

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

ABRAXAS PETROLEUM CORP

CIK: **867665** | IRS No.: **742584033** | State of Incorporation: **NV** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-16071** | Film No.: **04970131**
SIC: **1311** Crude petroleum & natural gas

Mailing Address	Business Address
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report
August 12, 2004

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

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release dated August 11, 2004.

Item 12. DISCLOSURE OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 11, 2004, Abraxas issued a press release announcing its results of operations and financial condition for the quarter and six months ended June 30, 2004. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. In accordance with SEC Release No. 33-8176, the information contained in such press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

The following information is being furnished pursuant to Item 12 "Disclosure of Results of Operations and Financial Condition." The Company's press release contains non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with United States generally accepted accounting principles, or GAAP. Pursuant to the requirements of Regulation G, the Company has provided quantitative reconciliations within the press release of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

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: /s/Chris Williford

Chris Williford
Executive Vice President, Chief Financial
Officer and Treasurer

Dated: August 12, 2004

NEWS RELEASE

ABRAXAS ANNOUNCES FOURTH CONSECUTIVE QUARTER OF PRODUCTION
GROWTH AND PROFIT FOR SECOND QUARTER

SAN ANTONIO, TX (August 11, 2004) - Abraxas Petroleum Corporation (AMEX:ABP) today reported financial and operating results for the second quarter of 2004. The Company announced production for the second quarter of 2004 of 24.5 million cubic feet equivalents (MMcfe) per day, up 35% from Q2 2003 production of 18.1 MMcfe per day and a sequential production increase of 4% over Q1 2004. The production increase for the quarter marked the fourth consecutive quarter in which the Company has increased production. The Company posted a net profit in Q2 2004 of \$372,000 (\$.01 per share) compared to a loss of \$2.3 million in Q2 2003 (\$.07 per share).

The most significant items related to Q2 2004 results included:

- o Natural gas production increased 38% from Q2 2003 due to continuing development activities,
- o Revenues increased 46% from Q2 2003 due to production increase and higher price realizations,
- o Profitability achieved despite impact to LOE and G&A from non-recurring items and financing costs expensed in Q2,
- o Non-cash stock based compensation expense recovery of \$2.3 million in Q2 2004,
- o Capital expenditures of only \$2.9 million for Q2 due to indenture constraints, and
- o EBITDA of \$6.6 million, an increase of 33% from Q2 2003.

The Company also announced its updated hedge positions, which include a series of price floors for approximately 40% of its projected production through January 2005. These floors, comprised of a combination of oil and natural gas contracts over these months, provide an average floor of approximately \$24.33 per barrel for the oil contracts and \$4.33 per Mcf for the natural gas contracts. These instruments do not restrict the Company from receiving prices above these floor levels.

Abraxas' CEO, Bob Watson, commented, "The quarter just ended marks the fourth consecutive quarter in which we have posted a production increase. We think this fact testifies to the quality of our assets especially considering the limitations on us regarding how much capital we can spend on development. The inability to achieve a consent from our bondholders to provide relief from this restriction, at a cost that made sense to all of our stakeholders, has not deterred us from working on strategies that will allow us to accelerate development of our projects. Strong production increases and continuing high price realizations contributed to our bottom line profit for the quarter and allowed us to generate significant cash flow above our capex needs that was utilized to pay down debt."

Abraxas invites your participation in a conference call on Thursday August 12, at 10:00 a.m. CDT to discuss the contents of this release and respond to questions. Please call 1-800-946-0785 between 9:50 a.m. and 10:00 a.m. CDT, confirmation code 726770, 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, confirmation code 726770, beginning approximately 1:00 p.m. CDT, August 12, through midnight CDT, August 19.

Abraxas Petroleum Corporation is a San Antonio based crude oil and natural gas exploitation and production company. The Company operates in Texas, Wyoming and western Canada.

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 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. 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 the value of securities is 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

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ABRAXAS PETROLEUM CORPORATION
QUARTER-END RESULTS
(UNAUDITED)

(In thousands except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2004 ----	2003 ----	2004 ----	2003 ----
Operations Data:				
<S>	<C>	<C>	<C>	<C>
Revenues	\$12,267	\$8,430	\$23,202	\$21,541
EBITDA	6,613	4,985	12,694	13,808
Net Income (Loss)	372	(2,346)	(5,185)	60,356
Net Income (Loss) Per Share - Basic	.01	(.07)	(0.14)	1.73
Weighted Ave. Shares Outstanding	36.1	35.6	36.1	34.9
Production:				
Crude Oil (BPD)	713	636	708	681
NGL (BPD)	149	58	147	141
Natural Gas (MCFPD)	19,340	13,977	18,941	17,885
MMCFEPD	24.5	18.1	24.1	22.8
Prices (net of hedge impact):				
Crude Oil (\$/BBL)	\$37.09	\$28.53	\$35.65	\$31.03
NGL's (\$/BBL)	30.97	22.10	30.25	24.64
Natural Gas (\$/MCF)	5.23	5.11	5.04	5.12
Price per MCFE	5.40	5.00	5.20	5.09
Expenses:				
Lease Operating (\$/MCFE)	\$1.48	\$1.25	\$1.52	\$1.16
General & Administrative (\$/MCFE)	.99	.75	.81	.64
Cash Interest (\$/MCFE)	.52	.57	.68	.58
Total Interest (\$/MCFE)	1.91	2.32	2.14	2.27
D/D/A (\$/MCFE)	1.44	1.39	1.43	1.32

