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HALLADOR PETROLEUM CO
Form 8-K
October 06, 2004

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) October 6, 2004
(September 30, 2004)

HALLADOR PETROLEUM COMPANY
(Exact name of registrant as specified in charter)

Colorado	0-14731	84-1014610
(State or other juris- diction of incorporation)	(Commission file number)	(IRS Employer Identification No.)

1660 Lincoln Street, Suite 2700, Denver, CO 80264
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 303.839.5504

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 240.13c-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets

On September 30, 2004, Hallador Petroleum Company completed the sale of its South Cuyama oil and gas field, located in Santa Barbara County, California to E&B Natural Resources Management Corporation, a California corporation.

Item 9.01 - Financial Statements and Exhibits

PRO FORMA FINANCIAL INFORMATION OF HALLADOR PETROLEUM COMPANY

The following condensed consolidated pro forma financial statements of Hallador Petroleum Company have been prepared to give effect to the disposition of the South Cuyama Field, Santa Barbara County, California.

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The pro forma adjustments column reflects cash proceeds of about \$18 million, the note receivable of \$3.5 million, estimated tax payable of about \$1 million, bonuses paid to employees of about \$1.6 million and an estimated gain on sale of about \$16 million. The condensed consolidated pro forma financial statements have been derived from and should be read in conjunction with Hallador Petroleum Company's historical consolidated financial statements contained in its Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003 and its Quarterly Report on Form 10-QSB for the quarter ended June 30, 2004. The unaudited Condensed Consolidated Pro Forma Balance Sheet as of June 30, 2004 gives effect to the sale of the South Cuyama Field as if it had occurred on June 30, 2004. The Unaudited Condensed Consolidated Pro Forma Statements of Operations for the year ended December 31, 2003 and the six-month period ended June 30, 2004 give effect to the sale of the South Cuyama Field assuming the sale was consummated as of January 1, 2003. The pro forma financial information is based on Hallador Petroleum Company's previously reported historical financial statements and is adjusted for the assumptions and estimates described above. The assumptions and estimates underlying the pro forma adjustments are based on the information currently available to Hallador Petroleum Company and may be subject to change. The unaudited pro forma statements of operations are not necessarily indicative of the financial results that would have been realized had the sale of the South Cuyama Field occurred on the indicated dates, nor are they necessarily indicative of future financial results. In addition, results for the six-month period presented herein are not necessarily indicative of results for a full year's operations.

A copy of the Purchase and Sale Agreement was previously filed as part of our Form 10-QSB for the quarter ended June 30, 2004 as Exhibit 99.

HALLADOR PETROLEUM COMPANY
 UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET
 AS OF JUNE 30, 2004
 (in thousands)

	Hallador Historical -----	Less SCU Historical -----	Pro-forma Adjustments -----	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,169	\$	\$18,000	\$(1,600)
Accounts receivable -				
Oil and gas sales	1,142	1,062		
Well operations	326	193		
Note receivable			3,500	
	-----	-----	-----	-----
Total current assets	5,637	1,255	21,500	(1,600)
	-----	-----	-----	-----
Oil and gas properties, at cost				
(successful efforts)				
Unproved properties	392	94		
Proved properties	26,185	23,886		
Less - accumulated depreciation, depletion, amortization and impairment	(20,225)	(18,500)		
	-----	-----		
	6,352	5,480		
	-----	-----		
Oil and gas operator bonds	216			
California plug and abandonment deposits	365	365		
Investment in Catalytic Solutions	150			

