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Roman" SIZE="2">) \$(94,824) \$(216,153)

Capital expenditures(1)

\$491,905 \$7,916 \$23,975 \$45,862 \$569,658

Depreciation, depletion, amortization and accretion

\$ 90,052 \$ 8,550 \$ 1,411 \$ 4,173 \$ 104,186

At March 31, 2012

Total assets

\$5,516,169 \$226,233 \$161,095 \$474,602 \$6,378,099

Three Months Ended March 31, 2011

Revenues

\$267,237 \$67,549 \$55,978 \$3,220 \$393,984

Inter-segment revenue

(67) (46,515) (34,038) (516) (81,136)

Total revenues

\$267,170 \$21,034 \$21,940 \$2,704 \$312,848

Loss from operations(2)

\$(184,207) \$(108) \$(2,528) \$(20,985) \$(207,828)

Interest income (expense), net

105 (105) (172) (59,266) (59,438)

Loss on extinguishment of debt

(36,181) (36,181)

Other income (expense), net

1,676 (701) 222 1,197

Loss before income taxes

\$(182,426) \$(213) \$(3,401) \$(116,210) \$(302,250)

Capital expenditures(1)

\$399,096 \$6,763 \$4,172 \$6,138 \$416,169

Depreciation, depletion, amortization and accretion

\$74,472 \$7,730 \$1,097 \$3,680 \$86,979

At December 31, 2011

Total assets

\$5,345,527 \$219,101 \$138,844 \$516,137 \$6,219,609

- (1) On an accrual basis.
- (2) Exploration and production segment (loss) income from operations includes net losses of \$254.6 million and \$277.6 million on commodity derivative contracts for the three-month periods ended March 31, 2012 and 2011, respectively.

17. Condensed Consolidating Financial Information

The Company provides condensed consolidating financial information for its subsidiaries that are guarantors of its registered debt. The subsidiary guarantors are wholly owned and have jointly and severally guaranteed, on a full, unconditional and unsecured basis, the Company's Senior Floating Rate Notes, 8.75% Senior Notes and 7.5% Senior Notes as of March 31, 2012. Prior to their purchase and redemption, the 8.625% Senior Notes were also jointly and severally guaranteed, on a full, unconditional and unsecured basis by the wholly owned subsidiary guarantors. The subsidiary guarantees (i) rank equally in right of payment with all of the existing and future senior debt of the subsidiary guarantors; (ii) rank senior to all of the existing and future subordinated debt of the subsidiary guarantors; (iii) are effectively subordinated in

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right of payment to any existing or future secured obligations of the subsidiary guarantors to the extent of the value of the assets securing such obligations; (iv) are structurally subordinated to all debt and other obligations of the subsidiaries of the guarantors who are not themselves guarantors; and (v) are only released under certain customary circumstances. The Company's subsidiary guarantors guarantee payments of principal and interest under the Company's registered notes.

The following unaudited condensed consolidating financial information represents the financial information of SandRidge Energy, Inc., its wholly owned subsidiary guarantors and its non-guarantor subsidiaries, prepared on the equity basis of accounting. The non-guarantor subsidiaries, including four variable interest entities, are included in the non-guarantors column in the tables below. The financial information may not necessarily be indicative of the financial position, results of operations or cash flows had the subsidiary guarantors operated as independent entities.

Table of Contents**SANDRIDGE ENERGY, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED****(Unaudited)****Condensed Consolidating Balance Sheets**

	Parent	Guarantors	March 31, 2012 Non-Guarantors (In thousands)	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 123,755	\$ 289	\$ 3,798	\$	\$ 127,842
Accounts receivable, net	1,270,409	263,679	606,870	(1,900,322)	240,636
Derivative contracts		9,236	3,250	(4,960)	7,526
Other current assets		32,178	11,258		43,436
Total current assets	1,394,164	305,382	625,176	(1,905,282)	419,440
Property, plant and equipment, net		4,674,871	935,943		5,610,814
Investment in subsidiaries	3,514,717	27,482		(3,542,199)	
Derivative contracts		24	9,703	(8,618)	1,109
Goodwill		235,396			235,396
Other assets	56,409	54,931			111,340
Total assets	\$ 4,965,290	\$ 5,298,086	\$ 1,570,822	\$ (5,456,099)	\$ 6,378,099
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued expenses	\$ 696,324	\$ 1,212,872	\$ 590,779	\$ (1,898,190)	\$ 601,785
Derivative contracts	9,094	90,600	2,728	(4,960)	97,462
Asset retirement obligation		32,906			32,906
Other current liabilities		34,310	1,070		35,380
Total current liabilities	705,418	1,370,688	594,577	(1,903,150)	767,533
Long-term debt	2,798,783		14,701		2,813,484
Derivative contracts		300,728		(8,618)	292,110
Asset retirement obligation		99,941	185		100,126
Other long-term obligations	1,774	12,013			13,787
Total liabilities	3,505,975	1,783,370	609,463	(1,911,768)	3,987,040
Equity					
SandRidge Energy, Inc. stockholders equity	1,459,315	3,514,716	961,359	(4,478,207)	1,457,183
Noncontrolling interest				933,876	933,876
Total equity	1,459,315	3,514,716	961,359	(3,544,331)	2,391,059
Total liabilities and equity	\$ 4,965,290	\$ 5,298,086	\$ 1,570,822	\$ (5,456,099)	\$ 6,378,099

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	Parent	Guarantors	December 31, 2011 Non-Guarantors (In thousands)	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 204,015	\$ 437	\$ 3,229	\$	\$ 207,681
Accounts receivable, net	1,217,096	247,824	602,541	(1,861,125)	206,336
Derivative contracts		2,567	10,368	(8,869)	4,066
Other current assets		16,063	7,694		23,757
Total current assets	1,421,111	266,891	623,832	(1,869,994)	441,840
Property, plant and equipment, net		4,462,846	926,578		5,389,424
Investment in subsidiaries	3,609,244	90,920		(3,700,164)	
Derivative contracts		20,746	35,774	(30,105)	26,415
Goodwill		235,396			235,396
Other assets	51,724	74,760	50		126,534
Total assets	\$ 5,082,079	\$ 5,151,559	\$ 1,586,234	\$ (5,600,263)	\$ 6,219,609
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued expenses	\$ 643,376	\$ 1,166,029	\$ 556,165	\$ (1,858,786)	\$ 506,784
Derivative contracts	8,475	115,829		(8,869)	115,435
Asset retirement obligation		32,906			32,906
Other current liabilities		43,320	1,051		44,371
Total current liabilities	651,851	1,358,084	557,216	(1,867,655)	699,496
Long-term debt	2,798,147		14,978		2,813,125
Derivative contracts	1,973	77,827		(30,105)	49,695
Asset retirement obligation		95,029	181		95,210
Other long-term obligations	1,758	11,375			13,133
Total liabilities	3,453,729	1,542,315	572,375	(1,897,760)	3,670,659
Equity					
SandRidge Energy, Inc. stockholders equity	1,628,350	3,609,244	1,013,859	(4,625,442)	1,626,011
Noncontrolling interest				922,939	922,939
Total equity	1,628,350	3,609,244	1,013,859	(3,702,503)	2,548,950
Total liabilities and equity	\$ 5,082,079	\$ 5,151,559	\$ 1,586,234	\$ (5,600,263)	\$ 6,219,609

Table of Contents**SANDRIDGE ENERGY, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED****(Unaudited)****Condensed Consolidating Statements of Operations**

	Parent	Guarantors	Non-Guarantors (In thousands)	Eliminations	Consolidated
Three Months Ended March 31, 2012					
Total revenues	\$	\$ 322,226	\$ 91,193	\$ (31,784)	\$ 381,635
Expenses					
Direct operating expenses		114,066	41,752	(31,660)	124,158
General and administrative	86	48,113	2,433	(331)	50,301
Depreciation, depletion, amortization, accretion and impairment		90,917	13,269		104,186
Loss on derivative contracts		220,935	33,711		254,646
Total expenses	86	474,031	91,165	(31,991)	533,291
(Loss) income from operations	(86)	(151,805)	28	207	(151,656)
Equity earnings from subsidiaries	(94,527)	(2,303)		96,830	
Interest expense	(66,706)	(13)	(246)		(66,965)
Other income, net		59,594		(57,126)	2,468
Loss before income taxes	(161,319)	(94,527)	(218)	39,911	(216,153)
Income tax (benefit) expense	(60)		131		71
Net loss	(161,259)	(94,527)	(349)	39,911	(216,224)
Less: net income attributable to noncontrolling interest				1,954	1,954
Net loss attributable to SandRidge Energy, Inc.	\$ (161,259)	\$ (94,527)	\$ (349)	\$ 37,957	\$ (218,178)
Three Months Ended March 31, 2011					
Total revenues	\$	\$ 309,296	\$ 14,481	\$ (10,929)	\$ 312,848
Expenses					
Direct operating expenses		119,226	13,212	(10,783)	121,655
General and administrative	85	33,734	741	(146)	34,414
Depreciation, depletion, amortization, accretion and impairment		85,240	1,739		86,979
Loss on derivative contracts		277,628			277,628
Total expenses	85	515,828	15,692	(10,929)	520,676
Loss from operations	(85)	(206,532)	(1,211)		(207,828)
Equity earnings from subsidiaries	(206,987)	(1,231)		208,218	
Interest expense	(59,007)	(173)	(258)		(59,438)
Loss on extinguishment of debt	(36,181)				(36,181)
Other income, net		955	242		1,197

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Loss before income taxes	(302,260)	(206,981)	(1,227)	208,218	(302,250)
Income tax expense	84		4		88
Net loss	(302,344)	(206,981)	(1,231)	208,218	(302,338)
Less: net income attributable to noncontrolling interest				6	6
Net loss attributable to SandRidge Energy, Inc.	\$ (302,344)	\$ (206,981)	\$ (1,231)	\$ 208,212	\$ (302,344)

