

Edgar Filing: ABRAXAS PETROLEUM CORP - Form 8-K

ABRAXAS PETROLEUM CORP
Form 8-K
May 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

F O R M 8-K

CURRENT REPORT

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

Date of Report
May 14, 2002

Abraxas Petroleum Corporation
(Exact name of registrant as specified in its charter)

Nevada
(State of other jurisdiction of incorporation)

0-19118
(Commission File Number)

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

500 N. Loop 1604 East, Suite 100
San Antonio, Texas 78232
(Address of principal executive offices)

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

Item 5. OTHER EVENTS

See attached Press Release

Edgar Filing: ABRAXAS PETROLEUM CORP - Form 8-K

The following exhibits are filed as part of this report:

NUMBER	DOCUMENT
99.1	Press release dated May 14, 2002

SIGNATURES

Pursuant to the requirement 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.

ABRAXAS PETROLEUM CORPORATION

By: _____
Chris Williford
Executive Vice President, Chief Financial
Officer and Treasurer

Dated: May 14, 2002

Exhibit 99.1

NEWS RELEASE

ABRAXAS REPORTS 2002 FIRST QUARTER FINANCIAL RESULTS
AND DRILLING SUCCESS IN WEST TEXAS

SAN ANTONIO, TX (May 14, 2002) - Abraxas Petroleum Corporation (AMEX:ABP) today reported a first quarter of 2002 loss of \$8.7 million or \$0.29 per share compared to net income of \$0.3 million or \$0.01 per share for the first quarter of 2001. Improvements in General and Administrative ("G&A") expense and Lease Operating Expense ("LOE") at \$1.7 million and \$3.9 million respectively in the 2002 quarter compared to \$2.1 million and \$4.9 million respectively in the 2001 quarter were offset by reduced revenues. Sharply lower commodity prices, compared to the first quarter of 2001, combined with asset sales, resulted in revenues declining from \$29.1 million in 2001 to \$11.8 million in this quarter. Capital expenditures for the first quarter of 2002 were \$17.4 million of which \$12.5 million was for development of Canadian assets under the Mirant Canada facility.

Edgar Filing: ABRAXAS PETROLEUM CORP - Form 8-K

In the United States, the third well in the Montoya Trend in west Texas went online at an initial rate of 18-20 MMcfe per day (2.5-2.8 net to the Company's interest) under the joint participation agreement with EOG Resources (NYSE:EOG). The fourth well under this agreement is currently drilling. The Company is also reviewing bids on its previously announced U.S. assets sale package. Negotiations are at various stages and closings are expected in the second quarter.

In Canada, the Company drilled 17 wells (12.1 net) with an 84% success rate in our core areas of Peace River Arch, Caroline and Ladyfern during the recent winter drilling season, which is expected to add 11-15 MMcfepd of net production. In Ladyfern, two wells are currently online and producing at a combined gross rate of 10-15 MMcfepd (1.6-2.5 net). The rights of first refusal have been exercised on the sale of certain Canadian assets previously announced and closing is proceeding on schedule.

CEO Bob Watson commented, "We are pleased with the initial results of our latest well in west Texas which continues to prove up our acreage in the Montoya trend. This new well along with our results in our Canadian winter drilling program continue our efforts to add new production which, combined with the recent improvement in commodity prices and proceeds from our asset sale program, should greatly improve our liquidity going forward. This added liquidity will help in our continuing efforts to improve our balance sheet during 2002."

The Company reiterates that it does expect to make its \$11 million interest payment on its Senior Secured Notes by utilizing cash on hand and expected cash flows within the 30 day grace period, which commenced May 1.

Key quarterly results are summarized below:

	(Amounts in thousands)	
	2002	2001
	----	----
Revenues	\$11,807	\$29,086
Operating Income (Loss)	\$ (735)	\$12,193
Net Income (Loss)	\$(8,699)	\$255
Earnings (Loss) Per Share	\$ (.29)	\$.01
EBITDA	\$6,079	\$21,949
Average Oil Price (after hedge)	\$16.64	\$27.22
Average Gas Price (after hedge)	\$2.21	\$4.85
Total Assets	\$309,294	\$333,974

Abraxas invites your participation in a conference call on Tuesday, May 14th, at 1:30 pm CDT to discuss the contents of this release and respond to questions. Please call 1-800-818-5264 between 1:20 and 1:30 pm CDT, passcode code 350101, if you would like to participate in the call. There will be a replay of the conference call available by calling 1-888-203-1112, passcode code 350101, beginning approximately 3:30 pm CDT Tuesday, May 14th, through 5:00 pm CDT Tuesday, May 21.

