	Proceeds to the Selling Stockholder
Per Share	$32.00	$1.44	$30.56	$30.56
Total	$153,600,000	$6,912,000	$73,344,000	$73,344,000

Delivery of the shares of common stock will be made on or about March 30, 2011.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **Johnson Rice & Company L.L.C.**

SunTrust Robinson Humphrey **Scotia Capital**
Rodman & Renshaw, LLC

C. K. Cooper & Company

Pritchard Capital Partners, LLC

Simmons & Company International

The date of this prospectus supplement is March 24, 2011.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information in the accompanying prospectus and Information Incorporated by Reference in this prospectus supplement. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We, the selling stockholder and the underwriters have not authorized any other person to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We, the selling stockholder and the underwriters are not making any offer to sell these securities in any jurisdiction where the offer to sell is not permitted. You should not assume that the information we have included in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date hereof or thereof respectively, or that information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

When used in this prospectus supplement, the terms Gulfport, the Company, we, our and us refer to Gulfport Energy Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, expects, plans, anticipates, intends, believes, estimates, projects, predicts, potential and similar ex identify forward-looking statements. All statements, other than statements of historical facts, included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves, including with respect to the assets we may acquire in the pending Utica Shale acquisition and the present value thereof, future capital expenditures (including the amount and nature thereof), drilling activity, production, expenses, business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including those discussed under the heading Risk Factors herein and those discussed in the documents we have incorporated by reference including our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and any Current Reports on Form 8-K filed subsequent to the filing of such Form 10-K. Consequently, all of the forward-looking statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference are qualified by these cautionary statements and we cannot assure you that the actual results or developments anticipated by us will be realized or, even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary information highlights information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary may not contain all the information that is important to you.

The Company

Overview

We are an independent oil and natural gas exploration and production company with our principal producing properties located along the Louisiana Gulf Coast in the West Cote Blanche Bay, or WCBB, and Hackberry fields, and in West Texas in the Permian Basin. In 2010, we acquired an acreage position in the Niobrara Formation of Western Colorado. We also hold a significant acreage position in the Alberta oil sands in Canada through our interest in Grizzly Oil Sands ULC, or Grizzly, and have interests in entities that operate in Southeast Asia, including the Phu Horm gas field in Thailand. We seek to achieve reserve growth and increase our cash flow through our annual drilling programs.

The following is a description of our principal properties.

WCBB. The WCBB field is located approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. We own a 100% working interest (80.108% net revenue interest, or NRI), and are the operator, in depths above the base of the 13900 Sand which is located at 11,320 feet. In addition, we own a 40.40% non-operated working interest (29.95% NRI) in depths below the base of the 13900 Sand, which is operated by Chevron Corporation. Our leasehold interests at WCBB contain 5,668 gross acres.

In 2010, at our WCBB field, we recompleted 72 wells and drilled 23 wells for a total cost of approximately $40.9 million as of December 31, 2010. All 23 new wells drilled at WCBB in 2010 were completed as producing wells. During 2011, we currently anticipate drilling 20 to 24 wells and recompleting 60 wells at our WCBB field for an estimated aggregate cost of $36.0 to $38.0 million. In the fourth quarter of 2010, production at WCBB was 293,372 net barrels of oil equivalent, or BOE, or an average of 3,189 BOE per day, 97% of which was from oil and 3% of which was from natural gas. From January 1, 2011 through February 28, 2011, our average net daily production at WCBB was 2,721 BOE, 97% of which was from oil and 3% of which was from natural gas. The decrease in production during January and February 2011 was due to operating inefficiencies with wells, machinery and equipment resulting from sub-freezing weather conditions in Southern Louisiana.