Condensed Consolidating Statements of Cash Flows

	Parent	Guarantors	Non-Guarantors (In thousands)	Eliminations	Consolidated
Three Months Ended March 31, 2012					
Net cash (used in) provided by operating activities	\$ (48,637)	\$ 202,554	\$ 78,163	\$ (1,170)	\$ 230,910
Net cash used in investing activities		(196,607)	(79,567)	(67,170)	(343,344)
Net cash (used in) provided by financing activities	(31,623)	(6,095)	1,973	68,340	32,595
Net (decrease) increase in cash and cash equivalents	(80,260)	(148)	569		(79,839)
Cash and cash equivalents at beginning of year	204,015	437	3,229		207,681
Cash and cash equivalents at end of period	\$ 123,755	\$ 289	\$ 3,798	\$	\$ 127,842
Three Months Ended March 31, 2011					
Net cash (used in) provided by operating activities	\$ (198,288)	\$ 274,236	\$ 3,714	\$	\$ 79,662
Net cash used in investing activities		(269,126)	(278)	1	(269,403)
Net cash provided by (used in) financing activities	197,649	(4,988)	(245)	(1)	192,415
Net (decrease) increase in cash and cash equivalents	(639)	122	3,191		2,674
Cash and cash equivalents at beginning of year	1,441	564	3,858		5,863
Cash and cash equivalents at end of period	\$ 802	\$ 686	\$ 7,049	\$	\$ 8,537

Table of Contents**SANDRIDGE ENERGY, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED****(Unaudited)****18. Subsequent Events**

Dynamic Acquisition. On April 17, 2012, the Company completed its acquisition of Dynamic (Dynamic Acquisition) for approximately \$1.2 billion, comprised of approximately \$680.0 million in cash and approximately 74 million shares of the Company's common stock. On April 18, 2012, the Company filed a shelf registration statement with the Securities and Exchange Commission to register the resale of the shares of common stock issued as consideration in the Dynamic Acquisition. Dynamic is an oil and natural gas exploration, development and production company with operations in the Gulf of Mexico.

The following allocation of the purchase price as of April 17, 2012, is preliminary and includes significant use of estimates. This preliminary allocation is based on information that was available to management at the time these unaudited condensed consolidated financial statements were prepared. Management has not yet had the opportunity to complete its assessment of the fair values of the assets acquired and liabilities assumed. Accordingly, the allocation will change as additional information becomes available and is assessed by the Company, and the impact of such changes may be significant. Additionally, the Company will monitor the need to adjust the Company's valuation allowance on its deferred tax asset as the allocation is finalized and the full impact of the acquisition is determined.

The following table summarizes the estimated values of assets acquired, the liabilities assumed and the resulting bargain purchase gain based on the preliminary estimates of fair value (in thousands, except stock price):

<i>Consideration(1)</i>	
Shares of SandRidge common stock issued	73,962
SandRidge common stock price	\$ 7.33
Fair value of common stock issued	542,138
Cash consideration(2)	680,000
Cash balance adjustment(3)	13,091
Total purchase price	\$ 1,235,229
<i>Estimated Fair Value of Liabilities Assumed</i>	
Current liabilities	\$ 136,494
Asset retirement obligation(4)	316,183
Long-term deferred tax liability(5)	71,706
Other non-current liabilities	3,627
Amount attributable to liabilities assumed	528,010
Total purchase price plus liabilities assumed	1,763,239
<i>Estimated Fair Value of Assets Acquired</i>	
Current assets	125,568
Oil and natural gas properties(6)	1,685,836
Other property, plant and equipment	1,342
Other non-current assets	17,853

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Amount attributable to assets acquired	1,830,599
Bargain purchase gain(7)	\$ (67,360)

- (1) Consideration paid by SandRidge consists of 73,961,554 shares of SandRidge common stock and cash of approximately \$680.0 million. The value of the stock consideration is based upon the closing price of \$7.33 per share of SandRidge common stock on April 17, 2012 (the closing date of the acquisition). Under the acquisition method of accounting, the purchase price is determined based on the total cash paid and the fair value of SandRidge common stock issued on the acquisition date.
- (2) Cash paid to Dynamic, including amounts paid to retire Dynamic's long-term debt, was funded through a portion of the net proceeds from the Company's issuance of \$750.0 million of unsecured 8.125% Senior Notes due 2022 (the 8.125% Senior Notes).
- (3) In accordance with the Equity Purchase Agreement, the Company remitted to the seller a cash payment equal to the Dynamic average daily cash balance for the 30-day period ending on the second day prior to closing. This resulted in an additional cash payment by SandRidge of \$13.1 million at closing.
- (4) The estimated fair value of the acquired asset retirement obligation was determined using SandRidge's applicable discount rate.
- (5) The deferred tax liability is a result of the difference between the estimated fair value and the Company's expected tax basis in the assets acquired and liabilities assumed.
- (6) The fair value of oil and natural gas properties acquired was estimated using a discounted cash flow model, with future cash flows estimated based upon estimated oil and natural gas reserve quantities and forward strip oil and natural gas prices as of April 17, 2012, discounted to present value using SandRidge's risk weighted assessments for proved, probable and possible reserves and a weighted average cost of capital. The actual fair value of oil and natural gas properties may differ from this estimate based upon the Company's additional evaluation of Dynamic's reserves.

Table of Contents**SANDRIDGE ENERGY, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED****(Unaudited)**

- (7) The bargain purchase gain results from the excess of the net assets acquired over the consideration paid. The fair value of the acquired assets and assumed liabilities is ongoing and will be updated as additional information becomes available. As such, the bargain purchase gain is subject to adjustment.

The following unaudited pro forma results of operations are provided for the three-month periods ended March 31, 2012 and March 31, 2011 as though the Dynamic Acquisition had been completed as of the beginning of the earliest period presented, or January 1, 2011. The pro forma combined results of operations for the three-month periods ended March 31, 2012 and 2011 have been prepared by adjusting the historical results of the Company to include the historical results of Dynamic, certain reclassifications to conform Dynamic's presentation to the Company's accounting policies and the impact of the purchase price allocation. These supplemental pro forma results of operations are provided for illustrative purposes only and do not purport to be indicative of the actual results that would have been achieved by the combined company for the periods presented or that may be achieved by the combined company in the future. The pro forma results of operations do not include any cost savings or other synergies that resulted, or will result, from the acquisition or any estimated costs that will be incurred to integrate Dynamic. Future results may vary significantly from the results reflected in this pro forma financial information because of future events and transactions, as well as other factors.

	Three Months Ended	
	March 31,	
	2012(1)	2011(2)
	(In thousands, except per share data)	
Revenues	\$ 526,797	\$ 413,185
Loss applicable to SandRidge Energy, Inc. common stockholders	\$ (196,119)	\$ (220,719)
Pro forma net loss per common share		
Basic	\$ (0.41)	\$ (0.47)
Diluted	\$ (0.41)	\$ (0.47)

- (1) Pro forma loss applicable to SandRidge Energy, Inc. common stockholders and net loss per common share include the reversal of \$2.5 million of transaction costs incurred and included in general and administrative expenses and \$10.9 million of fees incurred to secure financing for the Dynamic Acquisition and included in interest expense in the accompanying unaudited condensed consolidated statement of operations for the three months ended March 31, 2012.
- (2) Pro forma loss applicable to SandRidge Energy, Inc. common stockholders and net loss per common share include a \$67.4 million bargain purchase gain, as discussed above, \$13.0 million of estimated transaction costs, \$10.9 million of fees to secure financing for the Dynamic Acquisition and a partial valuation allowance release of \$71.7 million.

Issuance of 8.125% Senior Notes due 2022. On April 17, 2012, concurrent with the closing of the Dynamic Acquisition, the Company issued the 8.125% Senior Notes to qualified institutional buyers eligible under Rule 144A of the Securities Act and to persons outside the United States under Regulation S under the Securities Act. Net proceeds from the offering were approximately \$730.7 million after deducting offering expenses, and were used to finance the cash portion of the Dynamic Acquisition and to pay related fees and expenses, with any remaining amount being used for general corporate purposes. The 8.125% Senior Notes bear interest at a fixed rate of 8.125% per annum, payable semi-annually, with the principal due on October 15, 2022. Prior to 2017, the 8.125% Senior Notes are redeemable, in whole or in part, at a specified redemption price plus accrued and unpaid interest. The notes are jointly and severally guaranteed unconditionally, in full, on an unsecured basis by certain of the Company's wholly owned subsidiaries.

In conjunction with the issuance of the 8.125% Senior Notes, the Company entered into a registration rights agreement requiring the Company to commence a registered exchange offer for these notes no later than April 17, 2013. Under certain circumstances, in lieu of a registered exchange offer, the Company may be required to file a shelf registration statement relating to the resale of the 8.125% Senior Notes and to use its commercially reasonable best efforts to keep such registration statement effective until two years after its effective date (or such shorter period that will terminate when all of the 8.125% Senior Notes covered thereby have been sold pursuant thereto or in certain other

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circumstances). The Company is required to pay additional interest if it fails to fulfill its obligations under the agreement within the specified time periods.

