

GOODRICH PETROLEUM CORP

Form 8-K

March 26, 2007

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**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
March 26, 2007 (March 20, 2007)**

**Date of Report (Date of earliest event reported)
GOODRICH PETROLEUM CORPORATION
(Exact name of Registrant as specified in its charter)**

**Delaware
(State or other jurisdiction
of incorporation)**

**001-7940
(Commission
File Number)
808 Travis Street, Suite 1320
Houston, Texas 77002
(Address of principal executive offices)
(713) 780-9494**

**76-0466193
(IRS Employer
Identification Number)**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 20, 2007, Goodrich Petroleum Corporation (the Company) and Malloy Energy Company, L.L.C., a New York limited liability company (Malloy, and collectively with the Company, the Sellers) closed the sale of substantially all of Sellers assets in South Louisiana to Hilcorp Energy, L.L.P., a Texas limited partnership (Hilcorp) pursuant to the Purchase and Sale Agreement dated January 12, 2007 between the Sellers and Hilcorp (the Purchase and Sale Agreement). The Chairman of the Company s Board of Directors, Mr. Patrick E. Malloy, III, is the President and controlling stockholder of Malloy. The entry into the Purchase and Sale Agreement was previously disclosed in the Company s Current Report on Form 8-K dated January 19, 2007 (the January 19, 2007 Current Report).

The total consideration paid by Hilcorp for the Company s share of the assets was approximately \$77 million. A detailed description of the assets sold to Hilcorp can be found in the Purchase and Sale Agreement, which was filed as Exhibit 10.1 to the Company s January 19, 2007 Current Report, and this description is qualified in its entirety by reference to such exhibit.

The Company issued a press release on March 21, 2007, to announce the closing of the previously announced sale of substantially all of the Company s South Louisiana assets. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K.

Item 9.01. Financial Statements and Other Exhibits

(b) Pro Forma Financial Information

Unaudited pro forma financial information of Goodrich Petroleum Corporation to give effect to the sale of substantially all of our South Louisiana assets is included in this report as pages 4 through 8.

Condensed Consolidated Balance Sheet as of December 31, 2006

Condensed Consolidated Statement of Operations for the Year ended December 31, 2006

Condensed Consolidated Statement of Operations for the Year ended December 31, 2005

Condensed Consolidated Statement of Operations for the Year ended December 31, 2004

(d) Exhibits

Exhibit No. Description

99.1 Press Release dated March 21, 2007.

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GOODRICH PETROLEUM CORPORATION

Introduction to the Unaudited Pro Forma Financial Statements

The following unaudited pro forma condensed consolidated financial statements of Goodrich Petroleum Corporation (the Company) adjust the historical financial statements of the Company for the disposition of substantially all of the Company's South Louisiana assets. The disposition closed on March 20, 2007.

The historical condensed consolidated financial information of the Company set forth below has been derived from the historical audited condensed consolidated financial statements of the Company included in the Annual Report on Form 10-K for the year ended December 31, 2006.

The unaudited pro forma condensed consolidated statements presented do not purport to represent what the results of operations or financial position of the Company would actually have been had the disposition occurred on the dates noted above, or to project the results of operations or financial position of the Company for any future periods. The pro forma adjustments are based on available information and certain assumptions that management believes are reasonable. The adjustments are directly attributable to the disposition and are expected to have a continuing impact on the financial position and results of operations of the Company. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma condensed consolidated financial information have been made.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and related notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2006.

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GOODRICH PETROLEUM CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
December 31, 2006

| (Thousands of dollars) | As Reported | Pro Forma Adjustments | Pro Forma |
|--|------------------------|----------------------------------|----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,184 | \$ 52,539 (a) | \$ 58,723 |
| Fair value of oil and gas derivatives | 13,419 | | 13,419 |
| Other current assets | 21,567 | (8,389) (b) | 13,178 |
| Total current assets | 41,170 | 44,150 | 85,320 |
| Property and Equipment: | | | |
| Total property and equipment | 577,129 | (131,703) (b) | 445,426 |
| Less: Accumulated depletion, depreciation and amortization | (156,509) | 62,735 (b) | (93,774) |
| Net property and equipment | 420,620 | (68,968) | 351,652 |
| Other assets: | | | |
| Deferred tax asset | 9,705 | (701) (c) | 9,004 |
| Other assets | 7,769 | (2,039) (b) | 5,730 |
| Total other assets | 17,474 | (2,740) | 14,734 |
| Total assets | \$ 479,264 | \$ (27,558) | \$ 451,706 |
| Liabilities and Stockholders Equity | | | |
| Total current liabilities | \$ 63,337 | \$ (3,782) (b) | \$ 59,555 |
| Long term-debt | 201,500 | (26,500) (a) | 175,000 |
| Accrued abandonment costs | 9,294 | (6,100) (b) | 3,194 |
| Total liabilities | 274,131 | (36,382) | 237,749 |
| Stockholders Equity: | | | |
| Series B convertible preferred stock-\$1.00 par value | 2,250 | | 2,250 |
| Common stock-\$0.20 par value | 5,049 | | 5,049 |
| Additional paid in capital | 213,666 | | 213,666 |
| Retained deficit | (14,571) | 7,523 | (7,048) |
| Accumulated other comprehensive gain (loss) | (1,261) | 1,301 (c) | 40 |
| Total stockholders equity | 205,133 | 8,824 | 213,957 |
| Total liabilities and stockholders equity | \$ 479,264 | \$ (27,558) | \$ 451,706 |

