GULFPORT ENERGY CORP
Form 424B5
February 12, 2013
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Filed pursuant to Rule 424(b)(5)
SEC File No. 333-175435

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Aggregate Price Per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value $0.01 per share	8,912,500	$38.00	$338,675,000	$46,195.27

(1) Assumes exercise in full of the underwriters option to purchase up to an aggregate of 1,162,500 additional shares of common stock from the registrant to cover over-allotments, if any.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. Payment of the registration fee at the time of filing of the registrant s registration statement on Form S-3 ASR with the Securities and Exchange Commission on July 11, 2011 (File No. 333-175435) was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act, and is paid herewith. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in such registration statement.

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED JULY 11, 2011

7,750,000 Shares

Common Stock

We are offering 7,750,000 shares of our common stock.

Our common stock is quoted on The NASDAQ Global Select Market under the symbol GPOR. On February 11, 2013, the last reported sale price of our common stock on The NASDAQ Global Select Market was $38.68 per share.

The underwriters have an option to purchase a maximum of 1,162,500 additional shares of our common stock at the public offering price (less the underwriting discount) solely to cover over-allotments of shares.

Investing in our common stock involves risks. Please read "Risk Factors" beginning on page S-17 of this prospectus supplement for a description of various risks you should consider in evaluating an investment in the shares.

	Public Offering Price	Underwriting Discounts and Commissions	Proceeds to Us (Before Expenses)
Per Share	$ 38.00	$ 1.444	$ 36.556
Total	$ 294,500,000	$ 11,191,000	$ 283,309,000

Delivery of the shares of common stock will be made on or about February 15, 2013.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

Capital One Southcoast
Johnson Rice & Company L.L.C.
RBC Capital Markets
Scotiabank/Howard Weil
Sterne Agee
SunTrust Robinson Humphrey
Wunderlich Securities
C.K. Cooper & Company

IBERIA Capital Partners L.L.C.
KeyBanc Capital Markets
Simmons & Company International
Stephens Inc.
Stifel Nicolaus Weisel
Global Hunter Securities **Tuohy Brothers**

The date of this prospectus supplement is February 11, 2013.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information in the accompanying prospectus and Information Incorporated by Reference in this prospectus supplement. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. We and the underwriters have not authorized any other person to provide you with additional or different information. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We and the underwriters are not making any offer to sell these securities in any jurisdiction where the offer to sell is not permitted. You should not assume that the information we have included in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date hereof or thereof, respectively, or that information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

When used in this prospectus supplement, the terms Gulfport, the Company, we, our and us refer to Gulfport Energy Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements, other than statements of historical facts, included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves and the present value thereof (including production activity for 2013), future capital expenditures (including the amount and nature thereof), drilling activity, production, expenses, business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, the pending acquisition of certain oil and natural gas interests described in this prospectus supplement, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by us, competitive actions by other oil and gas companies, changes in laws or regulations, hurricanes and other natural disasters and other factors, many of which are beyond our control, including those discussed under the heading Risk Factors herein and those discussed in the documents we have incorporated by reference including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, our Quarterly Reports on Form 10-Q and any other reports filed subsequent to the filing of such reports. Consequently, all of the forward-looking statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference are qualified by these cautionary statements and we cannot assure you that the actual results or developments anticipated by us will be realized or, even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

PROSPECTUS SUPPLEMENT SUMMARY

This summary describes certain recent developments and highlights information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary may not contain all the information that is important to you. We also advise you to read Risk Factors beginning on page S-17 for a description of various risks you should consider in evaluating an investment in the shares of our common stock.

