GULFPORT ENERGY CORP
Form 424B5
May 14, 2010
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Filed pursuant to Rule 424(b)(5)
SEC File No. 333-143659

Prospectus Supplement

(To prospectus dated July 18, 2007)

1,481,481 Shares

Common Stock

We are offering 1,481,481 shares of our common stock.

Our common stock is quoted on The NASDAQ Global Select Market under the symbol GPOR. On May 13, 2010, the last reported sale price of our common stock on The NASDAQ Global Select Market was $13.92 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 2 of the accompanying prospectus, as the same may be updated in our reports filed with the Securities and Exchange Commission, for a description of various risks you should consider in evaluating an investment in the shares.

	Public Offering Price	Underwriting Discount	Proceeds to Us (Before Expenses)
Per Share	$ 13.5000	$ 0.5738	$ 12.9262
Total	$ 19,999,994	$ 850,074	$ 19,149,920

The underwriters may purchase up to an additional 222,222 shares of our common stock at the public offering price (less the underwriting discount) solely to cover any over-allotments.

Delivery of the shares of common stock is expected to be made on or about May 19, 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Johnson Rice & Company L.L.C.

Wunderlich Securities **C.K. Cooper & Co.**

The date of this prospectus supplement is May 14, 2010.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information and Information Incorporated by Reference in the accompanying prospectus. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the underwriters have not authorized any other person to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We and the underwriters are not making any offer to sell these securities in any jurisdiction where the offer to sell is not permitted. You should not assume that the information we have included in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date hereof or thereof respectively, or that information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

When used in this prospectus supplement, the terms Gulfport, the Company, we, our and us refer to Gulfport Energy Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

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SUMMARY

The Company

Overview

We are an independent oil and natural gas exploration and production company with our principal producing properties located along the Louisiana Gulf Coast in the West Cote Blanche Bay, or WCBB, and Hackberry fields, and in West Texas in the Permian Basin. We also hold a significant acreage position in the Alberta oil sands in Canada through our interest in Grizzly Oil Sands ULC and have interests in entities that operate in Southeast Asia, including the Phu Horm gas field in Thailand. We seek to achieve reserve growth and increase our cash flow through our annual drilling programs.

WCBB. The WCBB field is located approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. We own a 100% working interest (80.108% average net revenue interest, or NRI), and are the operator, in depths above the base of the 13900 Sand which is located at 11,320 feet. In addition, we own a 40.40% non-operated working interest (29.95% NRI) in depths below the base of the 13900 Sand, which is operated by Chevron Corporation. Our leasehold interests at WCBB contain 5,668 gross acres.

East Hackberry. The East Hackberry field is located along the western shore of Lake Calcasieu in Louisiana, 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 79.424% average NRI) in certain producing oil and natural gas properties situated in the East Hackberry field and are the operator. We hold beneficial interests in approximately 7,738 acres, including the Erwin Heirs Block, which is located on land, and the adjacent State Lease 50 Block, which is located primarily in the shallow waters of Lake Calcasieu.

West Hackberry. The West Hackberry field is located on land and is five miles west of Lake Calcasieu in Cameron Parish, Louisiana, approximately 85 miles west of Lafayette and 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 87.5% average NRI) in 592 acres within the West Hackberry field and are the operator. Our leases at West Hackberry are located within two miles of one of the United States Department of Energy s Strategic Petroleum Reserves.

Permian Basin (West Texas). We acquired approximately 4,100 net acres in West Texas (near Midland) in the Permian Basin on December 20, 2007 from ExL Petroleum, LP and certain other sellers. Subsequently, we acquired approximately 6,500 additional net acres, bringing our total acreage position in the Permian Basin to 10,612 net acres. Since our initial acquisition, 39 gross (19.5 net) wells have been drilled on our leasehold in this area, primarily targeting the Wolfberry formation, with the 40th well currently drilling. See Recent Developments below for a description of our pending acquisition of additional acreage in this area. We are not the operator of our Permian Basin acreage but are actively involved in the planning and execution of the drilling plans governed by a joint operating agreement with Windsor Permian LLC, or Windsor Permian, which is the operator in this field.

Grizzly. During the third quarter of 2006, we, through our wholly owned subsidiary Grizzly Holdings Inc., purchased an approximate 25% interest in Grizzly Oils Sands ULC, or Grizzly, a Canadian unlimited liability company. The remaining interests in Grizzly are owned by entities controlled by Wexford Capital LP, or Wexford. Affiliates of Wexford beneficially own approximately 36% of our outstanding common stock. During 2006 and 2007, Grizzly acquired leases in the Athabasca region located in the Alberta Province near Fort McMurray within a few miles of other existing oil sands projects. Grizzly has approximately 527,000 acres under lease. To date, Grizzly has drilled an aggregate of 131 core holes and one water supply test well, tested five separate lease blocks and conducted a seismic program. In March 2010, Grizzly filed applications for the development of an 11,300 barrel per day oil sand project at Algar Lake. Grizzly expects regulatory approval

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within 12 to 18 months of application submission, followed by an anticipated construction period of 18 months leading to first production.

Tatex II. During 2005, we purchased a 23.5% ownership interest in Tatex Thailand II, LLC, or Tatex II. The remaining interests in Tatex II are owned by other entities controlled by Wexford. Tatex II holds 85,122 of the 1,000,000 outstanding shares of APICO, LLC, or APICO, an international oil and gas exploration company. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering three million acres which includes the Phu Horm Field. In December 2006, first gas sales were achieved at the Phu Horm field located in northeast Thailand. Hess Corporation operates the field with a 35% interest. Other interest owners include APICO (35% interest), PTTEP (20% interest) and ExxonMobil (10% interest). Our gross working interest (through Tatex II as a member of APICO) in the Phu Horm field is 0.7%.

Tatex III. During the first quarter of 2008, we purchased a 5% ownership interest in Tatex Thailand III, LLC, or Tatex III. Tatex III owns a concession covering one million acres in the Kalasin province of Thailand. In December 2009, we purchased an additional approximately 12.9% ownership interest bringing our total ownership interest to approximately 17.9%. Approximately 68.7% of the remaining interests in Tatex III are owned by entities controlled by Wexford. Tatex III recently completed a 3-D seismic survey on this concession.

