

US ENERGY CORP
Form 10-Q
November 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarter ended September 30, 2012 or
- Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 0-6814

U.S. ENERGY CORP.

(Exact name of registrant as specified in its charter)

Wyoming
(State or other jurisdiction of
incorporation or organization)

83-0205516
(I.R.S. Employer
Identification No.)

877 North 8th West, Riverton, WY
(Address of principal executive offices)

82501
(Zip Code)

Registrant's telephone number, including area
code:

(307) 856-9271

Not Applicable

(Former name, address and fiscal year, if changed since last
report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES

NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES

NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At November 6, 2012 there were issued and outstanding 27,490,978 shares of the Company’s common stock, \$0.01 par value.

U.S. ENERGY CORP. and SUBSIDIARIES

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited)	
Condensed Consolidated Balance Sheets as of September 30, 2012 (unaudited) and December 31, 2011	4-5
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2012 and 2011	6-7
Condensed Consolidated Statements of Other Comprehensive Loss for the Three and Nine Months Ended September 30, 2012 and 2011	8
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011	9-10
Notes to Condensed Consolidated Financial Statements	11-25
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	26-41
Item 3. Quantitative and Qualitative Disclosures About Market Risk	41-43
Item 4. Controls and Procedures	43
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	44
Item 1A. Risk Factors	44
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 3. Defaults Upon Senior Securities	44
Item 4. Mine Safety Disclosures	44
Item 5. Other Information	44
Item 6. Exhibits	45

Signatures

46

Certifications

See Exhibits

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

U.S. ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
ASSETS
(Unaudited)
(In thousands, except shares)

	September 30, 2012	December 31, 2011
Current assets:		
Cash and cash equivalents	\$3,723	\$12,874
Available for sale securities	156	166
Accounts receivable		
Trade	5,151	5,496
Income taxes	9	113
Commodity risk management asset	635	3
Assets held for sale	18,713	22,600
Other current assets	376	352
Total current assets	28,763	41,604
Investment	2,455	2,623
Properties and equipment		
Oil & gas properties under full cost method, net of \$39,641 and \$28,561 accumulated depletion, depreciation and amortization	89,010	90,942
Undeveloped mining claims	20,739	20,739
Property, plant and equipment, net	4,516	4,728
Net properties and equipment	114,265	116,409
Other assets	2,703	1,803
Total assets	\$148,186	\$162,439

The accompanying notes are an integral part of these statements.

U.S. ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands, except shares)

	September 30, 2012	December 31, 2011
Current liabilities:		
Accounts payable	\$3,782	\$9,370
Accrued compensation	460	501
Commodity risk management liability	--	601
Current portion of debt	200	200
Liabilities held for sale	10,335	10,241
Other current liabilities	38	24
Total current liabilities	14,815	20,937
Long-term debt, net of current portion	8,200	12,200
Deferred tax liability	--	1,189
Asset retirement obligations	668	510
Other accrued liabilities	785	822
Commitment and contingencies		
Shareholders' equity		
Common stock, \$.01 par value; unlimited shares authorized; 27,475,978 and 27,409,908 shares issued, respectively	275	274
Additional paid-in capital	122,772	122,523
Accumulated surplus	590	3,906