The Company

Overview

We are an independent oil and natural gas exploration and production company focused on the exploration, exploitation, acquisition and production of crude oil, natural gas liquids and natural gas in the United States. Our corporate strategy is to internally identify prospects, acquire lands encompassing those prospects and evaluate those prospects using subsurface geology and geophysical data and exploratory drilling. Using this strategy, we have developed an oil and natural gas portfolio of proved reserves, as well as development and exploratory drilling opportunities on high potential conventional and unconventional oil and natural gas prospects. Our principal producing properties are located along the Louisiana Gulf Coast in the West Cote Blanche Bay, or WCBB, and Hackberry fields. During 2010, we acquired our initial acreage position in the Niobrara Formation of Northwestern Colorado. During 2011, we acquired our initial acreage position in the Utica Shale in Eastern Ohio and our first well in the Utica Shale was spud in February 2012. As of February 1, 2013, we had drilled 14 wells in the Utica Shale, three of which were producing. Of the remaining 11 wells, seven are projected to be producing by April 1, 2013 and the other four are projected to be producing by June 1, 2013 as the necessary gathering infrastructure is completed. We also hold a significant acreage position in the Alberta oil sands in Canada through our interest in Grizzly Oil Sands ULC, or Grizzly, a 21.4% equity interest in Diamondback Energy, Inc., or Diamondback, a NASDAQ Global Select Market listed company to which we contributed our Permian Basin oil and gas interests in October 2012 immediately prior to Diamondback s initial public offering, or the Diamondback IPO (see Recent Developments Contribution below), and have interests in entities that operate in Southeast Asia, including the Phu Horm gas field in Thailand. We seek to achieve reserve growth and increase our cash flow through our annual drilling programs.

The following table presents certain information as of December 31, 2012 reflecting our net interest in our principal producing oil and natural gas properties along the Louisiana Gulf Coast, in the Utica Shale in Eastern Ohio, in the Niobrara Formation in Northwestern Colorado and in the Bakken Formation in Western North Dakota and Eastern Montana.

Field	NRI/WI(1) Percentages	Productive Wells(2) Gross	Productive Wells(2) Net	Non-Productive Wells Gross	Non-Productive Wells Net	Developed Acreage(3) Gross	Developed Acreage(3) Net	Proved Reserves Gas MBOE	Proved Reserves Oil MBOE	Proved Reserves Total MBOE
West Cote Blanche Bay Field(4)	80.108/100	109	109	181	181	5,668	5,668	556	4,266	4,822
E. Hackberry Field(5)	80.309/100	41	41	96	96	3,931	3,931	151	1,900	2,051
W. Hackberry Field	83.333/100	3	3	23	23	1,192	1,192	3	95	98
Utica Shale(6)	40.641/50.0	2	1			2,441	1,800	4,886	1,702	6,588
Niobrara Formation	36.2/41.5	7	3	2	1	2,807	1,404	16	204	220
Bakken Formation(7)	2.7/2.9	8	0.2			1,862	163	10	82	92
Overrides/Royalty Non-operated	Various	208	0.4	2	0.06			6	2	8
Total		378	157.6	304	301.06	17,901	14,158	5,628	8,251	13,879

(1) Net Revenue Interest (NRI)/Working Interest (WI) for producing wells.
(2) Includes seven gross and net wells at WCBB that are producing intermittently.
(3) Developed acres are acres spaced or assigned to productive wells. Approximately 11% of our acreage is developed acreage and has been perpetuated by production.
(4) We have a 100% working interest (80.108% average NRI) from the surface to the base of the 13900 Sand which is located at 11,320 feet. Below the base of the 13900 Sand, we have a 40.40% non-operated working interest (29.95% NRI).
(5) NRI shown is for producing wells.

(6) Does not give effect to our pending acquisition of approximately 22,000 net acres. See Recent Developments February 2013 Utica Acreage Acquisition.
(7) NRI/WI is from wells that have been drilled or in which we have elected to participate.

The following is a description of our principal properties.

West Cote Blanche Bay

The WCBB field is located approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. We own a 100% working interest (80.108% net revenue interest, or NRI), and are the operator, in depths above the base of the 13900 Sand which is located at 11,320 feet. In addition, we own a 40.40% non-operated working interest (29.95% NRI) in depths below the base of the 13900 Sand, which is operated by Chevron Corporation. Our leasehold interests at WCBB contain 5,668 gross acres.