SandRidge Mississippian Trust II. On April 23, 2012, the Mississippian Trust II, a newly formed Delaware statutory trust, completed its initial public offering of 29,900,000 common units representing beneficial interests in the Mississippian Trust II. Net proceeds to the Mississippian Trust II, after underwriting discounts and commissions, were approximately \$590.0 million. Concurrent with the closing, the Company conveyed certain royalty interests to the Mississippian Trust II in exchange for the net proceeds of the Mississippian Trust II's initial public offering and 19,825,000 units (7,393,750, common units and 12,431,250, subordinated units) representing approximately 39.9% of the beneficial interest in the Mississippian Trust II. The royalty interests conveyed to the Mississippian Trust II are in certain existing wells and wells to be drilled on certain oil and natural gas properties leased by the Company in the Mississippian formation in northern Oklahoma and southern Kansas. As the Mississippian Trust II is a VIE of which SandRidge has determined it is the primary beneficiary, its activities will be consolidated with those of the Company beginning in April 2012.

The Company and one of its wholly owned subsidiaries entered into a development agreement with the Mississippian Trust II that obligates the Company to drill, or cause to be drilled, a specified number of wells, which are also subject to a royalty interest, by December 31, 2016. One of the Company's wholly owned subsidiaries also granted to the Mississippian Trust II a lien on the

Table of Contents**SANDRIDGE ENERGY, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED****(Unaudited)**

Company's interests in the properties where the development wells will be drilled, in order to secure the estimated amount of the drilling costs for the wells. The maximum amount available under the lien is \$269.1 million. Additionally, the Company and the Mississippian Trust II entered into an administrative services agreement, pursuant to which the Company provides certain administrative services to the Mississippian Trust II, including hedge management services, and a derivatives agreement, effective April 1, 2012, pursuant to which the Company provides to the Mississippian Trust II the economic effects of certain of the Company's derivative contracts. Substantially concurrent with the execution of the derivatives agreement, the Company novated certain of the derivative contracts underlying the derivatives agreement to the Mississippian Trust II. The tables below present the open contracts underlying the derivatives agreement, including the contracts novated to the Mississippian Trust II, as of April 1, 2012. The combined volume in the tables below reflects the total volume of the Mississippian Trust II's oil derivative contracts.

Oil Price Swaps Underlying the Derivatives Agreement

		Notional (MBbl)	Weighted Avg. Fixed Price
April 2012	December 2012	230	\$ 107.00
January 2013	December 2013	612	\$ 104.00
January 2014	December 2014	562	\$ 99.00

Oil Price Swaps Underlying the Derivatives Agreement and Novated to the Mississippian Trust II

		Notional (MBbl)	Weighted Avg. Fixed Price
April 2012	December 2012	458	\$ 107.00
January 2013	December 2013	446	\$ 104.00
January 2014	December 2014	338	\$ 99.00

Royalty Trust Distributions. On April 30, 2012, the Mississippian Trust I, the Permian Trust and the Mississippian Trust II announced quarterly distributions for the three-month period ended March 31, 2012 of \$22.0 million, or \$0.79 per unit, \$30.5 million, or \$0.58 per unit, and \$13.3 million, or \$0.27 per unit, respectively. Of these distribution amounts, \$14.8 million, \$21.2 million and \$8.0 million will be distributed to third-party unitholders of the Mississippian Trust I, the Permian Trust and the Mississippian Trust II, respectively. The distributions are expected to occur on or before May 30, 2012 to holders of record as of the close of business on May 15, 2012.

Table of Contents

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion and analysis is intended to help the reader understand the Company's business, financial condition, results of operations, liquidity and capital resources. This discussion and analysis should be read in conjunction with the Company's unaudited condensed consolidated financial statements and the accompanying notes included in this Quarterly Report, as well as the Company's audited consolidated financial statements and the accompanying notes included in the 2011 Form 10-K. The Company's discussion and analysis includes the following subjects:

Overview of the Company;

Recent Developments;

Recent Accounting Pronouncements;

Results by Segment;

Consolidated Results of Operations; and

Liquidity and Capital Resources.

The financial information with respect to the three-month periods ended March 31, 2012 and 2011, discussed below, is unaudited. In the opinion of management, this information contains all adjustments, which consist only of normal recurring adjustments, necessary to state fairly the unaudited condensed consolidated financial statements. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full fiscal year.

Overview of the Company

SandRidge is an independent oil and natural gas company concentrating on development and production activities related to the exploitation of its significant holdings in the Mid-Continent area of Oklahoma and Kansas, west Texas and the Gulf of Mexico. The Company's primary areas of focus are the Mississippian formation in the Mid-Continent and the Permian Basin in west Texas. The Company also owns and operates other interests in the Mid-Continent, WTO and the Gulf Coast.

The Company also operates businesses that are complementary to its primary development and production activities, including gas gathering and processing facilities, an oil and gas marketing business and an oil field services business. These complementary businesses provide the Company with operational flexibility and an advantageous cost structure by reducing the Company's dependence on third parties for these services. The extent to which each of these supplemental businesses contributes to the Company's consolidated results of operations largely is determined by the amount of work each performs for third parties. Revenues and costs related to work performed by these businesses for the Company's own account are eliminated in consolidation and, therefore, do not directly contribute to the Company's consolidated results of operations.

Recent Developments

Sale of Working Interest in Mississippian Properties. On January 5, 2012, the Company sold (i) non-operated working interests, equal to approximately 250,000 net acres, in the Mississippian formation in western Kansas and (ii) non-operated working interests, equal to approximately 114,000 net acres, and a proportionate share of existing salt water disposal facilities in the Mississippian formation in northern Oklahoma and southern Kansas to Repsol for approximately \$250.0 million. In addition, Repsol agreed to pay the development costs related to its working interest, as well as a portion of the Company's development costs equal to 200% of Repsol's working interest for wells within an area

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of mutual interest up to \$750.0 million. The Company expects Repsol's funding of the Company's development cost for wells within the area of mutual interest to occur over a three-year period.

Senior Credit Facility Amendment. On March 29, 2012, the senior credit facility was amended and restated to, among other things, (a) increase the borrowing base to \$1.0 billion from \$790.0 million, (b) allow for the incurrence or issuance of additional debt (including up to \$750.0 million of unsecured debt to finance the cash portion of the Dynamic purchase price and related costs and expenses), (c) permit the Company to designate certain of its subsidiaries as unrestricted subsidiaries, and (d) effective on and after June 30, 2012, establish the financial covenants as maintaining agreed upon levels for (i) ratio of total funded debt to EBITDA, which may not exceed 4.5:1.0 at each quarter end, calculated using the last four completed fiscal quarters and (ii) ratio of current assets to current liabilities, which must be at least 1.0:1.0 at each quarter end. If no amounts are drawn under the senior credit facility when calculating the ratio of total funded debt to EBITDA, the Company's debt is reduced by its cash balance in excess of \$10.0 million. In the current ratio calculation, any amounts available to be drawn under the senior credit facility are included in current assets, and unrealized assets and liabilities resulting from mark-to-market adjustments on the Company's derivative contracts are disregarded.

Table of Contents

Dynamic Acquisition. On April 17, 2012, the Company completed its acquisition of Dynamic for approximately \$1.2 billion, comprised of approximately \$680.0 million in cash and approximately 74 million shares of the Company's common stock.

Issuance of 8.125% Senior Notes due 2022. On April 17, 2012, concurrent with the closing of the Dynamic Acquisition, the Company issued \$750.0 million of unsecured 8.125% Senior Notes to qualified institutional buyers eligible under Rule 144A of the Securities Act and to persons outside the United States under Regulation S under the Securities Act. Net proceeds from the offering were approximately \$730.7 million after deducting offering expenses, and were used to finance the cash portion of the Dynamic purchase price and to pay related fees and expenses, with any remaining amount being used for general corporate purposes. The 8.125% Senior Notes bear interest at a fixed rate of 8.125% per annum, payable semi-annually, with the principal due on October 15, 2022. Prior to 2017, the 8.125% Senior Notes are redeemable, in whole or in part, at a specified redemption price plus accrued and unpaid interest. The notes are jointly and severally guaranteed unconditionally, in full, on an unsecured basis by certain of the Company's wholly owned subsidiaries.

SandRidge Mississippian Trust II. On April 23, 2012, the Mississippian Trust II, a newly formed Delaware statutory trust, completed its initial public offering of 29,900,000 common units representing beneficial interests in the Mississippian Trust II. Net proceeds to the Mississippian Trust II, after underwriting discounts and commissions, were approximately \$590.0 million. Concurrent with the closing, the Company conveyed certain royalty interests to the Mississippian Trust II in exchange for the net proceeds of the Mississippian Trust II's initial public offering and 19,825,000 units (7,393,750 common units and 12,431,250 subordinated units) representing approximately 39.9% of the beneficial interest in the Mississippian Trust II. The royalty interests conveyed to the Mississippian Trust II are in certain existing wells and wells to be drilled on certain oil and natural gas properties leased by the Company in the Mississippian formation in northern Oklahoma and southern Kansas. The Company intends to use the net proceeds from the offering for general corporate purposes, including to fund its 2012 capital expenditure program.

The Company and one of its wholly owned subsidiaries entered into a development agreement with the Mississippian Trust II that obligates the Company to drill, or cause to be drilled, a specified number of wells, which are also subject to a royalty interest, by December 31, 2016. One of the Company's wholly owned subsidiaries also granted to the Mississippian Trust II a lien on the Company's interests in the properties where the development wells will be drilled, in order to secure the estimated amount of the drilling costs for the wells. Additionally, the Company and the Mississippian Trust II entered into an administrative services agreement and a derivatives agreement. As the Mississippian Trust II is a VIE of which the Company has determined it is the primary beneficiary, its activities will be consolidated with those of the Company beginning in April 2012.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 1 to the Company's unaudited interim condensed consolidated financial statements included in Item 1 of this Quarterly Report.