Bakken. During 2005, we purchased a 20% ownership interest in Windsor Bakken, LLC, or Bakken. At the time of our acquisition, the remaining interests in Bakken were owned by entities controlled by Wexford. Beginning in 2005, Bakken acquired leases on undeveloped acreage in the Williston Basin areas of western North Dakota and eastern Montana. Effective January 1, 2008, we acquired a direct, undivided 20% interest in Bakken s assets in redemption of our 20% interest in Bakken. During May 2009, we sold approximately 12,270 net acres and approximately 190 net BOEPD of production, with an effective date of April 1, 2009, and during September 2009, we sold approximately 5,721 net acres, with an effective date of July 1, 2009. As of April 30, 2010, we held approximately 900 net acres, interests in four wells and an overriding royalty interest in certain wells that might be drilled in the future.

2010 Operational Highlights

Our oil and natural gas revenues increased 53% to $27.3 million for the three months ended March 31, 2010 from $17.9 million for the three months ended March 31, 2009.

Our net income increased 265% to $10.0 million for the three months ended March 31, 2010 from $2.7 million for the three months ended March 31, 2009.

Our production increased 3% to 444,000 barrels of oil equivalent, or BOE, for the three months ended March 31, 2010 from 431,000 BOE for the three months ended March 31, 2009. `

From January 1, 2010 through April 30, 2010, we drilled 14 wells and recompleted 29 wells.

We purchased approximately 2,400 additional acres in the Permian Basin in 2010, without giving effect to the pending Permian Basin acquisition described in more detail under Recent Developments below.

Our Strengths

We believe that the following strengths will help us achieve our business goals:

Exposure to oil rich resource base. We have interests in some of the most prolific oil plays in North America, including the Permian Basin in West Texas, the shallow waters of the Gulf of Mexico in Louisiana, the Canadian Oil Sands in Central Alberta and the Bakken Shale in North Dakota. Our pending acquisitions of certain assets in the Niobrara Shale of Colorado and additional acreage in the Permian Basin will further expand our portfolio. Approximately 95% of our 2009 production was oil and natural gas liquids.

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Inventory of low risk exploitation and development opportunities. We have identified a multi-year inventory of drilling locations that we believe provides attractive growth and return opportunities. We have focused our efforts on building an oil-weighted inventory of reserves because we anticipate that such inventory will provide, in the long-term, superior returns.

Experienced management and technical team with proven acquisition and operating capabilities. Our executive officers and technical personnel have an average of over 30 years of experience in the oil and natural gas exploration and production business. We believe that our drilling success rate of 91% over the last five years is attributable to our team s industry experience.

Our Business Strategy

Our business strategy is to increase stockholder value through the following:

Grow production and reserves by developing our large oil-rich resource base. Through the conversion of our proved undeveloped, probable and possible reserves, we will seek to grow our production, reserves and cash flow while generating high returns on invested capital.

Continue to pursue attractive acquisitions at attractive costs. We have grown and diversified our oil-rich reserve and resource base by making selective acquisitions. Over the last several years we have added interests in the Permian Basin and the Canadian Oil Sands to our original asset base along the Louisiana Gulf Coast. Upon completion of our pending acquisitions of certain assets in the Niobrara Shale and additional acreage in the Permian Basin, we expect to deepen and expand our oil-rich resource opportunities. These acquisitions are described in more detail under Recent Developments below.

Financial flexibility. We seek to maintain a conservative financial position. We expect that we will fund our capital development plans for 2010 from our operating cash flow and a portion of the net proceeds from this offering. As of March 31, 2010, our total debt was $50.2 million and our equity value was $480.1 million.

Our Offices

Our principal executive offices are located at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, and our telephone number is (405) 848-8807. Our website address is *www.gulfportenergy.com*. Information contained on our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

Recent Developments

As of April 30, 2010, we entered into a purchase and sale agreement with a private seller in which we agreed to acquire certain assets located in the Niobrara Shale in Colorado, which we refer to in this prospectus supplement as the Niobrara acquisition. Windsor Niobrara LLC, a company controlled by Wexford, has agreed to participate on a 50/50 basis with us in the Niobrara acquisition, but we will be the operator on the acreage. The assets to be acquired in the Niobrara acquisition consist of 48,935 gross (24,468 net) acres, with 23 gross proved undeveloped, or PUD, locations, 1.8 MMBO gross (0.9 MMBO net) of proved reserves based on our internal estimates and 114 gross (45 net) BOPD of production.

The Niobrara acquisition is scheduled to close in mid-June 2010, subject to customary closing conditions, with an effective date of April 1, 2010. The aggregate purchase price for the acquisition is $15.5 million, subject to closing adjustments. Our portion of the purchase price for the Niobrara acquisition is $7.75 million.

Effective November 1, 2007, we entered into an area of mutual interest agreement with Windsor Permian for the purpose of jointly acquiring oil and gas leases in the Permian Basin. Although not within the geographic limits of the area of mutual interest agreement, Windsor Permian offered us the opportunity to participate on a

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50/50 basis in the acquisition of 4,979 gross (2,489 net) undeveloped acres, with 124 gross drilling locations on 40-acre units, in the Permian Basin, which we refer to in this prospectus supplement as the Permian Basin acquisition. The Permian Basin acquisition will bring our total net acreage position in the Permian Basin to approximately 13,101 net acres. We agreed to pay \$7.6 million for our interest in the Permian Basin acquisition. Windsor Permian is a company controlled by Wexford.

We intend to fund our \$7.75 million portion of the purchase price for the Niobrara acquisition and \$7.6 million for our interest in the Permian Basin acquisition from the net proceeds of this offering. See Use of Proceeds included elsewhere in this prospectus supplement.