In 2011, at our WCBB field, we recompleted 68 wells and drilled 21 wells for a total cost of approximately $42.4 million as of December 31, 2011. Of the 21 new wells drilled at WCBB in 2011, 19 were completed as producing wells, one was non-productive and one was waiting on completion. In 2012, we recompleted 61 existing wells. We also spud 31 wells, of which 27 were completed as producers and four were non-productive. Aggregate net production from the WCBB field during the three months ended December 31, 2012 was 293,906 barrels of oil equivalent, or BOE, or 3,195 BOE per day, 98% of which was from oil and 2% of which was from natural gas. During January 2013, our average daily net production at WCBB was approximately 3,054 BOE, 98% of which was from oil and 2% of which was from natural gas.

East Hackberry Field

The East Hackberry field in Louisiana is located along the western shore and the land surrounding Lake Calcasieu, 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 80.309% average NRI) in certain producing oil and natural gas properties situated in the East Hackberry field. As of December 31, 2012, we held beneficial interests in approximately 4,512 acres, including the Erwin Heirs Block, which is located on land, and the adjacent State Lease 50 Block, which is located primarily in the shallow waters of Lake Calcasieu. We have licensed approximately 54 square miles of 3-D seismic data covering a portion of the area and are reprocessing the data.

In 2011, at our East Hackberry field, we recompleted 24 wells and drilled 22 wells. Of the 22 new wells drilled at East Hackberry during 2011, 17 were completed as producing wells, two were non-productive and three were waiting on completion. In 2012, we recompleted 32 existing wells. We also spud 23 wells, of which 19 were completed as producing wells and three were non-productive and, at December 31, 2012, one was being drilled. Aggregate net production from the East Hackberry field during the three months ended December 31, 2012 was approximately 212,975 BOE, or 2,315 BOE per day, 98% of which was from oil and 2% of which was from natural gas. During January 2013, our average daily net production at East Hackberry was approximately 2,623 BOE, 97% of which was from oil and 3% of which was from natural gas.

West Hackberry Field

The West Hackberry field is located on land and is five miles west of Lake Calcasieu in Cameron Parish, Louisiana, approximately 85 miles west of Lafayette and 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 83.333% NRI) in 1,192 acres within the West Hackberry field. Our leases

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at West Hackberry are located within two miles of one of the United States Department of Energy s Strategic Petroleum Reserves.

At December 31, 2012, we were drilling one well at West Hackberry. Aggregate net production from the West Hackberry field during the three months ended December 31, 2012 was approximately 4,711 BOE, or 51 BOE per day. During January 2013, our average daily net production at West Hackberry was approximately 29 BOE, 100% of which was from oil.

Utica Shale (Eastern Ohio)

As of December 31, 2012, we had acquired leasehold interests in approximately 137,000 gross (106,000 net) acres in the Utica Shale in Eastern Ohio. We have entered into an agreement to acquire approximately 22,000 additional net acres in the Utica Shale. See Recent Developments February 2013 Utica Acreage Acquisition. We spud our first well, the Wagner 1-28H, on our Utica Shale acreage in February 2012 and, as of February 1, 2013, had drilled 14 wells, ten of which had been completed. As of February 1, 2013, three of these wells were producing. Of the 11 additional wells, seven are projected to be producing by April 1, 2013 and the other four wells are projected to be producing by June 1, 2013. The delays in bringing these additional wells on-line have primarily been associated with MarkWest Energy Partners, L.P. s challenges in obtaining rights-of-way and acquiring necessary state and federal permitting. These rights-of-way and permits have now been obtained. In addition, 12 gross (one net) wells were drilled by another operator on our Utica Shale acreage during 2012.