Results by Segment

The Company operates in three business segments: exploration and production, drilling and oil field services and midstream gas services. The activities of the Mississippian Trust I and the Permian Trust are included in the exploration and production segment. The All Other column in the tables below includes items not related to the Company's reportable segments, including its CO₂ gathering and sales operations and corporate operations. Management evaluates the performance of the Company's business segments based on operating income (loss), which is defined as segment operating revenues less operating expenses and depreciation, depletion, amortization and accretion. Results of these measurements provide important information to the Company about the activity and profitability of the Company's lines of business. Set forth in the table below is financial information regarding each of the Company's business segments for the three-month periods ended March 31, 2012 and 2011 (in thousands).

	Exploration and Production	Drilling and Oil Field Services	Midstream Gas Services	All Other	Consolidated Total
Three Months Ended March 31, 2012					
Revenues	\$ 343,120	\$ 98,332	\$ 26,162	\$ 1,406	\$ 469,020
Inter-segment revenue	(77)	(69,023)	(18,295)	10	(87,385)
Total revenues	\$ 343,043	\$ 29,309	\$ 7,867	\$ 1,416	\$ 381,635

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(Loss) income from operations(1)	\$ (123,836)	\$ 3,479	\$ (2,727)	\$ (28,572)	\$ (151,656)
Interest income (expense), net	143		(156)	(66,952)	(66,965)
Other income, net	1,768			700	2,468
(Loss) income before income taxes	\$ (121,925)	\$ 3,479	\$ (2,883)	\$ (94,824)	\$ (216,153)

Three Months Ended March 31, 2011

Revenues	\$ 267,237	\$ 67,549	\$ 55,978	\$ 3,220	\$ 393,984
Inter-segment revenue	(67)	(46,515)	(34,038)	(516)	(81,136)
Total revenues	\$ 267,170	\$ 21,034	\$ 21,940	\$ 2,704	\$ 312,848
Loss from operations(1)	\$ (184,207)	\$ (108)	\$ (2,528)	\$ (20,985)	\$ (207,828)
Interest income (expense), net	105	(105)	(172)	(59,266)	(59,438)
Loss on extinguishment of debt				(36,181)	(36,181)
Other income (expense), net	1,676		(701)	222	1,197
Loss before income taxes	\$ (182,426)	\$ (213)	\$ (3,401)	\$ (116,210)	\$ (302,250)

- (1) Exploration and production segment (loss) income from operations includes net losses of \$254.6 million and \$277.6 million on commodity derivative contracts for the three-month periods ended March 31, 2012 and 2011, respectively.

Table of Contents**Exploration and Production Segment**

The Company currently generates the majority of its consolidated revenues and cash flow from the production and sale of oil and natural gas. The Company's revenues, profitability and future growth depend substantially on prevailing prices for oil and natural gas and on the Company's ability to find and economically develop and produce oil and natural gas reserves. Prices for oil and natural gas fluctuate widely. In order to reduce the Company's exposure to these fluctuations, the Company enters into commodity derivative contracts for a portion of its anticipated future oil and natural gas production. Reducing the Company's exposure to price volatility helps ensure that it has adequate funds available for its capital expenditure programs.

The primary factors affecting the financial results of the Company's exploration and production segment are the prices the Company receives for its oil and natural gas production, the quantity of oil and natural gas it produces and changes in the fair value of commodity derivative contracts. Quarterly comparisons of production and price data are presented in the tables below. Changes in the Company's results for these periods are a result of increased oil production throughout 2011 and continuing in 2012 as a result of the Company's strategic movement toward increased oil production in 2009 and 2010, which increased oil production volumes and revenues attributable to the Company's exploration and production segment.

	Three Months Ended		Change	
	2012	March 31, 2011	Amount	Percent
Production data				
Oil (MBbls)(1)	3,427	2,581	846	32.8%
Natural gas (MMcf)	15,746	17,266	(1,520)	(8.8)%
Total volumes (MBoe)	6,051	5,459	592	10.8%
Average daily total volumes (MBoe/d)	67	61	6	9.8%
Average prices as reported(2)				
Oil (per Bbl)(1)	\$ 89.99	\$ 79.76	\$ 10.23	12.8%
Natural gas (per Mcf)	\$ 2.10	\$ 3.54	\$ (1.44)	(40.7)%
Total (per Boe)	\$ 56.42	\$ 48.90	\$ 7.52	15.4%
Average prices including impact of derivative contract settlements				
Oil (per Bbl)(1)	\$ 86.27	\$ 72.26	\$ 14.01	19.4%
Natural gas (per Mcf)	\$ 2.35	\$ 3.44	\$ (1.09)	(31.7)%
Total (per Boe)	\$ 54.96	\$ 45.05	\$ 9.91	22.0%

(1) Includes natural gas liquids.

(2) Prices represent actual average prices for the periods presented and do not include effects of derivative transactions.

Exploration and Production Segment Three months ended March 31, 2012 compared to the three months ended March 31, 2011

Exploration and production segment revenues increased \$75.9 million, or 28.4%, to \$343.0 million in the three-month period ended March 31, 2012 from the same period in 2011, as a result of a 846 MBbl, or 32.8%, increase in oil production and a \$10.23, or 12.8%, increase in the average price received for oil production. These increases were slightly offset by a 1,520 MMcf, or 8.8%, decrease in natural gas production and a \$1.44, or 40.7%, decrease in the average price received for natural gas production. The increase in oil production was due to the continued focus on increased oil drilling throughout 2011 and continuing in 2012 in the Mid-Continent and Permian Basin areas from the three-month period ended March 31, 2011 to 2012. The decrease in natural gas production was primarily a result of natural production declines in existing natural gas wells.

Due to the long-term nature of the Company's investment in the development of its properties, the Company enters into oil and natural gas swaps and collars for a portion of its production in order to stabilize future cash inflows for planning purposes. The Company's derivative contracts are not designated as accounting hedges and, as a result, realized and unrealized gains or losses on commodity derivative contracts are recorded as a component of operating expenses. Internally, management views the settlement of such derivative contracts as adjustments to the price received for oil and natural gas production to determine effective prices.

Table of Contents

Realized gains or losses related to settlements of commodity derivative contracts with contractual maturities after the quarterly period in which they were settled (out-of-period settlements) are not considered in the calculation of effective prices. The effective price received for oil for the three-month period ended March 31, 2012 was \$86.27 per Bbl compared to \$72.26 per Bbl during the same period in 2011. The effective price received for natural gas for the three-month period ended March 31, 2012 was \$2.35 per Mcf compared to \$3.44 per Mcf during the same period in 2011.

During the three-month period ended March 31, 2012, the exploration and production segment reported a \$254.6 million net loss on its commodity derivative positions (\$125.4 million realized loss and \$129.2 million unrealized loss) compared to a \$277.6 million net loss on its commodity derivative positions (\$8.6 million realized loss and \$269.0 million unrealized loss) in the same period in 2011. The realized loss for the three-month periods ended March 31, 2012 and 2011 was primarily due to higher oil prices at the time of settlement compared to the contract price for the Company's oil price swaps. Non-cash realized losses of \$117.1 million resulting from the amendment of certain 2012 derivative contracts to contracts maturing in 2014 and 2015 were included in the net realized loss for the three-month period ended March 31, 2012. Realized gains totaling \$12.4 million resulting from out-of-period settlements were included in the net realized loss for the three-month period ended March 31, 2011. Unrealized gains or losses on derivative contracts represent the change in fair value of open derivative contracts during the period. The unrealized loss on the Company's commodity contracts recorded during the three-month periods ended March 31, 2012 and 2011 was primarily attributable to an increase in average oil prices at March 31, 2012 and 2011 compared to the average oil prices at December 31, 2011 and 2010 or the contract price for contracts entered into during the first quarter of 2012 and 2011.

For the three-month period ended March 31, 2012, the Company had a loss from operations of \$123.8 million in its exploration and production segment compared to an operating loss of \$184.2 million in the same period in 2011. An increase of \$74.4 million in oil and natural gas revenues and a \$23.0 million decrease in loss on derivative contracts was partially offset by increases of \$9.4 million in production expense, \$15.6 million in depreciation and depletion on oil and natural gas properties and \$15.9 million in general and administrative expenses during the three-month period ended March 31, 2012. See further discussion of these changes under "Consolidated Results of Operations" below.

Drilling and Oil Field Services Segment

The financial results of the Company's drilling and oil field services segment depend primarily on demand and prices that can be charged for its services. On a consolidated basis, drilling and oil field service revenues earned and expenses incurred in performing services for third parties, including third-party working interests in wells the Company operates, are included in drilling and services revenues and expenses. Drilling and oil field service revenues earned and expenses incurred in performing services for the Company's own account are eliminated in consolidation.

As of March 31, 2012, the Company owned 31 drilling rigs. The table below presents a summary of the Company's rigs as of March 31, 2012 and 2011:

	March 31,	
	2012	2011
Rigs		
Working for SandRidge	20	20
Working for third parties	10	11
Total operational	30	31
Non-operational(1)	1	
Total rigs	31	31

(1) Includes a rig stacked at March 31, 2012.

Drilling and Oil Field Services Segment Three months ended March 31, 2012 compared to the three months ended March 31, 2011

Drilling and oil field services segment revenues increased \$8.3 million to \$29.3 million in the three-month period ended March 31, 2012 from the same period in 2011 and drilling and oil field services segment expenses increased \$4.7 million during the same period to \$25.8 million. The increase in revenues and expenses was primarily attributable to an increase in the average daily rate received per rig working for third parties and an increase in oil field services performed for third parties during the 2012 period. During the three-month period ended March 31, 2012, the

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average daily rate received per rig working for third parties increased to approximately \$15,900 from approximately \$14,600 during the same period in 2011. The increase in the average daily rate received from third parties resulted in income from operations of \$3.5 million in the three-month period ended March 31, 2012 compared to a loss from operations of \$0.1 million in 2011.