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The Offering

Common stock offered by us	1,481,481 shares
Common stock to be outstanding after this offering	44,192,603 shares
Over-allotment option granted by us	222,222 shares
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $19.0 million after deducting underwriting discounts and commissions and estimated offering expenses, or approximately $21.9 million if the underwriters exercise the over-allotment option in full. We intend to use the net proceeds from this offering to fund the purchase prices for our interests in the pending Niobrara and Permian Basin acquisitions. See Recent Developments and Use of Proceeds included elsewhere in this prospectus supplement. We intend to use the remaining net proceeds for general corporate purposes, which may include expenditures associated with our 2010 drilling programs.
NASDAQ Global Select Market symbol	GPOR
Dividend policy	We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future. In addition, our existing credit facilities limit our ability to pay dividends and make other distributions.
Risk factors	We are subject to a number of risks that you should carefully consider before deciding to invest in our common stock. These risks are discussed more fully in Risk Factors in the accompanying prospectus, as the same may be updated in our reports filed with the Securities and Exchange Commission.

The number of shares of common stock outstanding after the offering is based on 42,711,122 shares of common stock outstanding as of May 13, 2010, excluding 112,198 shares of restricted stock awarded under our 2005 Stock Incentive Plan but not yet vested. The number of shares outstanding does not include shares issuable upon the exercise of outstanding stock options held by our employees, officers and directors or warrants.

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Summary Financial Data

The following table summarizes our financial data as of and for each of the periods indicated. You should read the following summary financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q incorporated by reference into this prospectus supplement and the accompanying prospectus. The consolidated statements of operations data for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007 and the consolidated balance sheet data at December 31, 2009 and December 31, 2008 are derived from our audited consolidated financial statements appearing in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and the accompanying prospectus. The consolidated statements of operations data for the three months ended March 31, 2010 and March 31, 2009, and the consolidated balance sheet data at March 31, 2010 and March 31, 2009 are derived from our unaudited consolidated financial statements appearing in our Quarterly Reports on Form 10-Q for the first quarter of 2010 and 2009, respectively, incorporated by reference into this prospectus supplement and the accompanying prospectus. The historical data presented below is not indicative of future results. We did not pay any cash dividends on our common stock during any of the periods set forth in the following table.

	Fiscal Year Ended December 31,			Three Months Ended March 31,	
	2009	2008	2007	2010	2009
				(unaudited)	
Consolidated Statements of Operations Data:					
Revenues	$ 85,262,000	$ 141,217,000	$ 105,838,000	$ 27,355,000	$ 17,784,000
Costs and expenses:					
Lease operating expenses	16,316,000	22,856,000	16,670,000	4,176,000	4,987,000
Production taxes	9,797,000	15,813,000	12,667,000	3,192,000	1,885,000
Depreciation, depletion and amortization	29,225,000	42,472,000	29,681,000	7,925,000	7,420,000
Impairment of oil and natural gas properties		272,722,000			
General and administrative	4,992,000	6,843,000	5,802,000	1,382,000	1,136,000
Accretion expense	582,000	560,000	554,000	154,000	142,000
	60,912,000	361,266,000	65,374,000	16,829,000	15,570,000
Income (Loss) from Operations	24,350,000	(220,049,000)	40,464,000	10,526,000	2,214,000
Other (Income) Expense:					
Interest expense	2,309,000	4,762,000	3,091,000	718,000	633,000
Interest expense preferred stock					
Insurance recoveries	(1,050,000)	(769,000)			(1,050,000)
Settlement of fixed price contracts		(39,000,000)			
Interest income	(564,000)	(540,000)	(523,000)	(173,000)	(102,000)
	695,000	(35,547,000)	2,568,000	545,000	(519,000)
Income (Loss) before Income Taxes	23,655,000	(184,502,000)	37,896,000	9,981,000	2,733,000
Income Tax Expense	28,000		121,000		
Net Income (Loss)	23,627,000	(184,502,000)	37,775,000	9,981,000	2,733,000
Net Income (Loss) Available to Common Stockholders	$ 23,627,000	$ (184,502,000)	$ 37,775,000	$ 9,981,000	$ 2,733,000
Net Income (Loss) Per Common Share Basic:	$ 0.55	$ (4.33)	$ 1.03	$ 0.23	$ 0.06
Net Income (Loss) Per Common Share Diluted:	$ 0.55	$ (4.33)	$ 1.01	$ 0.23	$ 0.06

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	Year Ended December 31,		Three Months Ended March 31,	
	2009	2008	2010	2009
			(unaudited)	
Consolidated Cash Flow Information:				
Net cash provided by (used in):				
Operating activities	$ 53,299,000	$ 135,323,000	$ 14,967,000	$ 13,832,000
Investing activities	(39,246,000)	(136,823,000)	(13,757,000)	(13,106,000)
Financing activities	(18,273,000)	4,680,000	(2,223,000)	(5,699,000)

	At December 31,		At March 31,	
	2009	2008	2010	2009
			(unaudited)	
Consolidated Balance Sheet Data:				
Total assets	$ 227,344,000	$ 221,873,000	$ 236,689,000	$ 214,834,000
Total debt, including current maturity	$ 52,428,000	$ 70,731,000	$ 50,205,000	$ 65,029,000
Total liabilities	$ 102,293,000	$ 107,772,000	$ 96,467,000	$ 96,680,000
Stockholders equity	$ 125,051,000	$ 114,101,000	$ 140,222,000	$ 118,154,000

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Summary Operating and Reserve Data

The following estimates of net proved oil and natural gas reserves are based on reports prepared by Netherland, Sewell & Associates, Inc. with respect to our WCBB field (27% of our proved reserves at December 31, 2009), by Pinnacle Energy Services, LLC with respect to our assets in the Permian Basin in West Texas (58% or our proved reserves at December 31, 2009) and by our personnel with respect to our Hackberry fields and our overriding royalty and non-operated interests (15% of our proved reserves at December 31, 2009). For additional information, you should refer to Risk Factors, Properties Proved Oil and Natural Gas Reserves, Properties Production, Prices, and Production Costs and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and accompanying base prospectus.