East Hackberry. The East Hackberry field in Louisiana is located along the western shore and the land surrounding Lake Calcasieu, 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 79.424% average NRI) in certain producing oil and natural gas properties situated in the East Hackberry field. We hold beneficial interests in approximately 4,870 acres, including the Erwin Heirs Block, which is located on land, and the adjacent State Lease 50 Block, which is located primarily in the shallow waters of Lake Calcasieu. We also hold 2,868 net acres subject to a two-year exploration agreement we entered into with an active gulf coast operator. We are the designated operator under the agreement and will participate in proposed wells with at least a 70% working interest. We have licensed approximately 54 square miles of 3-D seismic data covering a portion of the area and are reprocessing the data.

In 2010, at our East Hackberry field, we recompleted ten wells and drilled eight wells for a total cost of approximately $20.0 million as of December 31, 2010. All wells drilled during 2010 were completed as producing wells. During 2011, we currently anticipate drilling seven to ten wells and recompleting five wells for an aggregate estimated cost of $24.0 to $26.0 million. In the fourth quarter of 2010, net production at East

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Hackberry was 157,349 BOE, or an average of 1,710 BOE per day, 96% of which was from oil and 4% of which was from natural gas. From January 1, 2011 through February 28, 2011, our average net daily production at East Hackberry was 1,899 BOE, 93% of which was from oil and 7% of which was from natural gas.

West Hackberry. The West Hackberry field is located on land and is five miles west of Lake Calcasieu in Cameron Parish, Louisiana, approximately 85 miles west of Lafayette and 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 87.5% NRI) in 592 acres within the West Hackberry field. Our leases at West Hackberry are located within two miles of one of the United States Department of Energy s Strategic Petroleum Reserves.

In the fourth quarter of 2010, net production at West Hackberry was 3,121 BOE, or an average of 34 BOE per day, 100% of which was from oil. From January 1, 2011 through February 28, 2011, our average net daily production at West Hackberry was 35 BOE, 100% of which was from oil.

Permian Basin (West Texas). In 2007, we acquired approximately 4,100 net acres in West Texas in the Permian Basin with production at the time of acquisition from 32 gross (16 net) wells, predominately from the Wolfcamp formation. Subsequently, we acquired approximately 10,600 additional net acres, which brought our total net acreage position in the Permian Basin to approximately 14,700 net acres. Since our initial acquisition in the Permian Basin, 65 gross (31.2 net) wells have been drilled on our leasehold in this area, primarily targeting the Wolfberry formation. We are not the operator of our Permian Basin acreage but are actively involved in the planning and execution of the drilling plans governed by a joint operating agreement with Windsor Permian LLC, which is the operator in this field.

During the year ended December 31, 2010, 25 gross (11 net) wells were drilled and four gross (two net) wells were recompleted on this acreage. As of March 1, 2011, 24 of the 25 wells had been completed and one well was awaiting completion. We currently anticipate that 40 to 42 gross (19 to 20 net) wells will be drilled and ten gross (five net) wells will be recompleted on this acreage in 2011 for an estimated aggregate net cost of $37.0 to $39.0 million. In the fourth quarter of 2010, net production from our Permian acreage was 72,791 BOE, or an average of 791 BOE per day, 84% of which was from oil and natural gas liquids and 16% of which was from natural gas. From January 1, 2011 through February 28, 2011, our average daily net production from our Permian acreage was 787 BOE, 87% of which was from oil and natural gas liquids and 13% of which was from natural gas. The slight production decrease in January and February 2011 was the result of the unusual sub-freezing weather conditions.

Niobrara Shale (Western Colorado). Effective as of April 1, 2010, we acquired leasehold interests in the Niobrara Formation in Colorado and held leases for 19,172 net acres as of March 1, 2011. We are the operator of this acreage. During the year ended December 31, 2010, we recompleted one gross (0.4 net) well on this acreage. In the fourth quarter of 2010, our net production in the Niobrara was 3,380 BOE, or an average of 37 BOE per day, 100% of which was from oil. From January 1, 2011 through February 28, 2011, our average net daily production in the Niobrara was 36 BOE, 100% of which was from oil. We are in the process of permitting a 60 square mile 3-D seismic survey and expect to begin shooting in mid-2011.