At February 1, 2013, we had two rigs under contract on our Utica Shale acreage and expect to add a third rig later in the month. We currently intend to drill 50 wells on our Utica Shale acreage in 2013.

Aggregate net production from the Utica Shale during the three months ended December 31, 2012 was approximately 69,667 BOE, or 757 BOE per day, 35% of which was from oil and natural gas liquids, or NGLs, and 65% of which was from natural gas. During January 2013, our average daily net production from the Utica Shale was approximately 792 BOE, 41% of which was from oil and NGLs and 59% of which was from natural gas. The Wagner 1-28H well, our longest producing well in the Utica Shale, was assigned gross proved ultimate recovery reserves at December 31, 2012 of 65.8 thousand barrels of oil, or MBbls, and 10.0 billion cubic feet, or Bcf, of unshrunk natural gas by Ryder Scott Company, L.P. Adjusting for shrinkage and the extraction of NGLs, we estimate that this is equivalent to 1.8 million BOE, or MMBOE, of proved reserves.

Niobrara Formation (Northwestern Colorado)

Effective as of April 1, 2010, we acquired leasehold interests in the Niobrara Formation in Northwestern Colorado and held leases for approximately 11,788 net acres as of December 31, 2012. In 2012, three gross (one net) wells, including one gross (.04 net) well drilled by another operator, were spud on our Niobrara Formation acreage, two of which were completed as producers and one of which was non-productive. Aggregate net production from our Niobrara Formation acreage during the three months ended December 31, 2012 was approximately 2,644 BOE, or 29 BOE per day, 100% of which was from oil. During January 2013, average daily net production from our Niobrara Formation acreage was approximately 43 BOE, 100% of which was from oil.

Bakken Formation

In the Bakken Formation, as of December 31, 2012, we held approximately 864 net acres, interests in nine wells and overriding royalty interests in certain existing and future wells. Aggregate net production from the Bakken Formation during the three months ended December 31, 2012 was approximately 7,355 BOE, or 80 BOE per day. During January 2013, our average daily net production from the Bakken Formation was approximately 73 BOE.

Permian Basin (West Texas)

In 2007, we acquired approximately 4,100 net acres in West Texas in the Permian Basin with production at the time of acquisition from 32 gross (16 net) wells, predominately from the Wolfcamp formation. Subsequently, we acquired approximately 14,100 additional net acres, which brought our total net acreage position in the Permian Basin to approximately 18,200 net acres as of September 30, 2012. From our initial acquisition in the

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Permian Basin through August 1, 2012, 116 gross (52.7 net) wells were drilled on our leasehold in this area, primarily targeting the Wolfberry formation. We were not the operator of our Permian Basin acreage but were actively involved in the planning and execution of the drilling plans governed by a joint operating agreement with Diamondback O&G LLC (formerly known as Windsor Permian LLC), or Diamondback O&G, the operator in this field and an entity controlled by Wexford Capital L.P., or Wexford. An affiliate of Wexford owned approximately 9.5% of our outstanding common stock as of March 13, 2012, which ownership was reduced to less than 1% as of September 28, 2012. In 2011, 39 gross (17 net) wells were drilled and eight gross (four net) wells were recompleted on our Permian Basin acreage. As of December 31, 2011, 35 of the 39 wells had been completed and four wells were awaiting completion. From January 1, 2012 through the closing of the contribution of our Permian Basin acreage to Diamondback on October 11, 2012, 19 gross (8.3 net) wells, including our first horizontal well, were spud on our Permian Basin acreage, all of which were completed as producing wells. One gross (0.3 net) existing well was recompleted from January 1, 2012 to October 11, 2012. Aggregate net production from our Permian Basin acreage during the first eleven days of October 2012 was approximately 17,100 BOE, or 1,555 BOE per day, of which approximately 60% was oil, 28% was natural gas liquids and 12% was natural gas.