Table of Contents

Midstream Gas Services Segment

Midstream gas services segment revenues consist mostly of revenue from gas marketing, which is a very low-margin business. Midstream gas services are primarily undertaken to realize incremental margins on natural gas purchased at the wellhead, and provide value-added services to customers. On a consolidated basis, midstream and marketing revenues represent natural gas sold on behalf of third parties and the fees the Company charges to gather, compress and treat this natural gas. Gas marketing operating costs represent payments made to third parties for the proceeds from the sale of natural gas owned by such parties, net of any applicable margin and actual costs the Company charges to gather, compress and treat the natural gas. In general, natural gas purchased and sold by the Company's midstream gas business is priced at a published daily or monthly index price. The primary factors affecting the results of the Company's midstream gas services segment are the quantity of natural gas the Company gathers, treats and markets and the prices it pays and receives for natural gas.

The Company owns and operates two gas treating plants in west Texas, which remove CO₂ from natural gas production and deliver residue gas to nearby pipelines. During 2011, the Company continued with the operational assessment phase of the Century Plant, in Pecos County, Texas, including diverting some of the Company's natural gas from the Company's two existing gas treating plants and processing it at the Century Plant during this time. As a result of this assessment, the Century Plant has been taken off line from time to time to resolve certain operational issues. The Company is currently in the process of diverting its high CO₂ natural gas production back through the Century Plant and commencing performance testing for Train I of the Century Plant. Upon successful completion of the performance testing, the use of the Company's two gas treating plants in west Texas may be limited, the extent of which will depend on certain variables, including natural gas prices and the expected need for such plants to supplement treating capacity at the Century Plant going forward. During the second quarter of 2011, the Company evaluated its gas treating plants for impairment in connection with the operational phase of Train I of the Century Plant and concluded no impairment was necessary. The Company continued to monitor the status of the Century Plant, the related impact on its gas treating plants and CO₂ compression facilities and natural gas prices during the second half of 2011 and first quarter of 2012. As of March 31, 2012, no impairment of these plants or facilities was deemed necessary.

Midstream Gas Services Segment Three months ended March 31, 2012 compared to the three months ended March 31, 2011

Midstream gas services segment revenues for the three-month period ended March 31, 2012 were \$7.9 million compared to \$21.9 million in the same period in 2011. The decrease in revenue was due to a decrease in third-party volumes the Company marketed of approximately 2.7 Bcf, a decrease in natural gas prices and a decrease in natural gas volumes processed in the Company's gas treating plants. The decrease in revenue and related expense resulted in a loss from operations of \$2.7 million for the three-month period ended March 31, 2012 compared to a loss from operations of \$2.5 million in the same period in 2011.

Consolidated Results of Operations

Three months ended March 31, 2012 compared to the three months ended March 31, 2011

Revenues. Total revenues increased 22.0% for the three months ended March 31, 2012 from the same period in 2011. This increase was primarily due to the increase in oil and natural gas sales.

	Three Months Ended			
	March 31,			
	2012	2011	\$ Change	% Change
	(In thousands)			
Revenues				
Oil and natural gas	\$ 341,365	\$ 266,942	\$ 74,423	27.9%
Drilling and services	29,309	21,034	8,275	39.3%
Midstream and marketing	8,306	22,258	(13,952)	(62.7)%
Other	2,655	2,614	41	1.6%
Total revenues	\$ 381,635	\$ 312,848	\$ 68,787	22.0%

Total oil and natural gas revenues increased \$74.4 million for the three-month period ended March 31, 2012 compared to the same period in 2011, as a result of an increase in the amount of oil produced and the average price received for oil production, offset slightly by a decrease in the amount of natural gas produced and the average prices received for natural gas production. The 846 MBbl, or 32.8%, increase in oil

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production was due primarily to the increase in oil production in the Mid-Continent and Permian Basin due to the increased oil drilling during 2011 and the first quarter of 2012. The average price received for oil production, excluding the impact of derivative contracts, increased 12.8% in the three-month period ended March 31, 2012 period compared to the same period in 2011. The increase in oil production and prices was slightly offset by an 8.8% decrease in natural gas production and a 40.7% decrease in the average price received for natural gas production, excluding the impact of derivative contracts, in the three-month period ended March 31, 2012.

Table of Contents

Drilling and services revenues increased \$8.3 million for the three-month period ended March 31, 2012 compared to the same period in 2011 due to an increase in the average daily rate received per rig working for third parties and an increase in oil field services work performed for third parties.

Midstream and marketing revenues decreased \$14.0 million, or 62.7%, in the three-month period ended March 31, 2012 compared to the same period in 2011. The decrease was attributable to a decrease in third-party volumes the Company marketed due to decreased natural gas production, a decrease in natural gas prices and a decrease in natural gas volumes processed at the Company's gas treating plants for the three-month period ended March 31, 2012 compared to the same period in 2011.

Expenses. Total expenses increased to \$533.3 million for the three months ended March 31, 2012 compared to \$520.7 million for the same period in 2011. The increase was primarily due to increases in production expenses, depreciation and depletion on oil and natural gas properties and general and administrative expense, partially offset by the decreases in midstream and marketing expense and the loss on derivative contracts.

	Three Months Ended March 31,			
	2012	2011	\$ Change	% Change
(In thousands)				
Expenses				
Production	\$ 83,310	\$ 73,957	\$ 9,353	12.6%
Production taxes	12,254	10,575	1,679	15.9%
Drilling and services	17,560	15,041	2,519	16.7%
Midstream and marketing	7,954	22,283	(14,329)	(64.3)%
Depreciation and depletion – oil and natural gas	87,066	71,460	15,606	21.8%
Depreciation and amortization – other	14,513	13,093	1,420	10.8%
Accretion on asset retirement obligation	2,607	2,426	181	7.5%
General and administrative	50,301	34,414	15,887	46.2%
Loss on derivative contracts	254,646	277,628	(22,982)	(8.3)%
Loss (gain) on sale of assets	3,080	(201)	3,281	(1,632.3)%
Total expenses	\$ 533,291	\$ 520,676	\$ 12,615	2.4%

Production expense includes the costs associated with the Company's exploration and production activities, including, but not limited to, lease operating expense and treating costs. Production expenses increased \$9.4 million primarily due to operating expenses associated with additional oil wells that began producing during 2011 and the first three months of 2012. Total production increased 10.8% with oil production increasing 32.8% for the three-month period ended March 31, 2012 compared to the same period in 2011.

Drilling and services expenses, which include operating expenses attributable to the drilling and oil field services segment and the Company's CO₂ services companies, increased \$2.5 million, or 16.7%, for the three-month period ended March 31, 2012 compared to the same period in 2011 primarily due to an increase in oil field services work performed for third parties.

Midstream and marketing expenses decreased \$14.3 million, or 64.3%, due to decreased natural gas volumes purchased from third parties as a result of decreased natural gas production and a decrease in volumes processed at the Company's treating plants during the three-month period ended March 31, 2012.

Depreciation and depletion for the Company's oil and natural gas properties increased \$15.6 million for the three-month period ended March 31, 2012 from the same period in 2011. The increase was due to an increase of 10.8% in the Company's combined production volume as well as an increase in the depreciation and depletion per Boe to \$14.39 in the three-month period ended March 31, 2012 from \$13.09 per Boe in the same period in 2011 as a result of the sale of oil and gas properties in 2011.

General and administrative expenses increased \$15.9 million, or 46.2%, to \$50.3 million for the three-month period ended March 31, 2012 from the same period in 2011. This increase is due primarily to a \$7.2 million increase in compensation costs as a result of an increase in number of employees, a \$2.6 million increase in advertising expense and \$2.5 million in costs associated with the Dynamic Acquisition.

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The Company recorded a net loss of \$254.6 million (\$125.4 million realized loss and \$129.2 million unrealized loss) on its commodity derivative contracts for the three-month period ended March 31, 2012 compared to a net loss of \$277.6 million (\$8.6 million realized loss and \$269.0 million unrealized loss) in the same period in 2011. See further discussion of gains and losses on commodity derivative contracts under Results by Segment Exploration and Production Segment.

Table of Contents

Other Income (Expense), Taxes and Net Income Attributable to Noncontrolling Interest. Changes in other income (expense), taxes and net income attributable to noncontrolling interest are reflected in the table below.

	Three Months Ended March 31,		\$ Change (In thousands)	% Change
	2012	2011		
Other income (expense)				
Interest expense	(66,965)	(59,438)	(7,527)	12.7%
Loss on extinguishment of debt		(36,181)	36,181	(100.0)%
Other income, net	2,468	1,197	1,271	106.2%
Total other expense	(64,497)	(94,422)	29,925	(31.7)%
Loss before income taxes	(216,153)	(302,250)	86,097	(28.5)%
Income tax expense	71	88	(17)	(19.3)%
Net loss	(216,224)	(302,338)	86,114	(28.5)%
Less: net income attributable to noncontrolling interest	1,954	6	1,948	32,466.7%
Net loss attributable to SandRidge Energy, Inc.	\$ (218,178)	\$ (302,344)	\$ 84,166	(27.8)%

Interest expense increased \$7.5 million for the three-month period ended March 31, 2012 compared to the same period in 2011, due to fees incurred to secure committed financing for the Dynamic Acquisition. The Company elected to issue senior notes to fund the cash portion of the Dynamic Acquisition rather than utilize the committed financing, however. As a result, the fees associated with the committed financing of \$10.9 million were fully expensed during the three-month period ended March 31, 2012. These fees were partially offset by a decrease in interest expense on the senior credit facility as no amounts were outstanding during the three-month period ended March 31, 2012.