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Balance Sheet Data (In \$000s)

	June 30, 2004 <C>	December 31, 2003 <C>
<S>		
Cash	\$1,491	\$493
Working Capital (Deficit)	(786)	(2,444)
Plant/Property/Equipment, Net	111,115	111,563
Total Assets	125,580	126,437
Long-Term Debt	192,387	184,649
Shareholders Equity (Deficit)	(78,372)	(72,203)
Common Shares Outstanding (Millions)	36.3	35.9

Key quarterly results are summarized below:

Amounts (In \$000s)

Three Months Ended

	June 30, 2004	June 30, 2003
Revenues	\$12,267	\$8,430
Operating Income	5,707	1,927
Net Income (Loss)	372	(2,346)
Earnings (Loss) Per Share (Basic)	.01	(.07)
EBITDA	6,613	4,985
Average Oil Price	37.09	28.53
Average Gas Price (after hedge)	5.23	5.11
Total Assets at June 30	125,580	122,069

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Abraxas Petroleum Corporation
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Revenue:				
Oil and gas production revenues	\$ 12,039	\$ 8,261	\$ 22,771	\$ 21,033
Gas processing revenues	--	--	--	132
Rig revenues	129	158	304	339
Other	99	11	127	37
	-----	-----	-----	-----
	12,267	8,430	23,202	21,541
Operating costs and expenses:				
Lease operating and production taxes	3,305	2,066	6,672	4,792
Depreciation, depletion, and amortization	3,222	2,301	6,257	5,443
Rig operations	123	148	268	314
General and administrative	2,226	1,231	3,568	2,627
Stock-based compensation	(2,316)	757	(253)	792
	-----	-----	-----	-----
	6,560	6,503	16,512	13,968
	-----	-----	-----	-----
Operating income (loss)	5,707	1,927	6,690	7,573
Other (income) expense:				
Interest income	(2)	(7)	(8)	(17)
Interest expense	4,268	3,846	9,387	9,010
Amortization of deferred financing fee	467	434	912	811
Financing cost	602	--	1,573	3,601
Gain on sale of foreign subsidiaries	--	--	--	(66,960)
Other	--	--	11	--
	-----	-----	-----	-----
	5,335	4,273	11,875	(53,555)
	-----	-----	-----	-----
Earnings (loss) before cumulative effect of accounting change and taxes	372	(2,346)	(5,185)	61,128
Cumulative effect of accounting change	--	--	--	(395)
Income tax (expense) benefit	--	--	--	(377)
	-----	-----	-----	-----
Net earnings (loss)	\$ 372	\$ (2,346)	\$ (5,185)	\$ 60,356
	=====	=====	=====	=====
Basic earnings (loss) per common share:				
Net earnings (loss)	\$ 0.01	\$ (0.07)	\$ (0.14)	\$ 1.74
Cumulative effect of accounting change	--	--	--	(0.01)
	-----	-----	-----	-----
Net earnings (loss) per common share - basic	\$ 0.01	\$ (0.07)	\$ (0.14)	\$ 1.73
	=====	=====	=====	=====
Diluted earnings (loss) per common share:				

Net earnings (loss)	\$ 0.01	\$ (0.07)	\$ (0.14)	\$ 1.72
Cumulative effect of accounting change	--	--	--	(0.01)
	-----	-----	-----	-----
Net earnings (loss) per common share - diluted	\$ 0.01	\$ (0.07)	\$ (0.14)	\$ 1.71
	=====	=====	=====	=====

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Reconciliation of Non-GAAP Financial Measures

To fully assess Abraxas' operating results, management believes that, although not prescribed under generally accepted accounting principles ("GAAP"), EBITDA is an appropriate measure of Abraxas' ability to satisfy capital expenditure obligations and working capital requirements. EBITDA is a non-GAAP financial measure as defined under SEC rules. Abraxas' EBITDA should not be considered in isolation or as a substitute for other financial measurements prepared in accordance with GAAP or as a measure of the Company's profitability or liquidity. As EBITDA excludes some, but not all, items that affect net income and may vary among companies, the EBITDA presented below may not be comparable to similarly titled measures of other companies. Management believes that operating income (loss) calculated in accordance with GAAP is the most directly comparable measure most similar to EBITDA.

EBITDA is defined as net income (loss) plus interest expense, depletion, depreciation and amortization expenses, deferred income taxes and other non-cash items. The following table provides a reconciliation of EBITDA to operating income (loss) for the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	----	----	----	----
Operating income (loss)	\$5,707	\$1,927	\$6,690	\$7,573
Depletion, depreciation and mortization	3,222	2,301	6,257	5,443
Non-cash stock based comp. expense (income)	(2,316)	757	(253)	792
EBITDA	\$6,613	\$4,985	\$12,694	\$13,808