As discussed below under the heading Recent Developments Contribution, on October 11, 2012, we contributed to Diamondback, prior to the closing of the Diamondback IPO, all of our oil and natural gas interests in the Permian Basin. At the closing of this contribution, Diamondback issued to us (i) 7,914,036 shares of Diamondback common stock and (ii) a promissory note for $63.6 million, which was repaid to us at the closing of the Diamondback IPO on October 17, 2012. This aggregate consideration was subject to a post-closing cash adjustment based on changes in the working capital, long-term debt and other items of Diamondback O&G referred to in the contribution agreement as of the date of this contribution. In January 2013, we received an additional payment from Diamondback of $18.6 million as a result of this post-closing adjustment. As of October 23, 2012, following the closing of the Diamondback IPO and the underwriters exercise in full of their option to purchase additional shares of common stock of Diamondback, we owned approximately 21.4% of Diamondback s outstanding common stock. Following the Contribution, we account for our interest in Diamondback as an equity investment.

Our Equity Investments

Grizzly. We, through our wholly-owned subsidiary Grizzly Holdings Inc., own a 24.9% interest in Grizzly. The remaining interest in Grizzly is owned by an entity controlled by Wexford. As of December 31, 2012, Grizzly had approximately 800,000 acres under lease in the Athabasca region located in the Alberta Province near Fort McMurray within a few miles of other existing oil sands projects. Our total net investment in Grizzly was approximately $165.0 million as of September 30, 2012. As of that date, Grizzly had drilled an aggregate of 232 core holes and seven water supply test wells, tested eleven separate lease blocks and conducted a seismic program. In March 2010, Grizzly filed an application for the development of an 11,300 barrel per day oil sand project at Algar Lake. In November 2011, the Government of Alberta provided a formal Order-in Council authorizing the Alberta Energy Resources Conservation Board, or ERCB, to issue the formal regulatory approval of Grizzly s Algar Lake steam-assisted gravity drainage, or SAGD, project. During the second quarter of 2012, Grizzly finished SAGD well pair drilling at Algar Lake and began the process of completing those well pairs for SAGD injection and first production is expected in mid-2013. In the first quarter of 2012, Grizzly completed the acquisition of approximately 47,000 acres through the purchase of its May River property and has prepared a full field development plan under which the May River property will be developed in multiple phases with the goal of producing 70,000 barrels per day of bitumen by the year 2020. Grizzly is currently conducting a 25 well delineation program at May River, with 14 wells completed as of February 6, 2013. Following the 2012/2013 winter exploration program, it is expected that Grizzly s May River property will have been explored to a sufficient level to support the filing of an initial 12,000 barrel per day SAGD project regulatory application. Grizzly s other 2012 activities included the completion of the 2011/2012 core hole drilling and seismic program, submission of a SAGD project regulatory application for the development of a 12,000 barrel per day oil sands

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project at Thickwood Hills and further development of its Algar Lake SAGD project, which included the fabrication and onsite construction of a central processing facility and the drilling of ten initial SAGD well pairs. The Thickwood Hills project is expected to consist of a plant site with two 6,000 barrel per day processing facilities, four SAGD well pads and up to 33 cycle steam stimulation well pads and associated facilities and infrastructure. Grizzly filed an environmental assessment for the Thickwood Hills project in November 2012 and expects to receive the applicable approvals within 12 to 18 months thereafter. Following receipt of the approvals, Grizzly anticipates the period leading to first production will be approximately 18 months. Grizzly has also entered into a memorandum of understanding that outlines the rate structure for a ten year agreement with Canadian National Railway Company, or CN, to transport its bitumen to the U.S. Gulf Coast via CN s rail network. Grizzly expects that this arrangement will provide consistent access to Brent-based pricing from Grizzly s Algar Lake project. Grizzly is also pursuing the design, permitting and construction of rail terminals in Northern Alberta and on the Lower Mississippi where, with scalable capacity to accommodate unit trains to ship and receive up to 100,000 barrels per day, Grizzly anticipates beginning to transport the company s bitumen starting in the fourth quarter of 2013.