In connection with the tender offer to purchase and the redemption of the 8.625% Senior Notes, the Company recognized a loss on extinguishment of debt of \$36.2 million, for the three-month period ended March 31, 2011, for the notes tendered prior to March 31, 2011. The loss represents the premium paid to purchase and redeem these notes and the unamortized debt issuance costs associated with the tendered notes.

For the three-month periods ended March 31, 2012 and 2011, the Company continues to have a low effective tax rate due to a full valuation allowance against its net deferred tax asset.

Net income attributable to noncontrolling interest increased to \$2.0 million for the three-month period ended March 31, 2012 due to the completion of the Mississippian Trust I's initial public offering in April 2011 and the Permian Trust's initial public offering in August 2011, as it reflects the portion of net income attributable to beneficial interests of the trusts held by third parties.

Liquidity and Capital Resources

The Company's primary sources of liquidity and capital resources are cash flow generated from operations, borrowings under the Company's senior credit facility and the issuance of equity and debt securities. As described in Recent Developments, the Company received approximately \$272.5 million in January 2012 from the sale of working interests in the Mississippian formation and related drilling carry and received net proceeds of approximately \$590.0 million in April 2012 as partial consideration for conveyance of royalty interests in certain of the Company's oil and natural gas properties to the Mississippian Trust II.

The Company's primary uses of capital are expenditures related to its oil and natural gas properties, such as costs related to drilling and completion of wells, including to fulfill its drilling commitments to the royalty trusts, and other fixed assets, the acquisition of oil and natural gas properties, the repayment of amounts outstanding under its senior credit facility, the payment of dividends on its outstanding convertible perpetual preferred stock and interest payments on its outstanding debt. The Company maintains access to funds that may be needed to meet capital funding requirements through its senior credit facility.

Working Capital

The Company's working capital balance fluctuates as a result of the timing and amount of borrowings or repayments under its senior credit facility and changes in the fair value of its outstanding commodity derivative instruments. Absent any significant effects from its commodity derivative instruments, the Company typically maintains a working capital deficit or a relatively small amount of positive working capital because the Company's capital spending generally has exceeded the Company's cash flows from operations and it generally uses excess cash to pay down borrowings outstanding under its credit arrangements.

At March 31, 2012, the Company had a working capital deficit of \$348.1 million compared to a deficit of \$257.7 million at December 31, 2011. Current assets decreased \$22.4 million at March 31, 2012, compared to current assets at December 31, 2011, primarily due to a \$79.8 million decrease in cash and cash equivalents as a result of cash expenditures to fund operations. The

Table of Contents

decrease in cash and cash equivalents was offset by a \$34.3 million increase in accounts receivable due to an increase in oil production and prices received on oil production and a \$15.5 million increase in other current assets due to an increase in prepaid expenses. Current liabilities increased \$68.0 million, primarily due to a \$95.0 million increase in accounts payable and accrued expenses resulting from increased production and drilling activity, partially offset by a \$9.0 million decrease in billings and estimated contract loss in excess of costs incurred on the Century Plant construction project and a \$18.0 million decrease in the liability positions on the Company's current derivative contracts.

The Company expects to fund its planned capital expenditures budget, debt service requirements and working capital needs for 2012 from cash flows from operating activities, its existing cash balances, availability under its senior credit facility, proceeds from the sale of working interests in the Mississippian formation in January 2012 and proceeds from the Mississippian Trust II's initial public offering in April 2012. However, a significant portion of the Company's 2012 capital expenditures budget is discretionary and can be curtailed, if necessary, based on oil and natural gas prices and the availability of the sources of funds described above.

Cash Flows

The Company's cash flows for the three-month periods ended March 31, 2012 and 2011 are presented in the following table and discussed below:

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Cash flows provided by operating activities	\$ 230,910	\$ 79,662
Cash flows used in investing activities	(343,344)	(269,403)
Cash flows provided by financing activities	32,595	192,415
Net (decrease) increase in cash and cash equivalents	\$ (79,839)	\$ 2,674

Cash Flows from Operating Activities

The Company's operating cash flow is mainly influenced by the prices the Company receives for its oil and natural gas production; the quantity of oil and natural gas it produces; settlements on derivative contracts; third-party demand for its drilling rigs and oil field services and the rates it is able to charge for these services; and the margins it obtains from its natural gas and CO₂ gathering and treating contracts.

Net cash provided by operating activities for the three-month periods ended March 31, 2012 and 2011 was \$230.9 million and \$79.7 million, respectively. The increase in cash provided by operating activities in the 2012 period compared to the 2011 period was primarily due to an increase in oil sales as a result of increased oil production and prices received for oil production, partially offset by a decrease in natural gas sales as a result of decreased natural gas production during the three-month period ended March 31, 2012 compared to the same period in 2011.

Cash Flows from Investing Activities

The Company dedicates and expects to continue to dedicate a substantial portion of its capital expenditure program toward the development, production and acquisition of oil and natural gas reserves. These capital expenditures are necessary to offset inherent declines in production and proven reserves, which is typical in the capital-intensive oil and natural gas industry.

Cash flows used in investing activities increased to \$343.3 million in the three-month period ended March 31, 2012 from \$269.4 million in the same period in 2011 due to an increase in capital expenditures, primarily for the continued development of the Company's oil properties, partially offset by increased proceeds from the sale of assets. Proceeds from asset sales, including the sale of working interests to Repsol, during the three-month period ended March 31, 2012 totaled \$269.0 million compared to \$159.5 million in the same period in 2011.

Capital Expenditures. The Company's capital expenditures, on an accrual basis, by segment for the three-month periods ended March 31, 2012 and 2011 are summarized below:

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	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Capital Expenditures		
Exploration and production	\$ 491,905	\$ 399,096
Drilling and oil field services	7,916	6,763
Midstream gas services	23,975	4,172
Other	45,862	6,138
Capital expenditures, excluding acquisitions	569,658	416,169
Acquisitions	10,511	1,548
Total	\$ 580,169	\$ 417,717

Table of Contents*Cash Flows from Financing Activities*

The Company's financing activities provided \$32.6 million in cash for the three-month period ended March 31, 2012 compared to \$192.4 million in the same period in 2011. Cash provided by financing activities during the 2012 period was primarily comprised of \$98.8 million of proceeds from the sale of Mississippian Trust I and Permian Trust common units, offset by \$32.7 million in distributions to royalty trust unitholders, \$17.3 million in dividends paid on the Company's 8.5% and 6.0% convertible perpetual preferred stock and \$7.2 million in debt issuance costs. Cash provided by financing activities during the three months ended March 31, 2011 was primarily comprised of \$881.2 million of net proceeds from the issuance of the 7.5% Senior Notes, offset by the redemption of \$614.2 million of the 8.625% Senior Notes, the premium of \$28.8 million paid in connection with the Company's tender offer for its 8.625% Senior Notes, \$16.5 million of net repayments under the senior credit facility and payment of dividends on the Company's 8.5% and 6.0% convertible perpetual preferred stock.

Indebtedness

Long-term obligations under the senior credit facility, senior notes and other long-term debt consist of the following at March 31, 2012 (in thousands):

Senior Floating Rate Notes due 2014	\$ 350,000
Senior credit facility	
9.875% Senior Notes due 2016, net of \$10,422 discount	355,078
8.0% Senior Notes due 2018	750,000
8.75% Senior Notes due 2020, net of \$6,296 discount	443,704
7.5% Senior Notes due 2021	900,000
Mortgage	15,772
 Total debt	 \$ 2,814,554

The indentures governing the senior notes referred to above contain covenants imposing certain restrictions on the Company's activities, including, but not limited to, limitations on the incurrence of indebtedness, payment of dividends, investments, asset sales, certain asset purchases, transactions with related parties and consolidations or mergers.

Maturities of Long-Term Debt. Aggregate maturities of long-term debt and excluding discounts, for the next five fiscal years (as of March 31, 2012) are as follows (in thousands):

2012	\$ 793
2013	1,120
2014	351,190
2015	1,266
2016	366,844
Thereafter	2,110,059
 Total debt	 \$ 2,831,272

Senior Credit Facility. The amount the Company may borrow under its senior credit facility is limited to a borrowing base, and is subject to periodic redeterminations. The Company pays a 0.5% commitment fee on any available portion of the senior credit facility. Effective March 29, 2012, the borrowing base was increased to \$1.0 billion from \$790.0 million as further discussed below. The borrowing base is determined based upon the discounted present value of future cash flows attributable to the Company's proved reserves. Because the value of the Company's proved reserves is a key factor in determining the amount of the borrowing base, changing commodity prices and the Company's success in developing reserves may affect the borrowing base. At March 31, 2012, the Company had no amount outstanding under the senior credit facility and \$28.7 million in outstanding letters of credit, which reduced the availability under the senior credit facility to \$971.3 million at March 31, 2012. The senior credit facility matures on March 29, 2017, unless neither the Company's Senior Floating Rate Notes nor the Company's 9.875% Senior Notes have been repaid or refinanced by September 30, 2015 with a source of funds other than the senior credit facility, in which case the senior

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credit facility will mature on November 15, 2015.

On March 29, 2012, the senior credit facility was amended and restated to, among other things, (a) increase the borrowing base to \$1.0 billion from \$790.0 million, (b) allow for the incurrence or issuance of additional debt (including up to \$750.0 million of unsecured debt to finance the cash portion of the Dynamic purchase price and the related costs and expenses), (c) permit the Company

Table of Contents

to designate certain of its subsidiaries as unrestricted subsidiaries, and (d) effective on and after June 30, 2012, establish the financial covenants as maintaining agreed upon levels for (i) ratio of total funded debt to EBITDA, which may not exceed 4.5:1.0 at each quarter end, calculated using the last four completed fiscal quarters and (ii) ratio of current assets to current liabilities, which must be at least 1.0:1.0 at each quarter end. If no amounts are drawn under the senior credit facility when calculating the ratio of total funded debt to EBITDA, the Company's debt is reduced by its cash balance in excess of \$10.0 million. In the current ratio calculation, any amounts available to be drawn under the senior credit facility are included in current assets, and unrealized assets and liabilities resulting from mark-to-market adjustments on the Company's derivative contracts are disregarded. As of and during the three-month period ended March 31, 2012, the Company was in compliance with all applicable financial covenants under the senior credit facility.