Bakken. As of December 31, 2010, we held approximately 900 net acres in the Williston Basin of western North Dakota and eastern Montana with interests in five wells and an overriding royalty interest in wells drilled prior to our 2009 sale of certain of our Bakken acreage and production from such acreage, wells drilled subsequent to such sale and wells that might be drilled in the future. In the fourth quarter of 2010, our net production from this acreage was 6,522 BOE, or an average of 71 BOE per day, 95% of which was from oil and natural gas liquids and 5% of which was from natural gas. From January 1, 2011 through February 28, 2011, our average daily net production from our Bakken acreage was 64 BOE, 93% of which was from oil and 7% of which was from natural gas.

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Grizzly. During the third quarter of 2006, we, through our wholly-owned subsidiary Grizzly Holdings Inc., purchased a 24.9% interest in Grizzly. The remaining interests in Grizzly are owned by entities controlled by Wexford Capital LP, or Wexford. During 2006 and 2007, Grizzly acquired leases in the Athabasca region located in the Alberta Province near Fort McMurray within a few miles of other existing oil sands projects. Grizzly has approximately 534,000 acres under lease and our total net investment in Grizzly was approximately $46.5 million, including a note receivable of $20.0 million, at December 31, 2010. To date, Grizzly has drilled an aggregate of 199 core holes and three water supply test wells, tested nine separate lease blocks and conducted a seismic program. In March 2010, Grizzly filed an application in Alberta, Canada for the development of an 11,300 barrel per day oil sand steam assisted gravity drainage, or SAGD, facility at Algar Lake. Grizzly expects regulatory approval by mid-2011, followed by an anticipated construction period of 18 months leading to first production. Grizzly recently received the supplemental information request, or SIR, pertaining to its Algar Lake Project application from the Alberta regulatory agencies. This is the standard process by which the Alberta regulatory agencies request additional information on all oil sands project applications. The SIR was received in a timeframe consistent with the anticipated timeline for project approval. The engineering and procurement contract for Grizzly s proposed SAGD facility at Algar Lake has been awarded to SNC-Lavin. Work on the detailed engineering design is underway out of Grizzly s Calgary office and the detailed design of the project is expected to be complete by April 2011. Grizzly s currently contemplated 2011 activities include the completion of the 2010/2011 core hole drilling activity, seismic program and the initial preparations for the Algar Lake SAGD facility.

Tatex II. We own a 23.5% ownership interest in Tatex Thailand II, LLC, or Tatex II. The remaining interests in Tatex II are owned by entities controlled by Wexford. Tatex II, a privately held entity, holds 85,122 of the 1,000,000 outstanding shares of APICO, LLC, or APICO, an international oil and gas exploration company. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering approximately two million acres which includes the Phu Horm Field.

Tatex III. We also own a 17.9% ownership interest in Tatex Thailand III, LLC, or Tatex III. Approximately 68.7% of the remaining interests in Tatex III are owned by entities controlled by Wexford. Tatex III owns a concession covering approximately one million acres. During 2010, Tatex completed a 3-D seismic survey on this concession. The first well drilled on our concession in 2010 was temporarily abandoned pending further scientific evaluation. A second well was drilled to a depth of 15,026 feet and logged approximately 5,000 feet of apparent possible gas saturated column. The well experienced gas shows and carried a flare measuring up to 25 feet throughout drilling below the intermediate casing point of 9,695 feet. Tatex III is currently in the process of completing the well.

Our Strengths

We believe that the following strengths will help us achieve our business goals:

Exposure to oil rich resource base. We have interests in some of the most prolific oil plays in North America, including the Permian Basin in West Texas, the shallow waters of the Gulf of Mexico in Louisiana, the Canadian Oil Sands in Central Alberta and the Bakken Shale in North Dakota. We recently acquired an acreage position in the Niobrara Shale of Western Colorado. Our 2010 production was approximately 90% oil and 3% natural gas liquids.

Inventory of low risk exploitation and development opportunities. We have identified a multi-year inventory of drilling locations that we believe provides attractive growth and return opportunities. We have focused our efforts on building an oil-weighted inventory of reserves because we anticipate that such inventory will provide, in the long-term, superior returns.