	Year Ended December 31, 2009	2008	2007
Production Data			
Oil (MBbls)	1,531	1,584	1,501
Gas (MMcf)	491	712	816
Natural gas liquids (Gallons)	2,719	2,583	
Oil equivalents (Mboe)	1,677	1,764	1,637
Average Prices			
Oil (per Bbl)	$ 53.29(1)	$ 83.23(1)	$ 66.71(1)
Gas (per Mcf)	$ 4.06	$ 9.23	$ 7.40
Natural gas liquids (per Gallon)	$ 0.73	$ 1.26	$
Oil equivalents (per Boe)	$ 51.01(1)	$ 80.30(1)	$ 64.86(1)

	Year Ended December 31, 2009		2008		2007	
	Oil (MBbls)	Natural Gas (MMcf)	Oil (MBbls)	Natural Gas (MMcf)	Oil (MBbls)	Natural Gas (MMcf)
Estimated Proved Reserves						
Proved developed	6,165	4,325	7,072	7,187	7,116	6,746
Proved undeveloped	11,323	10,007	14,699	15,048	17,999	17,513
Total (2)	17,488	14,332	21,771	22,235	25,115	24,259

	Year Ended December 31, 2009	2008	2007
Total net proved oil and natural gas reserves (Mboe) (2)	19,877	25,477	29,158
PV-10 value (in millions) (3)	$ 263.0	$ 126.2	$ 821.2
Standardized measure (in millions) (4)	$ 240.8	$ 126.2	$ 668.3

(1) Includes fixed contract prices for oil at a weighted average price of:

June December 2007	$ 66.10
January December 2008	$ 78.56
January December 2009	$ 55.01

Excluding the net effect of the fixed price contracts, the average oil price for 2009 would have been $57.98 per barrel and $55.29 per barrel of oil equivalent. The total volume hedged for 2009 represented approximately 49% of our total oil sales volumes for the year. Excluding the net effect of the fixed price

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contracts, the average oil price for 2008 would have been $97.36 per barrel and $92.98 per barrel of oil equivalent. The total volume hedged for 2008 represented approximately 73% of our total oil sales volumes for the year. Excluding the net effect of the fixed price contracts, the average oil price for 2007 would have been $72.25 per barrel and $69.93 per barrel of oil equivalent. The total volume hedged for 2007 represented approximately 43% of our total oil sales volumes for the year.

(2) Estimates of reserves as of year-end 2009 were prepared using an average price equal to the unweighted arithmetic average of hydrocarbon prices received on a field-by-field basis on the first day of each month within the 12-month period ended December 31, 2009, in accordance with revised guidelines of the SEC applicable to reserves estimates as of year-end 2009. Estimates of reserves as of year-end 2008 and 2007 were prepared using constant prices and costs in accordance with previous guidelines of the SEC based on hydrocarbon prices received on a field-by-field basis as of December 31st of the applicable year. Reserve estimates do not include any value for probable or possible reserves that may exist, nor do they include any value for undeveloped acreage. The reserve estimates represent our net revenue interest in our properties. Although we believe these estimates are reasonable, actual future production, cash flows, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves may vary substantially from these estimates.

(3) Represents present value, discounted at 10% per annum, of estimated future net revenue before income tax of our estimated proven reserves. The estimated future net revenues set forth above were determined by using reserve quantities of proved reserves and the periods in which they are expected to be developed and produced based on certain prevailing economic conditions. The estimated future production in our reserve reports dated December 31, 2009 is priced based on the 12-month unweighted arithmetic average of the first-day-of-the month price for the period January through December 2009, using $57.90 per barrel and $3.87 per MMBtu and adjusted by lease for transportation fees and regional price differentials. The estimated future production in our reserve reports dated December 31, 2008 and 2007 is priced using constant year-end pricing of $41.00 per barrel and $5.71 per MMBtu and $92.50 per barrel and $6.80 per MMBtu, respectively, and adjusted by lease for transportation fees and regional price differentials.

PV-10 is a non-GAAP measure because it excludes income tax effects. Management believes that the presentation of the non-GAAP financial measure of PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and gas companies. PV-10 is not a measure of financial or operating performance under GAAP. PV-10 should not be considered as an alternative to the standardized measure as defined under GAAP. We have included a reconciliation of PV-10 to the most directly comparable GAAP measure standardized measure of discounted future net cash flows. The following table reconciles the standardized measure of future net cash flows to the PV-10 value:

	Year Ended December 31,		
	2009	**2008**	**2007**
Standardized measure of discounted future net cash flows	$ 240,774,000	$ 126,240,000	$ 668,295,000
Add: Present value of future income tax discounted at 10%	22,237,000		152,949,000
PV-10 value	$ 263,011,000	$ 126,240,000	$ 821,244,000

(4) The standardized measure represents the present value of estimated future cash inflows from proved oil and natural gas reserves, less future development, abandonment, production, and income tax expenses, discounted at 10% per annum to reflect timing of future cash flows and using the same pricing assumptions as were used to calculate PV-10. Standardized measure differs from PV-10 because standardized measure includes the effect of future income taxes.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, expects, plans, anticipates, intends, believes, estimates, projects, predicts, potential and similar ex identify forward-looking statements. All statements, other than statements of historical facts, included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves, including with respect to the assets we may acquire in the pending acquisition, and the present value thereof, future capital expenditures (including the amount and nature thereof), drilling activity, production, expenses, business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including those discussed under the heading Risk Factors in the accompanying prospectus and those discussed in the documents we have incorporated by reference including our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed subsequent to the filing of such Form 10-K. Consequently, all of the forward-looking statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference are qualified by these cautionary statements and we cannot assure you that the actual results or developments anticipated by us will be realized or, even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward looking statements, whether as a result of new information, future results or otherwise.

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USE OF PROCEEDS

We will receive net proceeds from this offering of approximately $19.0 million, after deducting underwriting discounts and commissions and estimated offering expenses, or approximately $21.9 million if the underwriters exercise the over-allotment option in full. We intend to use approximately $15.4 million of the net proceeds from this offering to fund the purchase prices for our interests in the pending Niobrara and Permian Basin acquisitions. See Summary Recent Developments. We intend to use the remaining net proceeds for general corporate purposes, which may include expenditures associated with our 2010 drilling programs. Pending the foregoing uses of the net proceeds from this offering, we intend to invest such net proceeds in cash and cash equivalents.