Issuance of 8.125% Senior Notes due 2022. As discussed in *Recent Developments*, the Company issued \$750.0 million of unsecured 8.125% Senior Notes in April 2012, concurrent with the closing of the Dynamic Acquisition to finance the cash portion of the consideration paid in the Dynamic Acquisition. The 8.125% Senior Notes mature on October 15, 2022.

For more information about the senior credit facility, the senior notes and the Company's other long-term debt obligations, see Note 8 to the unaudited condensed consolidated financial statements included in this Quarterly Report. Additionally, see Note 18 for more information on the 8.125% Senior Notes issued in April 2012.

Outlook

The Company's 2012 budget for capital expenditures, including expenditures related to its drilling programs for the Mississippian Trust I, Permian Trust and Mississippian Trust II, and excluding acquisitions and capital expenditures associated with properties acquired from Dynamic, is approximately \$1.7 billion. The majority of the Company's capital expenditures are discretionary and could be curtailed if the Company's cash flows decline from expected levels or if the Company is unable to obtain capital on attractive terms. The Company and one of its wholly owned subsidiaries have entered into development agreements with the Mississippian Trust I, Permian Trust and Mississippian Trust II that obligate the Company to drill, or cause to be drilled, a specified number of wells within specific areas of mutual interest for each trust by December 31, 2015, March 31, 2016 and December 31, 2016, respectively. Additionally, the Company has incurred, and will have to continue to incur, capital expenditures to achieve production targets contained in certain gathering and treating arrangements.

The Company is dependent on the availability of borrowings under its senior credit facility, along with cash flows from operating activities, to fund those capital expenditures. Based on current cash balances, anticipated oil and natural gas prices and availability under the Company's senior credit facility, the Company expects to be able to fund its planned capital expenditures budget, debt service requirements and working capital needs for 2012. The Company plans to fund a portion of its 2012 budget for capital expenditures with existing cash balances, proceeds received from the sale of working interests in the Mississippian formation in January 2012 and the proceeds received from the initial public offering of the Mississippian Trust II in April 2012. However, a substantial or extended decline in oil or natural gas prices could have a material adverse effect on the Company's financial position, results of operations, cash flows and quantities of oil and natural gas reserves that may be economically produced, which could adversely impact the Company's ability to comply with the financial covenants under its senior credit facility, which in turn would limit further borrowings to fund capital expenditures. The Company expects any capital and operating expenditures relating to Dynamic's assets to be funded by the cash flow generated by such assets.

The Company's revenue, profitability and future growth are substantially dependent upon the prevailing and future prices for oil and natural gas, each of which depend on numerous factors beyond the Company's control such as economic conditions, regulatory developments and competition from other energy sources. Oil and natural gas prices historically have been volatile and may be subject to significant fluctuations in the future. The Company's derivative arrangements serve to mitigate a portion of the effect of this price volatility on its cash flows, and while fixed price swap contracts are in place for the majority of expected oil production for 2012 through 2014, fixed price swap contracts are in place for only a portion of expected oil production for 2015. No fixed price swap contracts are in place for the Company's natural gas production beyond 2012 or oil production beyond 2015. The Company may increase or decrease planned capital expenditures depending on oil and natural gas prices, the availability of capital through asset sales and the issuance of additional equity or long-term debt.

As an alternative to borrowing under its senior credit facility, the Company may choose to issue long-term debt or equity in the public or private markets, or both. In addition, the Company may from time to time seek to retire or purchase its outstanding securities through cash purchases and/or exchanges in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

As of March 31, 2012, the Company's cash and cash equivalents were \$127.8 million, including \$3.7 million attributable to the Company's consolidated VIEs which is available to satisfy only obligations of the VIEs. The Company had approximately \$2.8 billion in total debt outstanding and \$28.7 million in outstanding letters of credit with no amount outstanding under its senior credit facility at

Table of Contents

March 31, 2012. As of and for the three-month period ended March 31, 2012, the Company was in compliance with applicable covenants under all of its senior notes and senior credit facility. As of April 30, 2012, the Company's cash and cash equivalents were approximately \$608.0 million, including \$3.6 million attributable to the Company's consolidated VIEs, which is available to satisfy only obligations of the VIEs. Additionally, there was no amount outstanding under the Company's senior credit facility and \$28.7 million outstanding in letters of credit.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**General**

The discussion in this section provides information about the financial instruments the Company uses to manage commodity prices and interest rate volatility, including instruments used to manage commodity prices for production attributable to the royalty trusts. All contracts are settled in cash and do not require the actual delivery of a commodity at settlement.

Commodity Price Risk. The Company's most significant market risk relates to the prices it receives for its oil and natural gas production. Due to the historical volatility of these commodities, the Company periodically has entered into, and expects in the future to enter into, derivative arrangements for the purpose of reducing the variability of oil and natural gas prices the Company receives for its production. From time to time, the Company enters into commodity pricing derivative contracts for a portion of its anticipated production volumes depending upon management's view of opportunities under the then-prevailing current market conditions. The Company's senior credit facility limits its ability to enter into derivative transactions to 85% of expected production volumes from estimated proved reserves.

The Company uses, and may continue to use, a variety of commodity-based derivative contracts, including fixed price swaps, collars and basis protection swaps. The Company's oil and diesel fixed price swap transactions are settled based upon the average daily prices for the calendar month or quarter of the contract period. The Company's natural gas fixed price swap transactions are settled based upon New York Mercantile Exchange prices, and the Company's natural gas basis protection swap transactions are settled based upon the index price of natural gas at the Waha hub, a west Texas gas marketing and delivery center, and the Houston Ship Channel. Settlement for oil and diesel derivative contracts occurs in the succeeding month or quarter and natural gas derivative contracts are settled in the production month. The Company's natural gas collars are settled based upon the New York Mercantile Exchange prices on the penultimate commodity business day for the relevant contract. Natural gas collars only result in a cash settlement when the settlement price exceeds the fixed-price ceiling or falls below the fixed-price floor.

The Company has not designated any of its derivative contracts as hedges for accounting purposes. The Company records all derivative contracts at fair value, which reflects changes in commodity prices. Changes in fair values of the Company's derivative contracts are recognized as unrealized gains and losses in current period earnings. As a result, the Company's current period earnings may be significantly affected by changes in the fair value of its commodity derivative contracts. Changes in fair value are principally measured based on period-end prices compared to the contract price.

See Note 9 to the Company's unaudited condensed consolidated financial statements included in this Quarterly Report for a summary of the Company's open oil and natural gas derivative contracts.

The following table summarizes the cash settlements and valuation gains and losses on the Company's commodity derivative contracts for the three-month periods ended March 31, 2012 and 2011 (in thousands):

	Three Months Ended	
	March 31,	
	2012	2011
Commodity Derivatives		
Realized loss(1)	\$ 125,456	\$ 8,609
Unrealized loss	129,190	269,019
Loss on commodity derivative contracts	\$ 254,646	\$ 277,628

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- (1) The three-month period ended March 31, 2012 includes \$117.1 million non-cash realized losses on derivative contracts amended in January 2012. Includes \$12.4 million of realized gains for the three-month period ended March 31, 2011 related to out-of-period settlements.

Credit Risk. All of the Company's hedging transactions have been carried out in the over-the-counter market. The use of hedging transactions involves the risk that the counterparties may be unable to meet the financial terms of the transactions. The counterparties for all of the Company's hedging transactions have an investment grade credit rating. The Company monitors on an ongoing basis the credit ratings of its hedging counterparties and considers its counterparties' credit default risk rating in determining the fair value of its derivative contracts. The Company's derivative contracts are with multiple counterparties to minimize its exposure to any individual counterparty. Additionally, the majority of the Company's counterparties are lenders under its senior credit facility.

Table of Contents

Under certain circumstances, a default by the Company under its senior credit facility constitutes a default under its hedging transactions. The Company does not require collateral or other security from counterparties to support derivative instruments. The Company has master netting agreements with all of its derivative contract counterparties, which allows the Company to net its derivative assets and liabilities with the same counterparty. As a result of the netting provisions, the Company's maximum amount of loss under hedging transactions due to credit risk is limited to the net amounts due from the counterparties under the derivatives. The Company's loss is further limited as any amounts due from a defaulting counterparty can be offset against amounts owed to such counterparty under the Company's senior credit facility under certain circumstances. As of March 31, 2012, the counterparties to the Company's open derivative contracts consisted of 17 financial institutions, 14 of which are also lenders under the Company's senior credit facility. As a result, the Company is not required to post additional collateral under derivative contracts as the counterparties to the Company's derivative contracts share in the collateral supporting the Company's senior credit facility.

The Company's ability to fund its capital expenditure budget is partially dependent upon the availability of funds under its senior credit facility. In order to mitigate the credit risk associated with individual financial institutions committed to participate in the senior credit facility, the Company's bank group currently consists of 23 financial institutions with commitments ranging from 1.00% to 6.00%.

Interest Rate Risk. The Company is subject to interest rate risk on its long-term fixed and variable interest rate borrowings. Fixed rate debt, where the interest rate is fixed over the life of the instrument, exposes the Company to (i) changes in market interest rates reflected in the fair value of the debt and (ii) the risk that the Company may need to refinance maturing debt with new debt at a higher rate. Variable rate debt, where the interest rate fluctuates, exposes the Company to short-term changes in market interest rates as its interest obligations on these instruments are periodically redetermined based on prevailing market interest rates, primarily the LIBOR and the federal funds rate.

