

Oasis Petroleum Inc.
Form 10-Q
August 07, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

or

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

For the transition period from _____ to _____

Commission file number: 1-34776

Oasis Petroleum Inc.

(Exact name of registrant as specified in its charter)

Delaware 80-0554627
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1001 Fannin Street, Suite 1500 77002
Houston, Texas
(Address of principal executive offices) (Zip Code)

(281) 404-9500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

Edgar Filing: Oasis Petroleum Inc. - Form 10-Q

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of the registrant's common stock outstanding at July 31, 2018: 317,995,747 shares.

Table of Contents

OASIS PETROLEUM INC.
 FORM 10-Q
 FOR THE QUARTER ENDED JUNE 30, 2018
 TABLE OF CONTENTS

	Page
<u>PART I — FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. — Financial Statements (Unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets at June 30, 2018 and December 31, 2017</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017</u>	<u>2</u>
<u>Condensed Consolidated Statement of Changes in Stockholders' Equity for the Six Months Ended June 30, 2018</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
<u>1. Organization and Operations of the Company</u>	<u>5</u>
<u>2. Summary of Significant Accounting Policies</u>	<u>5</u>
<u>3. Revenue Recognition</u>	<u>7</u>
<u>4. Inventory</u>	<u>10</u>
<u>5. Accounts Receivable, Net</u>	<u>11</u>
<u>6. Fair Value Measurements</u>	<u>11</u>
<u>7. Derivative Instruments</u>	<u>13</u>
<u>8. Property, Plant and Equipment</u>	<u>15</u>
<u>9. Acquisition</u>	<u>16</u>
<u>10. Divestitures and Assets Held for Sale</u>	<u>17</u>
<u>11. Long-Term Debt</u>	<u>18</u>
<u>12. Asset Retirement Obligations</u>	<u>21</u>
<u>13. Income Taxes</u>	<u>21</u>
<u>14. Equity-Based Compensation</u>	<u>22</u>
<u>15. Earnings (Loss) Per Share</u>	<u>23</u>
<u>16. Business Segment Information</u>	<u>23</u>
<u>17. Commitments and Contingencies</u>	<u>25</u>
<u>18. Condensed Consolidating Financial Information</u>	<u>26</u>
<u>19. Subsequent Events</u>	<u>35</u>
<u>Item 2. — Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>36</u>
<u>Item 3. — Quantitative and Qualitative Disclosures About Market Risk</u>	<u>53</u>
<u>Item 4. — Controls and Procedures</u>	<u>55</u>
<u>PART II — OTHER INFORMATION</u>	<u>56</u>
<u>Item 1. — Legal Proceedings</u>	<u>56</u>
<u>Item 1A. — Risk Factors</u>	<u>57</u>
<u>Item 2. — Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>57</u>
<u>Item 6. — Exhibits</u>	<u>57</u>
<u>SIGNATURES</u>	<u>58</u>

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1. — Financial Statements (Unaudited)

Oasis Petroleum Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

	June 30, 2018	December 31, 2017
	(In thousands, except share data)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,072	\$ 16,720
Accounts receivable, net	378,080	363,580
Inventory	23,222	19,367
Prepaid expenses	5,874	7,631
Derivative instruments	—	344
Intangible assets, net	625	—
Other current assets	82	193
Total current assets	424,955	407,835
Property, plant and equipment		
Oil and gas properties (successful efforts method)	8,424,834	7,838,955
Other property and equipment	1,024,104	868,746
Less: accumulated depreciation, depletion, amortization and impairment	(2,691,697)	(2,534,215)
Total property, plant and equipment, net	6,757,241	6,173,486
Assets held for sale, net	250,118	—
Derivative instruments	25	9
Long-term inventory	12,505	12,200
Other assets	20,491	21,600
Total assets	\$ 7,465,335	\$ 6,615,130
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 29,988	\$ 13,370
Revenues and production taxes payable	246,215	213,995
Accrued liabilities	320,508	236,480
Accrued interest payable	36,971	38,963
Derivative instruments	194,810	115,716
Advances from joint interest partners	3,983	4,916
Other current liabilities	40	40
Total current liabilities	832,515	623,480
Long-term debt	2,757,481	2,097,606
Deferred income taxes	205,628	305,921
Asset retirement obligations	49,743	48,511
Liabilities held for sale	4,181	—
Derivative instruments	35,007	19,851
Other liabilities	6,529	6,182
Total liabilities	3,891,084	3,101,551
Commitments and contingencies (Note 17)		
Stockholders' equity	3,154	2,668

Edgar Filing: Oasis Petroleum Inc. - Form 10-Q

Common stock, \$0.01 par value: 450,000,000 shares authorized; 320,010,534 shares issued and 317,985,056 shares outstanding at June 30, 2018 and 270,627,014 shares issued and 269,295,466 shares outstanding at December 31, 2017

Treasury stock, at cost: 2,025,478 and 1,331,548 shares at June 30, 2018 and December 31, 2017, respectively	(28,243) (22,179)
Additional paid-in capital	3,062,861	2,677,217	
Retained earnings	398,371	717,985	
Oasis share of stockholders' equity	3,436,143	3,375,691	
Non-controlling interests	138,108	137,888	
Total stockholders' equity	3,574,251	3,513,579	
Total liabilities and stockholders' equity	\$ 7,465,335	\$ 6,615,130	

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

Oasis Petroleum Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2018	2017	2018	2017
	(In thousands, except per share data)			
Revenues				
Oil and gas revenues	\$395,921	\$218,633	\$759,592	\$455,885
Purchased oil and gas sales	57,578	8,091		