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Other assets	50			
	-----	-----	-----	-----
	\$12,770	\$ 7,100	\$21,500	\$ (1,600)
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilites:				
Accounts payable and accrued liabilities	\$ 812	\$ 404	\$	
Oil and gas sales payable	660	264		
Income taxes			1,000	
	-----	-----	-----	
Total current liabilites	1,472	668	1,000	
	-----	-----	-----	
Key employee bonus plan	284	284		
	-----	-----		
Future site restoration	1,346	1,286		
	-----	-----		
Minority interest	5,342		4,200	
	-----		-----	
Commitments and contingencies:				
Stockholder's equity:				
Preferred stock, \$.10 par value; 10,000,000 shares authorized, none issued				
Common stock, \$.01 par value; 100,000,000 shares authorized, 7,093,150 shares issued	71			
Additional paid-in capital	18,061			
Accumulated deficit	(13,806)		(5,200)	15,038
	-----		-----	-----
	4,326		(5,200)	15,038
	-----	-----	-----	-----
	\$12,770	\$ 2,238	\$ 0	\$15,038
	=====	=====	=====	=====

HALLADOR PETROLEUM COMPANY
 UNAUDITED CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS
 AS OF DECEMBER 31, 2003
 (in thousands)

	Hallador Historical	Less SCU Historical	Consolidated Pro-forma
	-----	-----	-----
Revenue:			
Oil	\$ 7,600	\$ 7,410	\$ 190
Gas	1,745	990	755
Crude oil class action settlement	155	155	
Other	120	50	70
	-----	-----	-----
	9,620	8,605	1,015
	-----	-----	-----
Costs and expenses:			
Lease operating	5,350	5,122	228
Exploration costs			
Geological and geophysical	52	52	
Dry hole expense	426	426	
Plug and abandonment	103		103
Delay rentals	107	20	87
Impairment-unproved properties	67		67
Depreciation, depletion and amortization	1,160	972	188
General and administrative	1,140	445	695

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California income tax (refund)	85	85	
	-----	-----	-----
	8,490	7,122	1,368
	-----	-----	-----
Income (loss) before cumulative effect of change in accounting principle	1,130	1,483	(353)
Cumulative effect of change in accounting principal	(180)	(180)	
	-----	-----	-----
Income (loss) before minority interest	950	1,303	(353)
Minority interest	(285)	(391)	106
	-----	-----	-----
Net income (loss)	\$ 665	\$ 912	\$ (247)
	=====	=====	=====
Income (loss) per share-basic and diluted:			
Before cumulative effect of change in accounting principal	\$ 0.11		\$ (0.03)
Cumulative effect of change in accounting principal	(0.02)		
	-----		-----
Net income (loss) per share	\$ 0.09		\$ (0.03)
	=====		=====
Weighted average shares outstanding basic and diluted	7,093		7,093
	=====		=====

HALLADOR PETROLEUM COMPANY
 UNAUDITED CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS
 FOR THE SIX MONTHS ENDED JUNE 30, 2004
 (in thousands)

	Hallador Historical	Less SCU Historical	Consolidated Pro-forma
	-----	-----	-----
Revenue:			
Oil	\$ 3,852	\$ 3,745	\$ 107
Gas	955	628	327
Other	126	115	11
	-----	-----	-----
	4,933	4,488	445
	-----	-----	-----
Costs and expenses:			
Lease operating	2,691	2,608	83
Exploration costs	140	9	131
Depreciation, depletion and amortization	530	506	24
General and administrative	587	208	379
	-----	-----	-----
	3,948	3,331	617
	-----	-----	-----
Income (loss) before minority interest	985	1,157	(172)
Minority interest	(296)	(347)	51
	-----	-----	-----
Net income (loss)	\$ 689	\$ 810	\$ (121)
	=====	=====	=====
Income (loss) per share	\$ 0.10*		\$ (0.02)
	=====		=====
Weighted average shares outstanding basic	7,093		7,093
	=====		=====

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*Diluted income per share was \$.09 and diluted weighted average shares outstanding were 7,500.

Unaudited Pro Forma Proved Reserves
(in thousands)

	Oil (BBLs) -----	Gas (MCF) -----
Balance at December 31, 2003	1,649	2,384
Less SCU	(1,553)	(713)
Pro Forma Balance	96	1,671
	=====	=====
Net of 30% minority interest	67	1,170
	=====	=====

There are no significant proved undeveloped reserves.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HALLADOR PETROLEUM COMPANY

Dated: October 6, 2004

By: /s/ VICTOR P. STABIO
Chief Executive Officer
and President