

GULFPORT ENERGY CORP
Form 8-K
April 21, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 16, 2015

GULFPORT ENERGY CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction

of incorporation)

000-19514
(Commission

File Number)

73-1521290
(I.R.S. Employer

Identification Number)

14313 North May Avenue

Suite 100

Oklahoma City, OK
(Address of principal executive offices)

(405) 848-8807

73134
(Zip code)

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Item 1.01. Entry into a Material Definitive Agreement.

Purchase Agreement

On April 16, 2015, Gulfport Energy Corporation (Gulfport) and certain subsidiary guarantors entered into a Purchase Agreement (the Purchase Agreement) with Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc., as representatives of the several initial purchasers named in the Purchase Agreement, in connection with Gulfport's private placement of senior notes. The Purchase Agreement provides for, among other things, the issuance and sale by Gulfport of \$350.0 million in aggregate principal amount of 6.625% Senior Notes due 2023 (the Notes) to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act), and to certain non-U.S. persons in accordance with Regulation S under the Securities Act (the Notes Offering). Gulfport and the subsidiary guarantors of the Notes have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make because of any of such liabilities. Under the Purchase Agreement, Gulfport also agreed to a 90-day lock-up with respect to, among other things, an offer, sale or other disposition of its U.S. dollar-denominated debt securities, subject to certain exceptions. In addition, Gulfport and the subsidiary guarantors have entered into an indenture and a registration rights agreement relating to the Notes, which are discussed further below under the headings Indenture and Registration Rights Agreement, respectively.

Gulfport estimates that its net proceeds from the Notes Offering will be approximately \$343.6 million, after deducting the initial purchasers' discounts and estimated offering expenses. Gulfport intends to use the net proceeds from the Notes Offering, together with the net proceeds from the Equity Offering (as defined below under the heading

Underwriting Agreement) (i) to fund Gulfport's previously announced pending acquisition of Paloma Partners III, LLC (the Pending Acquisition) for a total purchase price of approximately \$301.3 million, subject to closing adjustments, (ii) to repay the current outstanding borrowings under Gulfport's secured revolving credit facility and (iii) for general corporate purposes, including the funding of a portion of Gulfport's 2015 capital development plans. The Notes Offering closed on April 21, 2015.

An affiliate of Scotia Capital (USA) Inc. acts as administrative agent, letter of credit issuer and sole lead manager and affiliates of each of Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc. act as lenders under Gulfport's secured revolving credit facility and will receive a portion of the net proceeds of the Notes Offering. An affiliate of Scotia Capital (USA) Inc. and Credit Suisse Securities (USA) LLC acted as Gulfport's financial advisors in connection with the Pending Acquisition.

The preceding summary of the Purchase Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached as Exhibit 1.1 hereto and incorporated herein by reference.

Indenture

The Notes were issued under an indenture, dated as of April 21, 2015, among Gulfport, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as trustee (the Indenture). Pursuant to the Indenture, interest on the Notes will accrue at a rate of 6.625% per annum on the outstanding principal amount thereof from April 21, 2015, payable semi-annually on May 1 and November 1 of each year, commencing on November 1, 2015. The Notes will mature on May 1, 2023.

The Notes are Gulfport's senior unsecured obligations and rank equally in right of payment with all of Gulfport's other senior indebtedness, including Gulfport's existing senior notes, and senior in right of payment to any of Gulfport's future subordinated indebtedness. All of Gulfport's existing and future restricted subsidiaries that guarantee its secured revolving credit facility or certain other debt guarantee the Notes, provided, however, that the Notes are not guaranteed by Grizzly Holdings, Inc. and will not be guaranteed by any of Gulfport's future unrestricted subsidiaries. The guarantees rank equally in right of payment with all of the senior indebtedness of the subsidiary guarantors and

senior in right of payment to any future subordinated indebtedness of the subsidiary guarantors. The Notes and the guarantees are effectively subordinated to all of Gulfport's and the subsidiary guarantors' secured indebtedness (including all borrowings and other obligations under Gulfport's secured revolving credit facility) to the extent of the value of the collateral securing such indebtedness, and structurally subordinated to all indebtedness and other liabilities of any of Gulfport's subsidiaries that do not guarantee the Notes.

Gulfport may redeem some or all of the Notes at any time on or after May 1, 2018, at the redemption prices listed in the Indenture. Prior to May 1, 2018, Gulfport may redeem all or a portion of the Notes at a price equal to 100% of the principal amount of the Notes plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, any time prior to May 1, 2018, Gulfport may redeem Notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes issued prior to such date at a redemption price of 106.625%, plus accrued and unpaid interest to the redemption date, with an amount equal to the net cash proceeds from certain equity offerings.

If Gulfport experiences a change of control (as defined in the Indenture), it will be required to make an offer to repurchase the Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. If Gulfport sells certain assets and fails to use the proceeds in a manner specified in the Indenture, it will be required to use the remaining proceeds to make an offer to repurchase the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

The Indenture contains certain covenants that, subject to certain exceptions and qualifications, among other things, limit Gulfport's ability and the ability of its restricted subsidiaries to incur or guarantee additional indebtedness, make certain investments, declare or pay dividends or make distributions on capital stock, prepay subordinated indebtedness, sell assets including capital stock of restricted subsidiaries, agree to payment restrictions affecting Gulfport's restricted subsidiaries, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into transactions with affiliates, incur liens, engage in business other than the oil and gas business and designate certain of Gulfport's subsidiaries as unrestricted subsidiaries. Certain of these covenants are subject to termination upon the occurrence of certain events.