The Company may enter into derivative transactions to fix the interest rate on its variable rate debt. At March 31, 2012, the Company had a \$350.0 million notional interest rate swap agreement, which effectively serves to fix the rate on the Senior Floating Rate Notes at an annual rate of 6.69% through April 1, 2013. This swap has not been designated as a hedge.

The Company's interest rate swap reduces its market risk on its Senior Floating Rate Notes. The Company uses sensitivity analyses to determine the impact that market risk exposures could have on the Company's variable interest rate borrowings if not for its interest rate swap. Based on the \$350.0 million outstanding balance of the Company's Senior Floating Rate Notes at March 31, 2012, a one percent change in the applicable rates, with all other variables held constant, would have resulted in a change in the Company's interest expense of approximately \$0.9 million for the three-month period ended March 31, 2012.

The following table summarizes the cash settlements and valuation gains and losses, which are included in interest expense in the Company's unaudited condensed consolidated statements of operations, on the Company's interest rate swaps for the three-month periods ended March 31, 2012 and 2011 (in thousands):

	Three Months Ended	
	March 31,	
	2012	2011
Interest Rate Swaps		
Realized loss	\$ 2,200	\$ 2,043
Unrealized gain	(1,354)	(1,765)
Loss on interest rate swaps	\$ 846	\$ 278

ITEM 4. Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company performed an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15 as of the end of the period covered by this Quarterly Report. Based on that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2012 to provide reasonable assurance that the information required to be disclosed by the Company in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and such information is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure.

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There was no change in the Company's internal control over financial reporting during the quarter ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents**PART II. Other Information****ITEM 1. Legal Proceedings**

On February 14, 2011, Aspen Pipeline, II, L.P. (Aspen), filed a complaint in the District Court of Harris County, Texas, against Arena Resources, Inc. and SandRidge Energy, Inc. claiming damages based upon alleged representations by Arena in connection with Aspen's construction of a natural gas pipeline in west Texas. On October 14, 2011, the complaint was amended to add Odessa Fuels, LLC, Odessa Fuels Marketing, LLC and Odessa Field Services and Compression, LLC as plaintiffs. The plaintiffs' amended claims seek damages relating to the construction of the pipeline and performance under a related gas purchase agreement, which damages are alleged to approach \$100.0 million. The Company intends to defend this lawsuit vigorously and believes the plaintiffs' claims are without merit. This case is in the early stages and, accordingly, an estimate of reasonably possible losses associated with this claim, if any, cannot be made until the facts, circumstances and legal theories relating to the plaintiffs' claims and the Company's defenses are fully disclosed and analyzed. The Company has not established any reserves relating to this claim.

On April 5, 2011, Wesley West Minerals, Ltd. and Longfellow Ranch Partners, LP, filed suit against SandRidge Energy, Inc. and SandRidge Exploration and Production, LLC (collectively, the SandRidge Entities) in the 8th District Court of Pecos County, Texas. The plaintiffs, who have leased mineral rights to the SandRidge Entities in Pecos County, allege that the SandRidge Entities have not properly paid royalties on all volumes of natural gas (including CO₂) produced from the acreage leased from the plaintiffs. The plaintiffs also allege that the SandRidge Entities have inappropriately failed to pay royalties on CO₂ produced from plaintiffs' acreage that results from the treatment of natural gas at the Century Plant. The plaintiffs seek unspecified actual damages, punitive damages and a declaration that the SandRidge Entities must pay royalties on CO₂ produced from plaintiffs' acreage that results from treatment of natural gas at the Century Plant. The Commissioner of the General Land Office of the State of Texas (GLO) is named as an additional defendant in the lawsuit as some of the affected oil and natural gas leases described in plaintiffs' allegations cover mineral classified lands in which the GLO is entitled to one-half of the royalties attributable to such leases. The GLO has filed a cross-claim against the SandRidge Entities asserting the same claims as the plaintiffs with respect to the leases covering mineral classified lands. The Company intends to defend this lawsuit vigorously. This case is in the early stages and, accordingly, an estimate of reasonably possible losses associated with these claims, if any, cannot be made until the facts, circumstances and legal theories relating to the plaintiffs' claims and the Company's defenses are fully disclosed and analyzed. The Company has not established any reserves relating to these claims.

On August 4, 2011, Patriot Exploration, LLC, Jonathan Feldman, Redwing Drilling Partners, Mapleleaf Drilling Partners, Avalanche Drilling Partners, Penguin Drilling Partners and Gramax Insurance Company Ltd. filed a lawsuit against SandRidge Energy, Inc., SandRidge Exploration and Production, LLC (SandRidge E&P) and certain directors and senior executive officers of SandRidge Energy, Inc. (collectively, the defendants), in the U.S. District Court for the District of Connecticut. The plaintiffs allege that the defendants made false and misleading statements to U.S. Drilling Capital Management LLC and the plaintiffs prior to the entry into a participation agreement among Patriot Exploration LLC, U.S. Drilling Capital Management LLC and SandRidge E&P, which provided for the investment by the plaintiffs in certain of SandRidge E&P's oil and natural gas properties. To date, the plaintiffs have invested approximately \$15.0 million under the participation agreement. The plaintiffs seek compensatory and punitive damages and rescission of the participation agreement. The Company intends to defend this lawsuit vigorously and believes the plaintiffs' claims are without merit. This case is in the early stages and, accordingly, an estimate of reasonably possible losses associated with this claim, if any, cannot be made until the facts, circumstances and legal theories relating to the plaintiffs' claims and the Company's defenses are fully disclosed and analyzed. The Company has not established any reserves relating to this claim.

In addition, SandRidge is a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company's consolidated results of operations, financial position, cash flows or liquidity.

ITEM 1A. Risk Factors

There has been no material change to the risk factors previously discussed in Item 1A Risk Factors in the Company's 2011 Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

As part of the Company's restricted stock program, the Company makes required tax payments on behalf of employees when their stock awards vest and then withholds a number of vested shares of common stock having a value on the date of vesting equal to the tax obligation. The shares withheld are initially recorded as treasury shares, then immediately retired. During the quarter ended March 31, 2012, the following shares were

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withheld in satisfaction of tax withholding obligations arising from the vesting of restricted stock:

Table of Contents

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2012 - January 31, 2012	667,937	\$ 8.26	N/A	N/A
February 1, 2012 - February 29, 2012	83,696	\$ 7.83	N/A	N/A
March 1, 2012 - March 31, 2012	25,314	\$ 8.51	N/A	N/A

ITEM 6. Exhibits

See the Exhibit Index accompanying this Quarterly Report.

Table of Contents

SIGNATURE

Pursuant to the requirements of 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.

SandRidge Energy, Inc.

By: */s/* JAMES D. BENNETT
James D. Bennett

Executive Vice President and

Chief Financial Officer

Date: May 7, 2012

Table of Contents**EXHIBIT INDEX**

Exhibit No.	Exhibit Description	Form	Incorporated by Reference SEC			Filed
			File No.	Exhibit	Filing Date	Herewith
2.1	Equity Purchase Agreement, dated as of February 1, 2012, among SandRidge Energy, Inc., Dynamic Offshore Holding, LP and R/C Dynamic Holdings, L.P. (solely with respect to Section 9.2)	8-K	001-33784	2.1	02/03/2012	
3.1	Certificate of Incorporation of SandRidge Energy, Inc.	S-1	333-148956	3.1	01/30/2008	
3.2	Certificate of Amendment to the Certificate of Incorporation of SandRidge Energy, Inc., dated July 16, 2010	10-Q	001-33784	3.2	08/09/2010	
3.3	Amended and Restated Bylaws of SandRidge Energy, Inc.	8-K	001-33784	3.1	03/09/2009	
4.1	Indenture, dated as of April 17, 2012, among the Company, certain subsidiary guarantors named therein, and Wells Fargo Bank, National Association, as trustee	8-K	001-33784	4.1	04/17/2012	
4.2	Supplemental Indenture, dated April 17, 2012, among the Company, certain subsidiary guarantors named therein, and Wells Fargo Bank, National Association, as trustee	8-K	001-33784	4.3	04/17/2012	
10.1	Registration Rights Agreement, dated as of February 1, 2012, between SandRidge Energy, Inc. and Dynamic Offshore Holding, LP	8-K	001-33784	10.1	02/03/2012	
10.2	Second Amended and Restated Credit Agreement, dated as of March 29, 2012, among SandRidge Energy, Inc., Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other lenders party thereto	8-K	001-33784	10.1	04/02/2012	
10.3	Purchase Agreement, dated April 2, 2012, by and among the Company, certain subsidiary guarantors named therein, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, SunTrust Robinson Humphrey, Inc. and RBS Securities Inc., as representatives of the several initial purchasers	8-K	001-33784	10.1	04/02/2012	
10.4	Registration Rights Agreement, dated April 17, 2012, by and among SandRidge Energy, Inc., certain subsidiary guarantors named therein, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, SunTrust Robinson Humphrey, Inc. and RBS Securities Inc., as representatives of the several initial purchasers	8-K	001-33784	4.2	04/17/2012	
10.5	Development Agreement, by and between SandRidge Energy, Inc., SandRidge Exploration and Production, LLC and SandRidge Mississippian Trust II	8-K	001-33784	10.1	04/24/2012	
31.1	Section 302 Certification Chief Executive Officer					*
31.2	Section 302 Certification Chief Financial Officer					*
32.1	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer					*
101.INS	XBRL Instance Document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*

Table of Contents

Exhibit No.	Exhibit Description	Incorporated by Reference SEC				Filed
		Form	File No.	Exhibit	Filing Date	Herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Document					*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					*