

NUEVO ENERGY CO
Form 8-K
April 20, 2004

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**UNITED STATES
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**

Date of Report: April 20, 2004
(Date of earliest event reported) April 8, 2004

Nuevo Energy Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

76-0304436
(I.R.S. Employer Identification No.)

1021 Main, Suite 2100, Houston, Texas
(Address of principal executive offices)

77002
(Zip Code)

Registrant's telephone number, including area code: **(713) 652-0706**

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On April 8, 2004, Nuevo Energy Company entered into definitive agreements with Lankan Inc. and Perenco S.A. for the sale of the stock of our subsidiaries that hold our oil and gas interests in the Republic of Congo for an estimated \$62 million, subject to working capital and other purchase price adjustments. These assets include a non-operating 50% working interest (37.5% revenue interest) in the Yombo field, a 50% interest in a floating production, storage and off loading vessel, and a 50% interest in the Masseko field. The oil field is located in the Marine 1 Permit 27 miles offshore the Republic of Congo in approximately 370 feet of water. Estimated net proved reserves of the Yombo oil field as of December 31, 2003 were 14.1 MMbl, and production during 2003 average 4.8 MBOE/day. The floating production storage, an off loading vessel, is a converted super tanker with storage capacity of over one million barrels, and our production is converted to No. 6 fuel oil with less than 0.3% sulfur content. The Masseko field is currently under renewed analysis for possible development. The sale was approved by Nuevo's Board of Directors and is subject to certain third party and governmental releases and consents. Closing of this sale is expected to be in the second quarter of 2004.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

b. Unaudited Pro Forma Financial Statements

The accompanying unaudited pro forma financial statements are based on our historical consolidated financial statements as of and for the year ended December 31, 2003, adjusted for the effects of the expected sale of Nuevo's oil and gas interests in the Republic of Congo. The unaudited pro forma balance sheet as of December 31, 2003, assumes the disposition occurred on the balance sheet date. The unaudited pro forma statement of income for the year ended December 31, 2003, assumes the disposition occurred on January 1, 2003. The unaudited pro forma financial statements should not be construed to be indicative of future results or results that actually would have occurred if the transactions had occurred at the dates presented. The accompanying unaudited pro forma financial statements should be read in conjunction with the historical consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2003.

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Nuevo Energy Company
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of December 31, 2003
(In thousands)

| | Nuevo Energy Historical | Pro Forma Adjustments | Pro Forma Adjusted |
|--|------------------------------------|----------------------------------|-------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 6,276 | \$ 56,800(a) | \$ 63,076 |
| Accounts receivable, net of allowance of \$216 | 39,729 | (1)(a) | 39,728 |
| Inventory | 5,741 | (2,508)(a) | 3,233 |
| Assets held for sale | 38,290 | | 38,290 |
| Other current assets | 16,395 | (102)(a) | 16,293 |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 106,431 | 54,189 | 160,620 |
| | <hr/> | <hr/> | <hr/> |
| Property and equipment, at cost | 1,051,552 | (93,166)(a) | 958,386 |
| Accumulated depreciation, depletion and amortization | (355,311) | (50,258)(a) | (305,053) |
| | <hr/> | <hr/> | <hr/> |
| Total property and equipment, net | 696,241 | (42,908) | 653,333 |
| | <hr/> | <hr/> | <hr/> |
| Goodwill | 17,121 | | 17,121 |
| Other assets | 25,183 | (9,545)(a) | 15,638 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | \$ 844,976 | \$ 1,736 | \$ 846,712 |
| | <hr/> | <hr/> | <hr/> |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | |
| Current liabilities | | | |
| Accounts payable | \$ 38,707 | \$ (2,207)(a) | \$ 36,500 |
| Price risk management activities | 35,005 | | 35,005 |
| Other accrued liabilities | 65,236 | (19,085)(a) 10,051(b) | 56,202 |
| | <hr/> | <hr/> | <hr/> |
| Total current liabilities | 138,948 | (11,241) | 127,707 |
| | <hr/> | <hr/> | <hr/> |
| Long-term debt | 369,211 | | 369,211 |
| Asset retirement obligation | 102,921 | (2,613)(a) | 100,308 |

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| | | | |
|--|-------------------|--------------------------|-------------------|
| Other long-term liabilities | 12,067 | | 12,067 |
| Stockholders' equity | 221,829 | 25,641(a) (10,051)(b) | 237,419 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and stockholders' equity | \$ 844,976 | \$ 1,736 | \$ 846,712 |
| | <u> </u> | <u> </u> | <u> </u> |

See accompanying notes.