The preceding summary of the Indenture is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached as Exhibit 4.1 hereto and incorporated herein by reference.

Registration Rights Agreement

In connection with the Notes Offering, Gulfport and its subsidiary guarantors entered into a Registration Rights Agreement with the representatives of the initial purchasers, dated as of April 21, 2015 (the "Registration Rights Agreement"), pursuant to which Gulfport agreed to file a registration statement with respect to an offer to exchange the Notes for a new issue of substantially identical debt securities registered under the Securities Act. Under the Registration Rights Agreement, Gulfport also agreed to use its commercially reasonable efforts to have the registration statement declared effective by the Securities and Exchange Commission (the "SEC") on or prior to the 330th day after the issue date of the Notes and to keep the exchange offer open for not less than 30 days (or longer if required by applicable law). Gulfport may be required to file a shelf registration statement to cover resales of the Notes under certain circumstances. If Gulfport fails to satisfy these obligations under the Registration Rights Agreement, it agreed to pay additional interest to the holders of the Notes as specified in the Registration Rights Agreement.

The preceding summary of the Registration Rights Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached as Exhibit 4.2 hereto and incorporated herein by reference.

Underwriting Agreement

On April 16, 2015, Gulfport entered into an Underwriting Agreement with Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc., as representatives of the several underwriters named therein (the "Underwriting Agreement"). The Underwriting Agreement relates to the public offering of 9,500,000 shares of Gulfport's common stock at a public offering price of \$47.75 per share. Pursuant to the Underwriting Agreement, the underwriters were granted a 30-day option to purchase a maximum of 1,425,000 additional shares of common stock from Gulfport at the public offering

price (less the underwriting discount), which option was exercised in full by the underwriters on April 16, 2015.

Gulfport estimates that its net proceeds from the sale of an aggregate of 10,925,000 shares of common stock in this equity offering (the Equity Offering), will be approximately \$501.9 million, after deducting underwriting discounts and commissions and estimated offering expenses. Gulfport intends to use the net proceeds from the Equity Offering, together with the net proceeds from the Notes Offering, (i) to fund the Pending Acquisition, (ii) to repay the current outstanding borrowings under Gulfport's secured revolving credit facility and (iii) for general corporate purposes, including the funding of a portion of Gulfport's 2015 capital development plans. The Equity Offering closed on April 21, 2015.

The Equity Offering was made pursuant to Gulfport's effective automatic shelf registration statement on Form S-3 (File No. 333-192113), filed with the SEC on November 6, 2013 (the Shelf Registration Statement), and a prospectus, which consists of a base prospectus, filed with the SEC on November 6, 2013, a preliminary prospectus supplement, filed with the SEC on April 15, 2015, and a prospectus supplement, filed with the SEC on April 20, 2015 (collectively, the Prospectus).

An affiliate of Scotia Capital (USA) Inc. acts as administrative agent, letter of credit issuer and sole lead manager and affiliates of each of Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc. act as lenders under Gulfport's secured revolving credit facility and will receive a portion of the net proceeds of the Equity Offering. An affiliate of Scotia Capital (USA) Inc. and Credit Suisse Securities (USA) LLC acted as Gulfport's financial advisors in connection with the Pending Acquisition.

The preceding summary of the Underwriting Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached as Exhibit 1.2 hereto and incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 above with respect to the Notes Offering is incorporated herein by reference, as applicable.

Item 3.03. Material Modification to Rights of Security Holders.

The information set forth in Item 1.01 above with respect to the Indenture's limitations on the payment of dividends, redemption of stock or other distributions to Gulfport's stockholders is incorporated herein by reference.

Item 8.01. Other Events.

Gulfport is filing a legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., attached as Exhibit 5.1 to this Current Report on Form 8-K, to incorporate such opinion by reference into the Shelf Registration Statement and into the Prospectus.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Number

Exhibit

1.1

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Purchase Agreement, dated as of April 16, 2015, by and among Gulfport Energy Corporation, the subsidiary guarantors party thereto and Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc., as representatives of the several initial purchasers.

- 1.2 Underwriting Agreement, dated April 16, 2015, by and among Gulfport Energy Corporation and Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc., as representatives of the several underwriters named therein.

- 4.1 Indenture, dated as of April 21, 2015, among Gulfport Energy Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as trustee (including the form of Gulfport Energy Corporation's 6.625% Senior Notes due 2023).
- 4.2 Registration Rights Agreement, dated as of April 21, 2015, among Gulfport Energy Corporation, the subsidiary guarantors party thereto and Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc., as representatives of the several initial purchasers.
- 5.1 Opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P.
- 23.1 Consent of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (included in Exhibit 5.1).

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.

GULFPORT ENERGY CORPORATION

Date: April 21, 2015

By: /s/ Aaron Gaydosik
Aaron Gaydosik
Chief Financial Officer

Exhibit Index

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