(a)

To adjust for the receipt of approximately \$77 million in cash received from Hilcorp at closing which was used to pay off outstanding balances on our Senior Credit Facility revolver (\$26.5 million) with the excess of \$50.5 million reflected as an adjustment to our cash balance. Cash also includes restricted cash related to our South Louisiana assets sold to Hilcorp.

(b) To eliminate the assets and liabilities attributable to our South Louisiana assets sold to Hilcorp.

(c) To eliminate the effects of derivative instruments assigned to our South Louisiana assets sold to Hilcorp.

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GOODRICH PETROLEUM CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
Year Ended December 31, 2006

| (Thousands of dollars) | As Reported | Pro Forma Adjustments | Pro Forma |
|--|----------------|--------------------------|--------------|
| Total Revenues | \$ 116,154 | \$ (41,073) (a) | \$ 75,081 |
| Operating Expenses: | | | |
| Lease operating expense | 21,877 | (9,056) (a) | 12,821 |
| Production taxes | 5,993 | (3,380) (a) | 2,613 |
| Transportation | 4,013 | | 4,013 |
| Depreciation, depletion and amortization | 52,642 | (15,163) (a) | 37,479 |
| Exploration | 15,058 | (905) (a) | 14,153 |
| Impairment of oil and gas properties | 24,790 | | 24,790 |
| General and administrative | 17,223 | | 17,223 |
| (Gain) loss on sale of assets | (23) | | (23) |
| Other | 1,709 | (1,709) (a) | |
| Total Operating Expenses | 143,282 | (30,213) | 113,069 |
| Operating Income (loss) | (27,128) | (10,860) | (37,988) |
| Other income (expense): | | | |
| Interest expense | (7,845) | 5,775 (b) | (2,070) |
| Gain (loss) on derivatives not qualifying for hedge accounting | 38,128 | (38,128) (c) | |
| Loss on early extinguishment of debt | (612) | 612 (b) | |
| | 29,671 | (31,741) | (2,070) |
| Income (loss) from continuing operations before income taxes | 2,543 | (42,601) | (40,058) |
| Income tax (expense) benefit | (904) | 14,910 (d) | 14,006 |
| Net earnings (loss) from continuing operations | \$ 1,639 | \$ (27,691) | \$ (26,052) |
| Basic earnings per common share from continuing operations | \$ 0.07 | | \$ (1.04) |
| Diluted earnings per common share from continuing operations | \$ 0.06 | | \$ (1.04) |

- (a) To eliminate the revenues and direct operating expenses for our South Louisiana assets sold to Hilcorp.
- (b) To adjust interest expense to give effect to the repayment of a portion of our outstanding credit facilities using the approximate \$77 million in proceeds from the sale of our South Louisiana assets to Hilcorp. Also, to eliminate the loss on early extinguishment of debt considering the receipt of proceeds from the sale.
- (c) To adjust for the changes in fair value of derivative instruments that did not qualify for cash flow hedge accounting treatment, but which were designated as economic hedges of oil and gas production from our South Louisiana assets

sold to Hilcorp.

- (d) To adjust income tax expense for the effects of the pro forma adjustments based on the federal statutory tax rate of 35%.
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GOODRICH PETROLEUM CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
Year Ended December 31, 2005

