

Yuma Energy, Inc.
Form 10-Q
November 14, 2016

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 quarterly period ended September 30, 2016

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: 001-32989

Yuma Energy, Inc.
(Exact name of registrant as specified in its charter)

CALIFORNIA 94-0787340
(State or other jurisdiction of incorporation) (IRS Employer Identification No.)

1177 West Loop South, Suite 1825
Houston, Texas 77027
(Address of principal executive offices) (Zip Code)

(713) 968-7000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former 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 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.

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Larger accelerated filer

Accelerated filer

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

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

At October 25, 2016, 3,775,636 shares of the registrant's common stock, no par value, were outstanding.

Explanatory Note

On February 10, 2016, Yuma Energy, Inc., a California corporation (the “Company”), Yuma Energy, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Yuma Delaware”), Yuma Merger Subsidiary, Inc., a Delaware corporation and wholly owned subsidiary of Yuma Delaware (“Merger Subsidiary”), and Davis Petroleum Acquisition Corp. (“Davis”) entered into an agreement and plan of merger and reorganization, as subsequently amended on September 2, 2016 (the “Merger Agreement”), providing for the merger of the Company with and into Yuma Delaware (the “Reincorporation Merger”) and the merger of Merger Subsidiary with and into Davis (the “Merger”). The Reincorporation Merger and the Merger were consummated on October 26, 2016. In connection with the Reincorporation Merger, the Company converted each outstanding share of its 9.25% Series A Cumulative Redeemable Preferred Stock, no par value per share (the “Series A Preferred Stock”), into 35 shares of its common stock, no par value per share (the “Common Stock”), and then each outstanding share of Common Stock was exchanged for one-twentieth of one share of common stock, \$0.001 par value per share, of Yuma Delaware (the “Yuma Delaware Common Stock”). In connection with the Merger, Yuma Delaware issued approximately 7,455,000 shares of Yuma Delaware Common Stock to former holders of common stock of Davis and approximately 1,754,000 shares of Series D Convertible Preferred Stock, \$0.001 par value per share (the “Series D Preferred Stock”), of Yuma Delaware, to former holders of Davis preferred stock. After the Reincorporation Merger and the Merger, Yuma Delaware had approximately 12,201,000 shares of Yuma Delaware Common Stock issued and outstanding.

This Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2016, is being filed by its successor company, Yuma Delaware. The financial information in this Quarterly Report and the accompanying management’s discussion and analysis reflect the corporate status of the reporting entity as it was at September 30, 2016.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Yuma Energy, Inc.

CONSOLIDATED BALANCE SHEETS

	September 30,	December 31,
	2016	2015
	(Unaudited)	(As Restated)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$1,831,928	\$5,355,191
Accounts receivable, net of allowance for doubtful accounts:		
Trade	2,942,948	2,829,266
Officers and employees	65,153	75,404
Other	338,461	633,573
Commodity derivative instruments	1,016,583	2,658,047
Prepayments	321,237	704,523
Other deferred charges	29,921	415,740
Total current assets	6,546,231	12,671,744
OIL AND GAS PROPERTIES (full cost method):		
Not subject to amortization	15,336,916	14,288,716
Subject to amortization	205,331,835	204,512,038
	220,668,751	218,800,754
Less: accumulated depreciation, depletion and amortization	(134,312,088)	(117,304,945)
Net oil and gas properties	86,356,663	101,495,809
OTHER PROPERTY AND EQUIPMENT:		
Land, buildings and improvements	2,795,000	2,795,000
Other property and equipment	3,497,948	3,460,507
	6,292,948	6,255,507
Less: accumulated depreciation and amortization	(2,361,010)	(2,174,316)

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Net other property and equipment	3,931,938	4,081,191
OTHER ASSETS AND DEFERRED CHARGES:		
Commodity derivative instruments	177,724	1,070,541
Deposits	414,064	264,064
Other noncurrent assets	-	38,104
Total other assets and deferred charges	591,788	1,372,709
TOTAL ASSETS	\$97,426,620	\$119,621,453

The accompanying notes are an integral part of these financial statements.

Yuma Energy, Inc.
 CONSOLIDATED BALANCE SHEETS – CONTINUED

	September 30,	December 31,
	2016	2015
	(Unaudited)	(As Restated)

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Current maturities of debt	\$29,800,000	\$30,063,635
Accounts payable, principally trade	6,378,942	7,933,664
Commodity derivative instruments	74,331	-
Asset retirement obligations	243,711	70,000
Other accrued liabilities	2,593,813	1,781,484