PRICE RANGE OF COMMON STOCK

Our common stock is listed and traded on The NASDAQ Global Select Market under the symbol GPOR. The following table includes the high and low sales prices for our common stock as reported on The NASDAQ Global Select Market for the periods presented.

	Price Range of Common Stock	
	High	**Low**
2008		
First Quarter	$ 19.41	$ 10.16
Second Quarter	17.67	10.43
Third Quarter	17.07	9.00
Fourth Quarter	10.03	2.87
2009		
First Quarter	$ 5.20	$ 1.50
Second Quarter	7.65	2.23
Third Quarter	8.99	5.23
Fourth Quarter	11.89	7.25
2010		
First Quarter	$ 12.68	$ 8.89
Second Quarter (through May 13, 2010)	15.25	10.60

The closing price of our common stock on The NASDAQ Global Select Market on May 13, 2010 was $13.92.

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UNDERWRITING

Johnson Rice & Company L.L.C. is acting as the representative for the several underwriters in this offering. Subject to the terms and conditions stated in the underwriting agreement dated May 13, 2010, each of the underwriters named below has severally agreed to purchase from us, and we have agreed to sell to such underwriters, the respective number of shares of our common stock shown opposite its name below:

Underwriters	Number of Shares
Johnson Rice & Company L.L.C.	1,037,037
Wunderlich Securities, Inc.	222,222
C.K. Cooper & Co.	222,222
Total	1,481,481

The underwriting agreement provides that the underwriters obligation to purchase shares of our common stock from us is subject to approval of legal matters by counsel and the satisfaction of the conditions contained in the underwriting agreement. The conditions contained in the underwriting agreement include the conditions that the representations and warranties made by us to the underwriters are true, that there has been no material adverse change to our condition or in the financial markets and that we deliver to the underwriters customary closing documents. The underwriters are obligated to purchase all of the shares of common stock (other than those covered by the over-allotment option described below) if they purchase any of the shares.

The underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover of this prospectus supplement. The underwriters may offer the shares to securities dealers at the price to the public less a selling concession not in excess of $0.3443 per share. After the shares of common stock are released for sale to the public, the underwriters may vary the offering price and other selling terms from time to time.

We have granted to the underwriters an option, exercisable for 30 days from the date of the underwriting agreement, to purchase up to 222,222 additional shares at the public offering price per share less the underwriting discount shown on the cover page of this prospectus supplement. The underwriters may exercise this option solely to cover over-allotments, if any, made in connection with this offering.

The following table summarizes the compensation to be paid to the underwriters by us in connection with this offering.

		Total	
	Per share	Without over-allotment	With over-allotment
Public offering price by us	$ 13.5000	$ 19,999,994	$ 22,999,991
Underwriting fees to be paid by us	$ 0.5738	$ 850,074	$ 977,585
Proceeds, before expenses, to us	$ 12.9262	$ 19,149,920	$ 22,022,406

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We estimate our expenses associated with the offering, excluding underwriting discounts and commissions, will be approximately $150,000.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the federal securities laws, or to contribute to payments that may be required to be made in respect of these liabilities.

We, and our officers and directors, have agreed that, for a period of 90 days from the date of this prospectus supplement, we and they will not, without the prior written consent of Johnson Rice & Company L.L.C., directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any share of common stock or any securities convertible into or exercisable or exchangeable for common stock, or file any registration statement under the Securities Act with respect to any of the foregoing or enter into any swap or any other agreement or transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the common stock, except for the sale to the underwriters in this offering, the issuance by us of any securities or options to purchase common stock under existing, amended or new employee benefit plans maintained by us and the filing of or amendment to any registration statement related to the foregoing, the issuance by us of securities in exchange for or upon conversion of our outstanding securities described herein, the filing of or an amendment to any registration statement pursuant to registration rights held by third parties not subject to a lock-up agreement, the filing of any registration statement on Form S-3, provided that no sales under such registration statement take place during such 90-day restricted period, or certain transfers in the case of officers or directors in the form of bona fide gifts, intra family transfers and transfers related to estate planning matters. Notwithstanding the foregoing, if (1) during the last 17 days of such 90-day restricted period we issue an earnings release or (2) prior to the expiration of such 90-day restricted period we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day restricted period, the foregoing restrictions shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release; provided, however, that this sentence will not apply if, as of the expiration of the restricted period, shares of our common stock are actively-traded securities as defined in Regulation M. Johnson Rice & Company L.L.C. has advised us that it does not have any present intent to release the lock-up agreements prior to the expiration of the applicable restricted period.

The underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Exchange Act. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Covered short sales are sales made in an amount not greater than the number of shares available for purchase by the underwriters under their over-allotment option. The underwriters may close out a covered short sale by exercising their over-allotment option or purchasing shares in the open market. Naked short sales are sales made in an amount in excess of the number of shares available under the over-allotment option. The underwriters must close out any naked short sale by purchasing shares in the open market. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the shares of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the shares of common stock originally sold by such syndicate member is purchased in a syndicate covering transaction to cover syndicate short positions. Penalty bids may have the effect of deterring syndicate members from selling to people who have a history of quickly selling their shares. In passive market making, market makers in the shares of common stock who are underwriters or prospective underwriters may, subject to certain limitations, make bids for or purchases of the shares of common stock until the time, if any, at which a stabilizing bid is made. These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the shares of common stock to be higher than it would otherwise be in the absence of these transactions. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

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From time to time, Johnson Rice & Company L.L.C. and its affiliates have, directly or indirectly, provided investment banking or financial advisory services to us or our affiliates for which they have received customary fees and commissions. They may provide these services to us or our affiliates from time to time in the future.

LEGAL MATTERS

The validity of shares of common stock offered by this prospectus supplement will be passed upon for us by Akin Gump Strauss Hauer & Feld LLP. Certain legal matters will be passed upon for the underwriters by Porter & Hedges, L.L.P.

