

ISRAMCO INC
Form 10-Q
August 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**Check
One**

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **June 30, 2018**

or

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-12500

ISRAMCO, INC

(Exact Name of registrant as Specified in its Charter)

Delaware

(State or other Jurisdiction of Incorporation or Organization)

13-3145265

I.R.S. Employer Number

1001 West Loop South, Suite 750, HOUSTON, TX 77027

(Address of Principal Executive Offices)

713-621-5946

(Registrant's Telephone Number, Including Area Code)

Indicate by check whether the registrant: (1) 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 large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition 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	Smaller Reporting Company
Emerging growth company	

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

As of August 10, 2018, Isramco, Inc, had 2,717,648 outstanding shares of common stock, par value \$0.01 per share.

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Forward Looking Statements

CERTAIN STATEMENTS MADE IN THIS QUARTERLY REPORT ON FORM 10-Q ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY TERMINOLOGY SUCH AS “MAY”, “WILL”, “SHOULD”, “EXPECTS”, “INTENDS”, “ANTICIPATES”, “BELIEVES”, “ESTIMATES”, “PREDICTS”, OR “CONTINUE” OR THE NEGATIVE OF THESE TERMS OR OTHER COMPARABLE TERMINOLOGY AND INCLUDE, WITHOUT LIMITATION, STATEMENTS BELOW REGARDING EXPLORATION AND DRILLING PLANS, FUTURE GENERAL AND ADMINISTRATIVE EXPENSES, FUTURE GROWTH, FUTURE EXPLORATION, FUTURE GEOPHYSICAL AND GEOLOGICAL DATA, GENERATION OF ADDITIONAL PROPERTIES, RESERVES, NEW PROSPECTS AND DRILLING LOCATIONS, FUTURE CAPITAL EXPENDITURES, SUFFICIENCY OF WORKING CAPITAL, ABILITY TO RAISE ADDITIONAL CAPITAL, PROJECTED CASH FLOWS FROM OPERATIONS, OUTCOME OF ANY LEGAL PROCEEDINGS, DRILLING PLANS, THE NUMBER, TIMING OR RESULTS OF ANY WELLS, INTERPRETATION AND RESULTS OF SEISMIC SURVEYS OR SEISMIC DATA, FUTURE PRODUCTION OR RESERVES, LEASE OPTIONS OR RIGHTS, PARTICIPATION OF OPERATING PARTNERS, CONTINUED RECEIPT OF ROYALTIES, AND ANY OTHER STATEMENTS REGARDING FUTURE OPERATIONS, FINANCIAL RESULTS, OPPORTUNITIES, GROWTH, BUSINESS PLANS AND STRATEGY. BECAUSE FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES, THERE ARE IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. ALTHOUGH THE COMPANY BELIEVES THAT EXPECTATIONS REFLECTED IN THE FORWARD-LOOKING STATEMENTS ARE REASONABLE, IT CANNOT GUARANTEE FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS. MOREOVER, NEITHER THE COMPANY NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THESE FORWARD-LOOKING STATEMENTS. THE COMPANY IS UNDER NO DUTY TO UPDATE ANY FORWARD-LOOKING STATEMENTS AFTER THE DATE OF THIS REPORT TO CONFORM SUCH STATEMENTS TO ACTUAL RESULTS.

Table of Contents**PART I - Financial Information****ITEM 1. Financial Statements****ISRAMCO INC.****CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

(Unaudited)

	As of	As of
	June 30,	December
	2018	31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$6,984	\$30,009
Accounts receivable, net of allowances for doubtful accounts of \$2,117 and \$2,431	19,237	12,549
Restricted and designated cash	703	802
Inventories	421	475
Derivative asset	178	-
Prepaid expenses and other	1,528	2,711
Total Current Assets	29,051	46,546
Property and Equipment, at cost – successful efforts method:		
Oil and Gas properties	244,114	243,812
Advanced payment for equipment	462	564
Production service equipment and other equipment and property	63,911	59,108
Total Property and Equipment	308,487	303,484
Accumulated depreciation, depletion, amortization and impairment	(254,031)	(251,355)
Net Property and Equipment	54,456	52,129
Derivative asset	1,019	187
Restricted cash – long term	25,448	9,674
Investments	261	261
Total Assets	\$110,235	\$108,797
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	\$13,523	\$13,515
Short term debt and current maturities of long-term debt, net of discount of \$799 and \$828	21,601	18,517
Payables due to related party	50	60

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Accrued interest	1,146	1,027
Derivative liability	-	457
Total Current Liabilities	36,320	33,576
Long term debt, net of discount of \$1,749 and \$2,131	66,651	77,369
Other Long-term Liabilities:		
Asset retirement obligations	22,045	21,670
Total Liabilities	125,016	132,615
Commitments and contingencies		
Shareholders' Deficit:		
Common stock \$0.01 par value; authorized 7,500,000 shares; issued 2,746,915 shares; outstanding 2,717,648 shares	27	27
Additional paid-in capital	23,853	23,853
Accumulated deficit	(31,227)	(40,970)
Treasury stock, 29,267 shares at cost	(164)	(164)
Total Isramco, Inc. Shareholders' Deficit	(7,511)	(17,254)
Non controlling interest	(7,270)	(6,564)
Total Deficit	(14,781)	(23,818)
Total Liabilities and Shareholders' Deficit	\$ 110,235	\$ 108,797

See notes to the unaudited consolidated financial statements.

Table of Contents**ISRAMCO INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months		Six Months	
	Ended June 30		Ended June 30	
	2018	2017	2018	2017
Revenues and other				
Oil and gas sales	\$11,783	\$10,733	\$22,767	\$21,797
Production services	7,927	4,689	13,690	8,157
Office services	131	142	267	279
Gain on divestiture	-	2,678	472	2,678
Other	151	137	289	268
Total revenues and other	19,992	18,379	37,485	33,179

Operating expenses