Abraxas Petroleum Corporation is a San Antonio-based crude oil and natural gas exploitation and production company that also processes natural gas. The Company operates in Texas, Wyoming and western Canada. For additional information about the Company, please visit our web site, www.abraxaspetroleum.com for the most current and updated information. The web site is updated daily in order to comply with the SEC Regulation FD (Fair Disclosure).

Safe Harbor for forward-looking statement: Statements in this release looking forward in time involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to be materially different

Edgar Filing: ABRAXAS PETROLEUM CORP - Form 8-K

from any future performance suggested in this release. Such factors may include, but may not be necessarily limited to, changes in the prices received by the Company for crude oil and natural gas and our ability to sell certain assets in a timely manner to support liquidity needs. In addition, the Company's future crude oil and natural gas production is highly dependent upon the Company's level of success in acquiring or finding additional reserves. Further, the Company operates in an industry sector where securities values are highly volatile and may be influenced by economic and other factors beyond the Company's control. In the context of forward-looking information provided for in this release, reference is made to the discussion of risk factors detailed in the Company's filing with the Securities and Exchange Commission during the past 12 months.

FOR MORE INFORMATION CONTACT:
 Janice Herndon/Manager Corp. Communications
 Telephone 210-490-4788
 jherndon@abraxaspetroleum.com
 www.abraxaspetroleum.com

ABRAXAS PETROLEUM CORPORATION QUARTER-END RESULTS (UNAUDITED)

(In thousands except per share data)	Three Months Ended March 31,	
	2002	2001
Production and Pricing Information		
Revenues	\$11,807	\$29,088
Cash Flow (Before Working Capital Changes)	(2,188)	14,100
Net Income(Loss)	(8,699)	25
Net Income(Loss) Per Share	(.29)	.00
Weighted Ave. Shares Outstanding	30.0	22.0
Production:		
Crude Oil (BPD)	823	1,470
NGL (BPD)	759	86
Natural Gas (MCFPD)	44,145	51,400
MMCFEPD	53.6	65.0
Prices (net of hedge impact):		
Crude Oil (\$/BBL)	\$16.64	\$27.20
NGL's (\$/BBL)	12.76	28.40
Natural Gas (\$/MCF)	2.21	4.80
Price per MCFE	2.26	4.80
Expenses:		
Lease Operating (\$/MCFE)	\$.81	\$.80
General & Administrative (\$/MCFE)	.34	.30
Interest (\$/MCFE)	1.74	1.30
D/D/A (\$/MCFE)	1.42	1.50

Edgar Filing: ABRAXAS PETROLEUM CORP - Form 8-K

Balance Sheet (In \$000s)		
	Quarter Ended	Year Ended
	March 31, 2002	December 31, 2001
Cash	\$3,851	\$7,605
Working Capital (Deficit)*	(21,361)	(4,994)
Plant/Property/Equipment, Net	292,066	281,894
Total Assets	309,294	303,616
Long-Term Debt	227,103	285,184
Shareholders Equity (Deficit)	(39,726)	(28,585)
Common Shares Outstanding (Millions)	30.0	30.0

*1st Quarter 2002 working capital excludes debt of \$63.5 million which is due March, 2003.

Abraxas Petroleum Corporation and Subsidiaries

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended	
	March 31,	
	2002	
	(In thousands except per s	
Revenue:		
Oil and gas production revenues.....	\$	10,886 \$
Gas processing revenue		670
Rig revenues.....		151
Other.....		100

		11,807
Operating costs and expenses:		
Lease operating and production taxes.....		3,909
Depreciation, depletion and amortization.....		6,814
Rig operations.....		121
General and administrative.....		1,698
General and administrative (Stock-based Compensation).....		-

		12,542

Operating Income (Loss).....		(735)
Other (income) expense		
Interest income.....		(33)
Interest expense		8,413
Amortization of deferred financing fees.....		427
Other		-

Edgar Filing: ABRAXAS PETROLEUM CORP - Form 8-K

		-----	-----
		8,807	
		-----	-----
Income (Loss) from operations before taxes		(9,542)	
Income tax expense (benefit).....		(843)	
Minority interest in income of consolidated foreign subsidiary.....		-	
		-----	-----
Net Income (Loss)	\$	(8,699)	\$
		=====	=====
Earnings per share:			
Net income per common share - basic.....	\$	(0.29)	\$
		=====	=====
Net income per common - diluted.....	\$	(0.29)	\$
		=====	=====