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Prospectus

$100,000,000

Common Stock

Debt Securities

150,000 Shares of Common Stock

Offered by

the Selling Stockholder

We may offer and sell, from time to time in one or more offerings, shares of our common stock and debt securities that have an aggregate maximum offering price of $100,000,000. We may offer these securities separately or together, or in separate series. In addition, the selling stockholder identified in this prospectus under the heading Selling Stockholder may sell up to a total of 150,000 shares of our common stock from time to time under this prospectus and any prospectus supplement. We will not receive any proceeds from the sale of our common stock by the selling stockholder.

This prospectus provides you with a general description of the securities we or the selling stockholder may offer. Each time we or the selling stockholder sell securities, we will provide a supplement to this prospectus that contains specific information about the offering. The supplement may also add, update or change information contained in this prospectus. You should carefully read this prospectus, all prospectus supplements and all other documents incorporated by reference in this prospectus before you invest in our securities.

Investing in our securities involves a high degree of risks. See Risk Factors beginning on page 2.

Our common stock is quoted on The Nasdaq Global Select Market under the symbol GPOR. On July 12, 2007, the last reported sale price of our common stock on The Nasdaq Global Select Market was $21.77 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 18, 2007.

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ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we filed with the Securities and Exchange Commission, or SEC. Under this registration statement, we may sell up to a total of $100,000,000 of any combination of the securities described in this prospectus from time to time in one or more offerings and the selling stockholder may, from time to time, sell up to 150,000 shares of common stock in one or more offerings. This prospectus provides you with a general description of the securities we or the selling stockholder may offer. This prospectus does not contain all the information set forth in the registration statement as permitted by the rules of the SEC. Each time we or the selling stockholder sell securities, we will provide a supplement to this prospectus that will contain specific information about the terms of that offering. That prospectus supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should carefully read both this prospectus and any applicable prospectus supplement, together with the additional information described in this prospectus under the headings Where You Can Find More Information and Information Incorporated by Reference.

You should rely only on the information contained in this prospectus and in any applicable prospectus supplement, including any information incorporated by reference. Neither we nor the selling stockholder has authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information appearing in this prospectus, any prospectus supplement or any document incorporated by reference is accurate at any date other than as of the date of each such document. Our business, financial condition, results of operations and prospects may have changed since the date indicated on the cover page of such documents.

The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe any of these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

When used in this prospectus or in any supplement to this prospectus, the terms Gulfport, the Company, we, our and us refer to Gulfport En Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, expects, plans, anticipates, intends, believes, estimates, projects, predicts, potential and similar expressions intended to identify f statements. All statements, other than statements of historical facts, included in this prospectus and the documents incorporated by reference in this prospectus that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves and the present value thereof, future capital expenditures (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, plans, references to future success, reference to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current

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conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including those discussed under the heading Risk Factors in this prospectus and any prospectus supplement and those discussed in the documents we have incorporated by reference. Consequently, all of the forward-looking statements made in this prospectus, and the documents incorporated by reference in this prospectus, are qualified by these cautionary statements and we cannot assure you that the actual results or developments anticipated by us will be realized or, even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward looking statements, whether as a result of new information, future results or otherwise.

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OUR COMPANY

We are an independent oil and natural gas exploration and production company with our principal properties located along the Louisiana Gulf Coast. Our operations are concentrated in two fields: West Cote Blanche Bay, or WCBB, and the Hackberry fields. We seek to achieve reserve and production growth and increase our cash flow through our annual drilling programs.

The WCBB field lies approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. We own a 100% working interest (79.4% net revenue interest, or NRI), and are the operator, in depths above the base of the 13900 Sand which is located at 11,320 feet. In addition, we own a 40.4% non-operated working interest (30.0% NRI) in depths below the base of the 13900 Sand, which is operated by Chevron Corporation. Our leasehold interests at WCBB contain 5,668 gross acres.

The East Hackberry field is located along the western shore of Lake Calcasieu in Louisiana, 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 79% average NRI) in certain producing oil and natural gas properties situated in the East Hackberry field. We hold beneficial interests in approximately 4,150 acres, including the Erwin Heirs Block, which is located on land, and the adjacent State Lease 50 Block, which is located primarily in the shallow waters of Lake Calcasieu. In addition, we recently exercised our option to acquire additional acreage at the Hackberry field. The option will increase our acreage position significantly to approximately 7,450 acres, an increase of approximately 3,300 acres. State approval on the lease is pending.

The West Hackberry field is located on land and is five miles west of Lake Calcasieu in Cameron Parish, Louisiana, approximately 85 miles west of Lafayette and 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 87.5% NRI) in 592 acres within the West Hackberry field. Our leases at West Hackberry are located within two miles of one of the United States Department of Energy s Strategic Petroleum Reserves.

We also hold ownership interests in entities that operate in Southeast Asia, Canada and the Williston Basin area of western North Dakota and eastern Montana.

We were organized in June 1997. Our principal executive offices are located at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, and our telephone number is (405) 848-8807. Our website address is *www.gulfportenergy.com*. Information contained on our website does not constitute a part of this prospectus.

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RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the following risks and all other information contained or incorporated by reference in this prospectus before deciding to invest in our securities. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of our common stock and our ability to meet our obligations under our debt securities could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

The volatility of oil and natural gas prices due to factors beyond our control greatly affects our profitability.

Our revenues, operating results, profitability, future rate of growth and the carrying value of our oil and natural gas properties depend primarily upon the prevailing prices for oil and natural gas. Historically, oil and natural gas prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control, including:

- worldwide and domestic supplies of oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the expected rates of declining current production;
- weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area;
- the level of consumer demand;
- the price and availability of alternative fuels;
- technical advances affecting energy consumption;
- risks associated with operating drilling rigs;
- the availability of pipeline capacity;
- the price and level of foreign imports;
- domestic and foreign governmental regulations and taxes;

- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;

- political instability or armed conflict in oil and natural gas producing regions; and

- the overall economic environment.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. For example, over the last three years, the West Texas Intermediate posted price for crude oil has ranged from a low of $30.83 per barrel, or bbl, in January 2004 to a high of $71.17 per bbl in July 2006. The Henry Hub spot market price of natural gas has ranged from a low of $4.20 per million British thermal units, or MMBtu, in October 2006 to a high of $13.93 per MMBtu in October 2005. Until recently, these prices have generally been at historically high levels. On July 12, 2007, the West Texas Intermediate posted price for crude oil was $72.50 per bbl for crude oil and the Henry Hub spot market price of natural gas was $6.655 per MMBtu. Any substantial decline in the price of oil and natural gas will likely have a material adverse effect on our operations, financial condition and level of expenditures for the development of our oil and natural gas reserves, and may result in write downs of oil and natural gas properties due to ceiling test limitations.

