

BLUE DOLPHIN ENERGY CO
Form 10-Q
May 15, 2014

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

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: March 31, 2014

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: 0-15905

BLUE DOLPHIN ENERGY COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

73-1268729
(I.R.S. Employer
Identification No.)

801 Travis Street, Suite 2100, Houston, Texas 77002
(Address of principal executive offices)

(713) 568-4725
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) 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 registrant 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Edgar Filing: BLUE DOLPHIN ENERGY CO - Form 10-Q

Non-accelerated filer Smaller reporting company
(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

Number of shares of common stock, par value \$0.01 per share outstanding as of May 15, 2014: 10,446,218

BLUE DOLPHIN ENERGY COMPANY & SUBSIDIARIES
FORM 10-Q REPORT INDEX

PART I	FINANCIAL INFORMATION	1
ITEM 1.	FINANCIAL STATEMENTS	1
	Consolidated Balance Sheets (Unaudited)	1
	Consolidated Statements of Operations (Unaudited)	2
	Consolidated Statements of Cash Flows (Unaudited)	3
	Notes to Consolidated Financial Statements (Unaudited)	4
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	26
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	40
ITEM 4.	CONTROLS AND PROCEDURES	40
PART II	OTHER INFORMATION	41
ITEM 1.	LEGAL PROCEEDINGS	41
ITEM 1A.	RISK FACTORS	41
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	41
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	42
ITEM 4	MINE SAFETY DISCLOSURES	42
ITEM 5.	OTHER INFORMATION	42
ITEM 6.	EXHIBITS	42
SIGNATURES		43

Remainder of Page Intentionally Left Blank

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Blue Dolphin Energy Company & Subsidiaries

Consolidated Balance Sheets (Unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$295,877	\$434,717
Restricted cash	1,003,124	327,388
Accounts receivable	9,749,014	13,487,106
Prepaid expenses and other current assets	263,028	333,683
Deposits	819,213	1,219,660
Inventory	4,396,893	4,686,399
Total current assets	16,527,149	20,488,953
Total property and equipment, net	36,358,219	36,388,666
Surety bonds	850,000	-
Debt issue costs, net	490,086	498,536
Trade name	303,346	303,346
TOTAL ASSETS	\$54,528,800	\$57,679,501
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$15,863,920	\$20,783,541
Accounts payable, related party	3,620,647	3,659,340
Notes payable	-	11,884
Asset retirement obligations, current portion	108,272	107,388
Accrued expenses and other current liabilities	1,968,318	1,600,444
Interest payable, current portion	41,205	40,272
Long-term debt, current portion	1,000,922	2,215,918
Total current liabilities	22,603,284	28,418,787
Long-term liabilities:		
Asset retirement obligations, net of current portion	1,841,044	1,490,273
Deferred revenues and expenses	821,187	-
Long-term debt, net of current portion	9,837,229	13,889,349
Long-term interest payable, net of current portion	1,118,072	1,767,381
Total long-term liabilities	13,617,532	17,147,003
TOTAL LIABILITIES	36,220,816	45,565,790

STOCKHOLDERS' EQUITY

Common stock (\$0.01 par value, 20,000,000 shares authorized, 10,580,973 shares issued at March 31, 2014 and December 31, 2013)	105,810	105,810
Additional paid-in capital	36,623,965	36,623,965
Accumulated deficit	(17,621,791)	(23,816,064)
Treasury stock, 150,000 shares and 0 shares, respectively, at cost	(800,000)	(800,000)
Total stockholders' equity	18,307,984	12,113,711
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$54,528,800	\$57,679,501

See accompanying notes to consolidated financial statements.

Blue Dolphin Energy Company & Subsidiaries

Consolidated Statements of Operations (Unaudited)

	Three Months Ended March	
	31,	
	2014	2013
REVENUE FROM OPERATIONS		
Refined product sales	\$ 120,376,151	\$ 109,171,507
Pipeline operations	54,031	73,148
Total revenue from operations	120,430,182	109,244,655
COST OF OPERATIONS		
Cost of refined products sold	110,415,607	106,322,661
Refinery operating expenses		