Experienced management and technical team with proven acquisition and operating capabilities. Our executive officers and technical personnel have an average of over 30 years of experience in the oil and

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natural gas exploration and production business. We believe that our drilling success rate of 91% over the last five years is attributable to our team s industry experience.

Our Business Strategy

Our business strategy is to increase stockholder value through the following:

Grow production and reserves by developing our large oil-rich resource base. Through the conversion of our proved undeveloped, probable and possible reserves, we will seek to grow our production, reserves and cash flow while generating high returns on invested capital.

Continue to pursue attractive acquisitions. We have grown and diversified our oil-rich reserve and resource base by making selective acquisitions. Over the last several years we have added interests in the Permian Basin, Niobrara Shale and the Canadian Oil Sands to our original asset base along the Louisiana Gulf Coast. Upon completion of our pending acquisition of certain assets in the Utica Shale of Ohio, we expect to expand our oil-rich resource opportunities. This acquisition is described in more detail under Recent Developments below.

Financial flexibility. We seek to maintain a conservative financial position. We expect that we will fund our capital development plans for 2011 from our operating cash flow and a portion of the net proceeds from this offering.

Recent Developments

In February 2011, we entered into an agreement to acquire certain leasehold interests in 27,500 gross (13,750 net) acres located in the Utica Shale in Ohio. The agreement also grants us an exclusive right of first refusal for a period of six months on certain additional tracts leased by the seller. Windsor Energy Group, LLC, an affiliate of ours, has agreed to participate with us on a 50/50 basis in the acquisition of all of the leases described above. We will be the operator on this acreage in the Utica Shale. The purchase price for our 50% interest in the initial acreage is approximately $31.6 million, subject to certain closing adjustments. This transaction is expected to close in mid-May 2011.

Our Offices

Our principal executive offices are located at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, and our telephone number is (405) 848-8807. Our website address is www.gulfportenergy.com. Information contained on our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

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The Offering

Common stock offered by us	2,400,000 shares(1)
Common stock offered by the selling stockholder	2,400,000 shares
Underwriters option to purchase additional shares from us	360,000 shares
Underwriters option to purchase additional shares from the selling stockholder	360,000 shares
Common stock to be outstanding after this offering	47,070,930 shares(1)(2)
Use of proceeds	We estimate that we will receive net proceeds from our sale of 2,400,000 shares of common stock in this offering of approximately $73.0 million after deducting underwriting discounts and commissions and estimated offering expenses, or approximately $84.0 million if the underwriters exercise the over-allotment option granted by us in full. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholder in this offering. We intend to use our net proceeds from this offering to fund our pending Utica Shale acquisition and for general corporate purposes, which may include expenditures associated with our 2011 drilling programs. Pending application of our net proceeds for such purposes, we will repay the outstanding indebtedness under our revolving credit facility. See Use of Proceeds. An affiliate of Scotia Capital (USA) Inc. is a lender under our revolving credit facility and will indirectly receive a portion of the proceeds of this offering through the repayment of indebtedness under our revolving credit facility. Please read Underwriting (Including Conflicts of Interest) Conflicts of Interest.
NASDAQ Global Select Market symbol	GPOR
Dividend policy	We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future. In addition, our existing credit facility limits our ability to pay dividends and make other distributions.
Risk factors	We are subject to a number of risks that you should carefully consider before deciding to invest in our common stock. These risks are discussed more fully in Risk Factors.

(1) Assumes no exercise of the underwriters option to purchase additional shares.

(2) The number of shares of common stock outstanding before and after the offering is based on 44,670,930 shares of common stock outstanding as of March 1, 2011, excluding 112,891 shares of restricted common stock awarded under our Amended and Restated 2005 Stock Incentive Plan but not yet vested. The number of shares outstanding does not include shares issuable upon the exercise of outstanding stock options held by our employees, officers and directors or the exercise of outstanding warrants.

