

TENGASCO INC  
Form 10-Q  
May 15, 2014

---

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2014

Commission File No. 1-15555

Tengasco, Inc.

(Exact name of registrant as specified in its charter)

Delaware 87-0267438  
State or other jurisdiction of Incorporation or organization (IRS Employer Identification No.)

123 Center Park Drive, Suite 104, Knoxville, TN 37922  
(Address of principal executive offices)

(865-675-1554)

(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 Exchange Act 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 checkmark whether the registrant has submitted electronically and posted on its corporate website, 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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

Edgar Filing: TENGASCO INC - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 60,842,413 common shares at May 8, 2014.

---

---

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION	PAGE
ITEM 1. FINANCIAL STATEMENTS	
* <u>Unaudited Condensed Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013</u>	3
* <u>Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2014 and 2013</u>	5
* <u>Unaudited Condensed Consolidated Statement of Stockholders' Equity for the three months ended March 31, 2014</u>	6
* <u>Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013</u>	7
* <u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	8
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	18
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	21
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	22
PART II. <u>OTHER INFORMATION</u>	23
<u>ITEM 1. LEGAL PROCEEDINGS</u>	23
<u>ITEM 1A. RISK FACTORS</u>	23
<u>ITEM 2. UNREGISTERD SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	23
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	23
<u>ITEM 4. MINE SAFTY DISCLOSURES</u>	23
<u>ITEM 5. OTHER INFORMATION</u>	23
<u>ITEM 6. EXHIBITS</u>	24
* <u>SIGNATURES</u>	25
* <u>CERTIFICATIONS</u>	

Table of Contents

Tengasco, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(unaudited)  
(in thousands, except share data)

	March 31, 2014	December 31, 2013
Assets		
Current		
Cash and cash equivalents	\$44	\$ 54
Accounts receivable, less allowance for doubtful accounts of \$14	1,322	1,285
Accounts receivable – related party, less allowance for doubtful accounts of \$159	290	168
Inventory	1,239	1,253
Deferred tax asset - current	130	130
Other current assets	281	312
Total current assets	3,306	3,202
Restricted cash	507	507
Loan fees, net	31	35
Oil and gas properties, net (full cost accounting method)	24,260	24,123
Methane project, net	4,541	4,389
Other property and equipment, net	222	247
Deferred tax asset - noncurrent	6,936	7,209
Total assets	\$39,803	\$ 39,712

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

Tengasco, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(unaudited)  
(in thousands, except share data)

	March 31, 2014	December 31, 2013
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable – trade	\$ 771	\$ 367
Accounts payable – other	449	327
Accounts payable – related party	490	412
Accrued and other current liabilities	652	444
Current maturities of long-term debt	78	82
Total current liabilities	2,440	1,632
Asset retirement obligation	1,782	1,780
Long term debt, less current maturities	2,223	3,375
Total liabilities	6,445	6,787
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, \$.001 par value, authorized 100,000,000 shares, 60,842,413 shares issued and outstanding	61	61
Additional paid-in capital	55,680	55,671
Accumulated deficit	(22,383)	(22,807 )
Total stockholders' equity	33,358	32,925
Total liabilities and stockholders' equity	\$ 39,803	\$ 39,712

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

Tengasco, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(unaudited)

(in thousands, except share and per share data)

Three months  
ended March  
31,  
2014      2013

Revenues	\$3,505	\$4,314
Cost and expenses		
Production costs and taxes	1,399	1,371
Depreciation, depletion, and amortization	703	794
General and administrative	693	513
Total cost and expenses	2,795	2,678
Net income from operations	710	1,636
Other income (expense)		
Interest expense	(31 )	(131 )
Gain on sale of assets	18	-
Total other income (expenses)	(13 )	(131 )
Income from continuing operations before income tax	697	1,505
Income tax expense	(273 )	(527 )
Income from continuing operations	424	978
(Loss) from discontinued operations, net of income tax benefit		(41 )
Net income	\$424	\$937
Net income (loss) per share – Basic and Diluted		
Net income from continuing operations	\$0.01	