Our success depends on finding, developing or acquiring additional reserves.

Our future success depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves will generally decline as reserves are depleted,

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except to the extent that we conduct successful exploration or development activities or acquire properties containing proved reserves, or both. To increase reserves and production, we undertake development, exploration and other replacement activities or use third parties to accomplish these activities. We make and expect to continue to make substantial capital expenditures in our business and operations for the development, production, exploration and acquisition of oil and natural gas reserves. To date, we have financed capital expenditures primarily with cash flow from operations, the issuance of equity securities and borrowings under our bank and other credit facilities. Our cash flow from operations and access to capital are subject to a number of variables, including:

- our proved reserves;
- the level of oil and natural gas we are able to produce from existing wells;
- the prices at which oil and natural gas are sold; and
- our ability to acquire, locate and produce new reserves.

We cannot assure you that we will have sufficient resources to undertake our exploration and development activity, production and acquisition of oil and natural gas reserves, that our exploratory projects or other replacement activities will result in significant additional reserves or that we will have success drilling productive wells at low finding and development costs. Furthermore, although our revenues may increase if prevailing oil and natural gas prices increase significantly, our finding costs for additional reserves could also increase.

Our failure to successfully identify, complete and integrate future acquisitions of properties or businesses could reduce our earnings and slow our growth.

There is intense competition for acquisition opportunities in our industry. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions. Our ability to complete acquisitions is dependent upon, among other things, our ability to obtain debt and equity financing and, in some cases, regulatory approvals. Completed acquisitions could require us to invest further in operational, financial and management information systems and to attract, retain, motivate and effectively manage additional employees. The inability to effectively manage the integration of acquisitions could reduce our focus on subsequent acquisitions and current operations, which, in turn, could negatively impact our earnings and growth. Our financial position and results of operations may fluctuate significantly from period to period, based on whether or not significant acquisitions are completed in particular periods.

Our Canadian oil sands project is a complex undertaking and may not be completed on schedule or at budgeted cost or at all.

During the third quarter of 2006, we purchased a 25% interest in Grizzly Oil Sands ULC, a Canadian unlimited liability company holding leases in the Athabasca region located in northern Alberta Province, Canada near Fort McMurray in the same area as existing oil sands projects. The remaining interests of Grizzly are owned by other entities controlled by Wexford, an affiliate of ours. As of December 31, 2006, our net investment in Grizzly was approximately $8.5 million. As of July 12, 2007, Grizzly had approximately 400,000 acres under lease. Grizzly drilled 62 core holes during the 2006/2007 winter delineation drilling season and tested three separate lease blocks with four drilling rigs. Core hole samples have been collected and sent to a lab to assess the quantity and thickness of the bitumen in place on our acreage. Future plans may include continuing to acquire leases, additional core hole drilling during the 2007/2008 winter drilling season, and possible construction of a 10,000 barrel per day steam assisted gravity drainage facility as soon as 2008, which could lead to initial production in 2009. Gross capital expenditures for such production facility are currently estimated to be between $225.0 million and $250.0 million. This is a complex project and financing has not yet been secured. There can be no assurance that this project can be completed on schedule, at our estimated cost or at all.

Shortage of rigs, equipment, supplies or personnel may restrict our operations.

The oil and natural gas industry is cyclical, and at the present time there is a shortage of drilling rigs, equipment, supplies and personnel. The costs and delivery times of rigs, equipment and supplies has increased as

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drilling activities have increased. In addition, demand for, and wage rates of, qualified drilling rig crews have risen with increases in the number of active rigs in service. In accordance with customary industry practice, we rely on independent third party service providers to provide most of the services necessary to drill new wells. Shortages of drilling rigs, equipment, supplies, personnel, trucking services, tubulars, fracing and completion services and production equipment could delay or restrict our exploration and development operations, which in turn could impair our financial condition and results of operations.

We rely on a few key employees whose absence or loss could disrupt our operations resulting in a loss of revenues.

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services, particularly the loss of Mike Liddell, our Chairman of the Board, James D. Palm, our Chief Executive Officer, Michael G. Moore, our Chief Financial Officer, or our two geophysicists, Stuart Maier and Randy Wilson, could disrupt our operations resulting in a loss of revenues. We do not have an employment contract with any of our executives, with the exception of Mr. Liddell, and our executives are not restricted from competing with us if they cease to be employed by us. Additionally, as a practical matter, any employment agreement we may enter into will not assure the retention of our employees. In addition, we do not maintain key person life insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

Estimates of oil and natural gas reserves are uncertain and may vary substantially from actual production.

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of expenditures, including many factors beyond our control. The reserve information incorporated by reference in this prospectus represents only estimates based on reports prepared by Netherland, Sewell & Associates, Inc. as of December 31, 2006 with respect to our WCBB field and by our personnel with respect to our Hackberry fields and our overrides and non-operated interests. Petroleum engineering is not an exact science. Information relating to our proved oil and natural gas reserves is based upon engineering estimates. Estimates of economically recoverable oil and natural gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, future site restoration and abandonment costs, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs, severance and excise taxes, capital expenditures and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

The present value of future net revenues from our proved reserves is not necessarily the same as the current market value of our estimated oil and natural gas reserves. We base the estimated discounted future net revenue from our proved reserves on prices and costs in effect on the day of estimate. However, actual future net revenues from our oil and natural gas properties also will be affected by factors such as:

- actual prices we receive for oil and natural gas;
- the amount and timing of actual production;
- supply of and demand for oil and natural gas; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of costs in connection with the development and production of oil and natural gas properties will affect the timing of actual future net revenues from proved

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reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net cash flows may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general.