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Summary Financial Data

The following table summarizes our financial data as of and for each of the periods indicated. You should read the following selected summary financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and the accompanying prospectus. The consolidated statements of operations data for the fiscal years ended December 31, 2010, December 31, 2009 and December 31, 2008 and the consolidated balance sheet data at December 31, 2010 and December 31, 2009 are derived from our audited consolidated financial statements appearing in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and the accompanying prospectus. The historical data presented below is not indicative of future results. We did not pay any cash dividends on our common stock during any of the periods set forth in the following table.

	Year Ended December 31,		
	2010	**2009**	**2008**
Consolidated Statements of Operations Data:			
Revenues	$ 126,944,000	$ 85,262,000	$ 141,217,000
Costs and expenses:			
Lease operating expenses	17,614,000	16,316,000	22,856,000
Production taxes	13,966,000	9,797,000	15,813,000
Depreciation, depletion and amortization	38,907,000	29,225,000	42,472,000
Impairment of oil and natural gas properties			272,722,000
General and administrative	6,063,000	4,992,000	6,843,000
Accretion expense	617,000	582,000	560,000
	77,167,000	60,912,000	361,266,000
Income (Loss) from Operations	49,777,000	24,350,000	(220,049,000)
Other (Income) Expense:			
Interest expense	2,761,000	2,309,000	4,762,000
Insurance proceeds		(1,050,000)	(769,000)
Settlement of fixed price contracts			(39,000,000)
Interest income	(387,000)	(564,000)	(540,000)
	2,374,000	695,000	(35,547,000)
Income (Loss) before Income Taxes	47,403,000	23,655,000	(184,502,000)
Income Tax Expense	40,000	28,000	
Net Income (Loss)	47,363,000	23,627,000	(184,502,000)
Net Income (Loss) Available to Common Stockholders	$ 47,363,000	$ 23,627,000	$ (184,502,000)
Net Income (Loss) Per Common Share Basic:	$ 1.08	$ 0.55	$ (4.33)
Net Income (Loss) Per Common Share Diluted:	$ 1.07	$ 0.55	$ (4.33)

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	Year Ended December 31,		
	2010	2009	2008
Consolidated Cash Flow Information:			
Net cash provided by (used in):			
Operating activities	$ 85,835,000	$ 53,299,000	$ 135,323,000
Investing activities	(105,315,000)	(39,246,000)	(136,823,000)
Financing activities	20,224,000	(18,273,000)	4,680,000

	At December 31,		
	2010	2009	2008
Consolidated Balance Sheet Data:			
Total assets	$ 319,693,000	$ 227,344,000	$ 221,873,000
Total debt, including current maturity	51,917,000	52,428,000	70,731,000
Total liabilities	108,637,000	102,293,000	107,772,000
Stockholders equity	211,056,000	125,051,000	114,101,000

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Summary Operating and Reserve Data

The following estimates of net proved oil and natural gas reserves are based on reports prepared by Netherland, Sewell & Associates, Inc. with respect to our WCBB and Niobrara fields (22% of our proved reserves at December 31, 2010), by Pinnacle Energy Services, LLC with respect to our assets in the Permian Basin in West Texas (65% of our proved reserves at December 31, 2010) and by our personnel with respect to our Hackberry fields and our overriding royalty and non-operated interests (13% of our proved reserves at December 31, 2010). For additional information, you should refer to Risk Factors herein and Properties Proved Oil and Natural Gas Reserves, Properties Production, Prices, and Production Costs and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K incorporated by reference herein.

	Year Ended December 31,		
	2010	2009	2008
Production Data			
Oil (MBbls)	1,777	1,531	1,584
Gas (MMcf)	788	491	712
Natural gas liquids (MGal)	2,821	2,719	2,583
Oil equivalents (Mboe)	1,976	1,677	1,764
Average Prices			
Oil (per Bbl)	$ 68.29(1)	$ 53.29(1)	$ 83.23(1)
Gas (per Mcf)	$4.40	$ 4.06	