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Nuevo Energy Company
Unaudited Pro Forma Condensed Consolidated Statement of Income
For the Year Ended December 31, 2003
(In thousands, except share amounts)

| | Nuevo Energy Historical | Pro Forma Adjustments | Pro Forma Adjusted |
|---|--|----------------------------------|-------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues | | | |
| Crude oil and liquids | \$ 313,885 | \$(42,772)(a) | \$ 271,113 |
| Natural gas | 56,090 | | 56,090 |
| Other | 1,362 | | 1,362 |
| | <u>371,337</u> | <u>(42,772)</u> | <u>328,565</u> |
| Costs and Expenses | | | |
| Lease operating expenses | 159,832 | (10,536)(a) | 149,296 |
| Exploration costs | 2,115 | | 2,115 |
| Depreciation, depletion, amortization and accretion | 70,810 | (5,847)(a) | 64,963 |
| General and administrative expenses | 28,457 | | 28,457 |
| Gain on disposition of properties | (5,824) | | (5,824) |
| Other | 1,256 | | 1,256 |
| | <u>256,646</u> | <u>(16,383)</u> | <u>240,263</u> |
| Operating Income | 114,691 | (26,389) | 88,302 |
| Derivative gain (loss) | (5,842) | | (5,842) |
| Interest income | 342 | (25)(a) | 317 |
| Interest expense | (29,793) | (1)(a) | (29,792) |
| Loss on early extinguishment of debt | (12,578) | | (12,578) |
| Dividends on TECONS | (6,613) | | (6,613) |
| | <u> </u> | <u> </u> | <u> </u> |
| Income From Continuing Operations Before Income Taxes | 60,207 | (26,413) | 33,794 |
| Income Tax Expense | | | |
| Current | 2,086 | (7,730)(a) | (5,644) |
| Deferred | 21,032 | 4,278(a) | 25,310 |
| | <u> </u> | <u> </u> | <u> </u> |
| Income From Continuing Operations | <u>\$ 37,089</u> | <u>\$(22,961)</u> | <u>\$ 14,128</u> |

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Earnings Per Share:

| | | |
|-------|---------|---------|
| Basic | \$ 1.92 | \$ 0.73 |
|-------|---------|---------|

| | | |
|---------|---------|---------|
| Diluted | \$ 1.89 | \$ 0.72 |
|---------|---------|---------|

Weighted Average Shares Outstanding

| | | |
|-------|--------|--------|
| Basic | 19,355 | 19,355 |
|-------|--------|--------|

| | | |
|---------|--------|--------|
| Diluted | 19,627 | 19,627 |
|---------|--------|--------|

See accompanying notes.

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**Nuevo Energy Company
Notes to the Unaudited Pro Forma
Condensed Consolidated Financial Statements**

Nuevo Historical

These amounts represent our condensed historical consolidated balance sheet and income statement derived from our Annual Report on Form 10-K for the year ended December 31, 2003.

Pro Forma Adjustments

These amounts represent the estimated historical results and balances of the Congo assets for the period presented, as well as pro forma adjusting entries to reflect the sales of these assets.

- (a) To record the sale of the Congo assets for proceeds of \$56.8 million, net of certain fees and purchase price adjustments. Based on the net book value of the assets sold, an estimated pretax gain on the sale of these assets of \$25.6 million is reflected in retained earnings.
- (b) To record the income tax impact of the gain on the sale of the Congo assets using an estimated effective income tax rate of 39.2%.

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Nuevo Energy Company

c. Exhibits

Each exhibit listed below is filed as part of this report.

- 10.01 Stock Purchase Agreement dated April 8, 2004 by and between Perenco S.A., Lankan Inc., Nuevo Energy Company and Nuevo International, Inc.
- 10.02 Stock Purchase Agreement dated April 8, 2004 by and between Perenco S.A., Nuevo Energy Company and Nuevo International, Inc.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**NUEVO ENERGY
COMPANY**
(Registrant)

Date: April 20, 2004

By: /s/ Michael S. Wilkes

Michael S. Wilkes
Chief Financial Officer

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Nuevo Energy Company

Exhibit

No.

Description

- | | |
|-------|---|
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| 10.02 | Stock Purchase Agreement dated April 8, 2004 by and between Perenco S.A., Nuevo Energy Company and Nuevo International, Inc. |