Tatex II. We own a 23.5% ownership interest in Tatex Thailand II, LLC, or Tatex II. The remaining interests in Tatex II are owned by entities controlled by Wexford. Tatex II, a privately held entity, holds 85,122 of the 1,000,000 outstanding shares of APICO, LLC, or APICO, an international oil and gas exploration company. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering approximately two million acres which include the Phu Horm field. As of September 30, 2012, our net investment in Tatex II was $0.3 million. Our investment is accounted for on the equity method. Tatex II accounts for its investment in APICO using the cost method. During the three months ended September 30, 2012, net gas production from the Phu Horm field was approximately 93 million cubic feet, or MMcf, of natural gas per day and condensate production was 426 barrels per day. Hess Corporation operates the field with a 35% interest. Other interest owners include APICO (35% interest), PTT Exploration and Production Public Company Limited (20% interest) and ExxonMobil (10% interest). Our gross working interest (through Tatex II as a member of APICO) in the Phu Horm field is 0.7%. Since our ownership in the Phu Horm field is indirect and Tatex II s investment in APICO is accounted for by the cost method, these reserves are not included in our year-end reserve information.

Tatex III. We also own a 17.9% ownership interest in Tatex Thailand III, LLC, or Tatex III. Approximately 68.7% of the remaining interests in Tatex III are owned by entities controlled by Wexford. Tatex III owns a concession covering approximately one million acres. During the nine months ended September 30, 2012, we paid $0.6 million in cash calls, bringing our total investment in Tatex III to $8.7 million. The first well was drilled on our concession in 2010 and was temporarily abandoned pending further scientific evaluation. Drilling of the second well concluded in March 2011. The second well was drilled to a depth of 15,026 feet and logged approximately 5,000 feet of apparent possible gas saturated column. The well experienced gas shows and carried a flare measuring up to 25 feet throughout drilling below the intermediate casing point of 9,695 feet. During testing, the well produced at rates as high as 16 MMcf per day of gas for short intervals, but would subsequently fall to a sustained rate of two MMcf per day of gas. Pressure buildup information confirmed that this wellbore lacked the permeability to deliver commercial quantities of gas. Despite an apparently well-developed porosity system suggesting potential for a large amount of gas in place, testing of the well did not exhibit that there was sufficient permeability to produce in commercial quantities. Tatex III intends to continue testing some of the structures identified through its 3-D seismic survey and has begun the application process for two more drilling locations. Tatex III currently expects to drill the first of these wells, located to the south of the TEW-E well, in 2013.

Other Investments. In an effort to facilitate the development of our Utica Shale and other domestic acreage, we have invested in entities that can provide services that are required to support our operations. In the second quarter of 2012, we acquired a 50% equity interest in each of Stingray Pressure Pumping LLC, or Stingray Pressure, and Stingray Cementing LLC, or Stingray Cementing. Stingray Pressure and Stingray Cementing will provide well completion services. We also acquired a 50% equity interest in Blackhawk Midstream LLC, or

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Blackhawk, which coordinates gathering, compression, processing and marketing activities in connection with the development of our Utica Shale acreage. In March 2012, we acquired a 50% equity interest in Timber Wolf Terminals LLC, or Timber Wolf, for $1.0 million. Timber Wolf will operate a crude/condensate terminal and sand transloading facility in Ohio. Also in March 2012, we acquired a 22.5% equity interest in Windsor Midstream LLC, or Midstream, for $7.0 million. Midstream owns a 28.4% equity interest in a gas processing plant in West Texas. In 2011, we acquired a 25% equity interest in Bison Drilling and Field Services LLC, or Bison, which owns and operates drilling rigs and related equipment. In April 2012, we purchased an additional 15% equity interest for approximately $6.2 million, bringing our total ownership interest in Bison to 40%. Also in 2011, we acquired a 25% interest in Muskie Holdings LLC, or Muskie, which is engaged in the mining of hydraulic fracturing grade sand. The remaining equity interests in these entities are owned by affiliates of Wexford. In 2012, we invested approximately $30.0 million to $35.0 million in these entities.

