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HOUSTON EXPLORATION CO
Form 8-K/A
December 04, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1

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

Date of Report (Date of earliest event reported): June 2, 2003

THE HOUSTON EXPLORATION COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

001-11899
(Commission File Number)

22-267
(I.R.S. E
Identifica

1100 LOUISIANA, SUITE 2000
HOUSTON, TEXAS
(Address of principal executive
offices)

77002-
(Zip C

Registrant's telephone number, including area code: (713) 830-6800

EXPLANATORY NOTE

This Form 8-K/A amends the Form 8-K filed on June 3, 2003 (the "Original Form 8-K").

This Current Report on Form 8-K/A is being filed solely to correctly describe the non-GAAP financial measure used. Otherwise, the financial information contained in the Original Form 8-K remains unchanged. Item 5 of the Original Form 8-K is hereby deleted in its entirety and replaced with the following Item 5:

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ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

The following table shows selected historical financial data derived from our audited, consolidated financial statements for each of the five years in the period ended December 31, 2002.

	YEARS ENDED DECEMBER 31,			
	1998	1999	2000	2001
	(IN THOUSANDS)			
INCOME STATEMENT DATA:				
Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) (1)	100,995	123,727	228,343	328,343
Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) to gross interest expense(2)	7.0x	4.9x	9.1x	10.1x
Total indebtedness to Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) (3)	3.1x	2.3x	1.1x	1.1x

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The following table shows selected historical financial data derived from our unaudited, consolidated financial statements for the three months ended March 31, 2002 and 2003.

THREE MONTHS ENDED
MARCH 31,

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2002

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(IN THOUSANDS)

INCOME STATEMENT DATA:

Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) (1)	60,195	11
Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) to gross interest expense (2)	16.8x	

(1) Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) should not be considered as an alternative to income (loss) from operations or net income (loss), as determined in accordance with generally accepted accounting principles (GAAP) in the United States, as a measure of our operating performance or to net cash provided by operating, investing and financing activities, as determined in accordance with GAAP, as a measure of our ability to meet cash needs. Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) is a non-GAAP liquidity measure commonly used in our industry and we believe that it is useful adjunct to net income under GAAP and is a financial indicator of our ability to internally fund our exploration and development activities and to service debt. Amounts presented may not be comparable to similar measures disclosed by other companies.

(2) Gross interest is defined as the total amount of interest incurred on our obligations, prior to any amounts capitalized.

(3) Total indebtedness is defined as total long-term debt and notes.

Reconciliation of Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting

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principle (for the interim period ended March 31, 2003, only) to Net Cash Provided by Operating Activities:

	YEAR ENDED D		
	1998	1999	2000
			(IN THOU)
Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only)	\$ 100,995	\$ 123,727	\$ 228
Less: Interest expense, net	4,597	13,307	11
Current income tax provision (benefit)	(1,040)	(961)	
Add back: Stock compensation expense	--	--	
Changes in operating assets and liabilities	4,940	(1,309)	(17)
Net cash provided by operating activities	\$ 102,378	\$ 110,072	\$ 200

THREE MONTHS ENDED MARCH 31 2002 AND 2003

Reconciliation of Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only) to Net Cash Provided by Operating Activities:

	THREE MONTHS EN	
	MARCH 31,	
	2002	
		(IN THOUSANDS)
Net income (loss) plus interest expense (net of amounts capitalized), income taxes, depreciation, depletion and amortization (including the writedown in carrying value of oil and gas properties, if any), asset retirement obligation accretion and cumulative effect of change in accounting principle (for the interim period ended March 31, 2003, only)	\$ 60,195	\$
Less: Interest expense, net	1,410	
Current income tax provision (benefit)	(192)	
Add back: Stock compensation expense	21	
Changes in operating assets and liabilities	(25,554)	
Net cash provided by operating activities	\$ 33,444	\$

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RECENT DEVELOPMENT

At March 31, 2003, \$130 million in borrowings were outstanding under our revolving credit facility and \$15.5 million was outstanding in letter of credit obligations. Subsequent to March 31, 2003, we repaid a net \$55.0 million under the facility and reduced our letter of credit obligations to \$13.4 million. As of May 30, 2003, outstanding borrowings and letter of credit obligations under our revolving credit facility totaled \$88.4 million.

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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.

THE HOUSTON EXPLORATION COMPANY

By: /s/ James F. Westmoreland

James F. Westmoreland
Vice President and Chief Accounting Officer

Dated: December 4, 2003

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