The marketability of our production is dependent upon gathering lines, transportation barges and other facilities that we do not control. When these facilities are unavailable, our operations can be interrupted and our revenues reduced.

The marketability of our oil and natural gas production depends in part upon the availability, proximity and capacity of natural gas lines and transportation barges owned by third parties. In general, we do not control these facilities and our access to them may be limited or denied due to circumstances beyond our control. A significant disruption in the availability of these facilities could adversely impact our ability to deliver to market the oil and natural gas we produce and thereby cause a significant interruption in our operations. We are at particular risk with respect to oil and natural gas produced at our WCBB field, which is our largest field. In October 2006, for example, a natural gas line in this field operated by our natural gas purchaser was ruptured by a third party contractor, requiring the field to be shut in for approximately seven weeks until the line could be repaired. Further, we are dependent on our oil purchaser to provide the barges necessary to transport our oil production from the WCBB field. The increasing demand for transportation barges in the Louisiana Gulf Coast region has adversely impacted our ability to transport our oil production from the tank batteries in our field to shore for delivery. This has required us to shut in or curtail production from time to time as we have only limited storage capacity in the field. If, in the future, we are unable, for any sustained period, to implement acceptable delivery or transportation arrangements, we will be required to again shut in or curtail production from the field. Any such shut in or curtailment, or an inability to obtain favorable terms for delivery of the oil and natural gas produced from the field, would adversely affect our financial condition and results of operations.

Substantially all of our producing properties are located in Louisiana, making us vulnerable to risks associated with operating in this region.

Our operations are concentrated in Louisiana and our largest field, WCBB, is located approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. As a result, we may be disproportionately exposed to the impact of delays or interruptions of production from this region caused by weather conditions such as fog or rain, hurricanes or other natural disasters, or lack of field infrastructure. Losses could occur for uninsured risks or in amounts in excess of any existing insurance coverage. We cannot assure you that we will be able to obtain and maintain adequate insurance at rates we consider reasonable or that any particular types of coverage will be available.

Our identified drilling locations comprise an estimation of part of our future drilling plans over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.

We have identified over 200 drilling locations on our Louisiana properties. These drilling locations represent a significant part of our growth strategy. Our ability to drill and develop these locations depends on a number of uncertainties, including the availability of capital, oil and natural gas prices, inclement weather, costs and drilling results. Because of these uncertainties, we do not know if the numerous potential drilling locations we have identified will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. As such, our actual drilling activities may materially differ from those presently identified, which could adversely affect our business.

Operating hazards and uninsured risks may result in substantial losses.

Our operations are subject to all of the hazards and operating risks inherent in drilling for and production of oil and natural gas, including the risk of fire, explosions, blowouts, pipe failure, abnormally pressured formations and environmental hazards such as oil spills, gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these events could result in substantial losses to us due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. For example, in October 2006, an accident occurred north of our production facilities in the WCBB field in southern Louisiana involving two contracted vessels that were performing work on our behalf in the field. A tugboat and two barges laden with construction materials ruptured an underwater natural gas pipeline and a subsequent fire damaged the vessels. Six fatalities resulted from the accident, which is currently under investigation by the National Transportation Safety Board and the United States Coast Guard. Several lawsuits relating to this incident have been filed against us, among other parties. Information with respect to this litigation is incorporated by reference in this prospectus from our reports that we file with the SEC. Litigation is inherently uncertain and its outcome cannot be predicted at this time; however, if this litigation is not resolved in a manner that is favorable to us, our financial condition and results of operations may be negatively impacted.

In accordance with customary industry practice, we historically have maintained insurance against some, but not all, of our business risks. We cannot assure you that our insurance will be adequate to cover any losses or liabilities we may suffer. We also cannot predict the continued availability of insurance, or its availability at premium levels that justify its purchase. In addition, we understand that insurance carriers are modifying or otherwise restricting insurance coverage or ceasing to provide certain types of insurance coverage in the Gulf Coast region. We may also be liable for environmental damage caused by previous owners of properties purchased by us, which liabilities may not be covered by insurance.

Our operations are subject to various governmental regulations which require compliance that can be burdensome and expensive.

Our oil and natural gas operations are subject to various federal, state and local governmental regulations that may be changed from time to time in response to economic and political conditions. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and natural gas wells below actual production capacity to conserve supplies of oil and gas. In addition, the production, handling, storage, transportation, emission and disposal of oil and gas, by-products thereof and other substances and materials produced or used in connection with oil and natural gas operations are subject to regulation under federal, state and local laws and regulations relating to protection of human health and the environment. These laws and regulations have continually imposed increasingly strict requirements for water and air pollution control and waste management. Significant expenditures may be required to comply with governmental laws and regulations applicable to us. We believe the trend of more expansive and stricter environmental legislation and regulations will continue.

We face extensive competition in our industry.

The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources. Many of these companies not only explore for and produce oil and natural gas, but also carry on midstream and refining operations and market petroleum and other products on a regional, national or worldwide basis. These competitors may be better positioned to take advantage of industry opportunities and to withstand changes affecting the industry, such as fluctuations in oil and natural gas prices and production, the availability of alternative energy sources and the application of government regulation.

We depend upon two customers for the sale of most of our oil and natural gas production.

The availability of a ready market for any oil and natural gas we produce depends on numerous factors beyond the control of our management, including but not limited to the extent of domestic production and

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imports of oil, the proximity and capacity of gas pipelines, the availability of skilled labor, materials and equipment, the effect of state and federal regulation of oil and natural gas production and federal regulation of gas sold in interstate commerce. The oil and natural gas we produce in Louisiana is sold to purchasers who service the areas where our wells are located. We sell the majority of our oil to Shell Trading Company, or Shell. Shell takes custody of the oil at the outlet from our oil storage barge. At March 31, 2007, our production was being sold in accordance with the posted price for West Texas/New