| (Thousands of dollars) | As Reported | Pro Forma Adjustments | Pro Forma |
|---|------------------------|----------------------------------|----------------------|
| Total Revenues | \$ 69,403 | \$ (33,350) (a) | \$ 36,053 |
| Operating Expenses: | | | |
| Lease operating expense | 9,931 | (5,892) (a) | 4,039 |
| Production taxes | 4,053 | (3,491) (a) | 562 |
| Transportation | 558 | | 558 |
| Depreciation, depletion and amortization | 25,563 | (13,062) (a) | 12,501 |
| Exploration | 6,867 | (227) (a) | 6,640 |
| Impairment of oil and gas properties | 340 | | 340 |
| General and administrative | 8,622 | | 8,622 |
| (Gain) loss on sale of assets | (235) | | (235) |
| Other | 512 | (422) (a) | 90 |
| Total Operating Expenses | 56,211 | (23,094) | 33,117 |
| Operating Income (loss) | 13,192 | (10,256) | 2,936 |
| Other income (expense): | | | |
| Interest expense | (2,359) | 2,359 (b) | |
| Gain (loss) on derivatives not qualifying for hedge accounting | (37,680) | 37,680 (c) | |
| | (40,039) | 40,039 | |
| Income (loss) from continuing operations before income taxes | (26,847) | 29,783 | 2,936 |
| Income tax (expense) benefit | 9,397 | (10,424) (d) | (1,027) |
| Net earnings (loss) from continuing operations | \$ (17,450) | \$ 19,359 | \$ 1,909 |
| Basic earnings per common share from continuing operations | \$ (0.75) | | \$ 0.08 |
| Diluted earnings per common share from continuing operations | \$ (0.75) | | \$ 0.08 |

(a) To eliminate the
revenues and

direct operating expenses for our South Louisiana assets sold to Hilcorp.

- (b) To adjust interest expense to give effect to the repayment of a portion of our outstanding credit facilities using the approximate \$77 million in proceeds from the sale of our South Louisiana assets to Hilcorp.
- (c) To adjust for the changes in fair value of derivative instruments that did not qualify for cash flow hedge accounting treatment, but which were designated as economic hedges of oil and gas production from our South Louisiana assets sold to Hilcorp.
- (d) To adjust income tax expense for the effects of the pro forma adjustments based on the federal statutory tax rate of 35%.

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GOODRICH PETROLEUM CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
Year Ended December 31, 2004

| (Thousands of dollars) | As Reported | Pro Forma Adjustments | Pro Forma |
|---|------------------------|----------------------------------|----------------------|
| Total Revenues | \$ 45,012 | \$ (37,952) (a) | \$ 7,060 |
| Operating Expenses: | | | |
| Lease operating expense | 7,402 | (6,786) (a) | 616 |
| Production taxes | 3,105 | (2,701) (a) | 404 |
| Transportation | | | |
| Depreciation, depletion and amortization | 11,562 | (9,550) (a) | 2,012 |
| Exploration | 4,426 | (24) (a) | 4,402 |
| Impairment of oil and gas properties | | | |
| General and administrative | 5,821 | | 5,821 |
| (Gain) loss on sale of assets | (50) | | (50) |
| Other | | | |
| Total Operating Expenses | 32,266 | (19,061) | 13,205 |
| Operating Income (loss) | 12,746 | (18,891) | (6,145) |
| Other income (expense): | | | |
| Interest expense | (1,110) | 1,110 (b) | |
| Gain (loss) on derivatives not qualifying for hedge accounting | 2,317 | (2,317) (c) | |
| Gain on litigation judgment | 2,118 | (2,118) (e) | |
| | 3,325 | (3,325) | |
| Income (loss) from continuing operations before income taxes | 16,071 | (22,216) | (6,145) |
| Income tax (expense) benefit | 1,707 | 7,775 (d) | 9,482 |
| Net earnings (loss) from continuing operations | \$ 17,778 | \$ (14,441) | \$ 3,337 |
| Basic earnings per common share from continuing operations | \$ 0.91 | | \$ 0.17 |
| Diluted earnings per common share from continuing operations | \$ 0.87 | | \$ 0.16 |

(a) To eliminate the
revenues and

direct operating expenses for our South Louisiana assets sold to Hilltop.

- (b) To adjust interest expense to give effect to the repayment of a portion of our outstanding credit facilities using the approximate \$77 million in proceeds from the sale of our South Louisiana assets to Hilcorp.
- (c) To adjust for the changes in fair value of derivative instruments that did not qualify for cash flow hedge accounting treatment, but which were designated as economic hedges of oil and gas production from our South Louisiana assets sold to Hilcorp.
- (d) To adjust income tax expense for the effects of the pro forma adjustments based on the federal statutory tax rate of 35%.

- (e) To eliminate the gain on litigation judgment related to our South Louisiana assets sold to Hilcorp.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GOODRICH PETROLEUM
CORPORATION**
(Registrant)

/s/ David R. Looney
David R. Looney
Executive Vice President & Chief Financial
Officer

Dated: March 26, 2007

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EXHIBIT INDEX

Exhibit No. Description

99.1 Press Release dated March 21, 2007.