Our Strengths

We believe that the following strengths will help us achieve our business goals:

- ***Exposure to oil rich resource base.*** We have interests in some of the most prolific oil plays in North America, including the shallow waters of the Gulf of Mexico in Louisiana, the Canadian Oil Sands in Central Alberta, the Bakken Shale in North Dakota and, through our interest in Diamondback, the Permian Basin in West Texas. We have also acquired acreage positions in the Niobrara Shale of Western Colorado and the Utica Shale in Eastern Ohio. Our 2012 production was approximately 90% oil and 3% natural gas liquids, with the remaining production provided by natural gas. We expect that natural gas liquids and natural gas as a percentage of our production will increase as more Utica Shale production is brought on-line.

- ***Inventory of low risk development and exploitation opportunities.*** We have identified a multi-year inventory of drilling locations that we believe provides attractive growth and return opportunities. We have focused our efforts on building an oil-weighted inventory of reserves because we anticipate that such inventory will provide, in the long-term, superior returns.

- ***Experienced management and technical team with proven acquisition and operating capabilities.*** Our executive officers and technical personnel have an average of over 30 years of experience in the oil and natural gas exploration and production business. We believe that our drilling success rate of 95% over the six-year period from 2007 through 2012 is attributable to our team s industry experience.

Our Business Strategy

Our business strategy is to continue to profitably grow our business through the following:

- ***Grow production and reserves by developing our large oil-rich resource base.*** Through the conversion of our proved undeveloped, probable and possible reserves, we will seek to grow our production, reserves and cash flow. We target areas that are believed to have a large amount of oil in place, then seek to apply the available technology to extract additional oil from those regions with a large amount of original oil in place, including 3-D seismic and directional drilling in South Louisiana, horizontal drilling and hydraulic fracturing in the Utica Shale and SAGD to extract bitumen from oil sands in Canada.

- ***Continue to pursue attractive acquisitions.*** We have grown and diversified our oil-rich reserve and resource base by making selective acquisitions. Over the last several years we have added interests in the Niobrara Formation, Utica Shale and the Canadian Oil Sands to our original asset base along the Louisiana Gulf Coast.

- ***Financial flexibility.*** We seek to maintain a conservative financial position. By maintaining a conservative capital structure, we will seek to preserve our flexibility to pursue opportunities that fit our strengths and corporate strategy as those opportunities present themselves.

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Recent Developments

Operational Update

For the fourth quarter of 2012, our net production was 540,558 barrels of oil, 366,258 thousand cubic feet, or Mcf, of natural gas and 289,728 gallons of NGLs, or 608,499 BOE. Our net production for the fourth quarter of 2012 by region was 293,906 BOE at WCBB, 217,686 BOE at Hackberry, 69,667 BOE in the Utica Shale, 17,100 BOE in the Permian Basin and an aggregate of 10,140 BOE in the Bakken Formation, Niobrara Formation and other areas. For 2012, we recorded net production of 2,323,373 barrels of oil, 1,107,744 Mcf of natural gas and 2,714,085 gallons of NGLs, or 2,572,618 BOE. Our realized prices for the fourth quarter of 2012, including transportation costs, were $101.89 per barrel of oil, $3.00 per Mcf of natural gas and $1.01 per gallon of NGLs, for a total equivalent of $92.80 per BOE. Our realized prices for the full-year 2012, including transportation costs, were $104.46 per barrel of oil, $2.91 per Mcf of natural gas and $0.98 per gallon of NGLs, for a total equivalent of $96.63 per BOE.

The following table presents our production volumes and average prices for the periods presented:

(Unaudited)	
Production Volumes:	**4Q2012**