

TENGASCO INC
Form 10-Q
November 14, 2018

U.S. Securities and Exchange Commission
Washington, D.C. 20549
Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

Commission File No. 1-15555

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

Delaware 87-0267438
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

8000 E. Maplewood Ave, Suite 130, Greenwood Village, CO 80111
(Address of principal executive offices)

720-420-4460
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 10,639,290 common shares at November 5, 2018.

TABLE OF CONTENTS

	PAGE
PART I. FINANCIAL INFORMATION	
ITEM 1. FINANCIAL STATEMENTS	
* <u>Unaudited Condensed Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017</u>	3
* <u>Unaudited Condensed Consolidated Statements of Operations for the three months and nine months ended September 30, 2018 and 2017</u>	5
* <u>Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017</u>	6
* <u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	20
ITEM 4. CONTROLS AND PROCEDURES	21
PART II.	
<u>OTHER INFORMATION</u>	21
<u>ITEM 1. LEGAL PROCEEDINGS</u>	21
<u>ITEM 1A. RISK FACTORS</u>	21
<u>ITEM 2. UNREGISTERD SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	21
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	21
<u>ITEM 4. MINE SAFTY DISCLOSURES</u>	21
<u>ITEM 5. OTHER INFORMATION</u>	21
<u>ITEM 6. EXHIBITS</u>	22
* <u>SIGNATURES</u>	23
* <u>CERTIFICATIONS</u>	

Table of Contents

Tengasco, Inc. and Subsidiaries
 Condensed Consolidated Balance Sheets
 (unaudited)
 (in thousands, except share data)

	September 30, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents	\$ 3,402	\$ 185
Accounts receivable, less allowance for doubtful accounts of \$14	695	517
Accounts receivable – related party, less allowance for doubtful accounts of \$159	—	—
Inventory	646	541
Other current assets	173	134
Discontinued operations included in current assets	—	121
Total current assets	4,916	1,498
Loan fees, net	10	13
Oil and gas properties, net (full cost accounting method)	4,839	4,720
Other property and equipment, net	212	135
Accounts receivable - noncurrent	121	242
Discontinued operations included in non-current assets	—	1,497
Total assets	\$ 10,098	\$ 8,105

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

Tengasco, Inc. and Subsidiaries
 Condensed Consolidated Balance Sheets
 (unaudited)
 (in thousands, except share data)

	September 30, 2018	December 31, 2017
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable – trade	\$ 361	\$ 181
Accounts payable – other	159	159
Accrued and other current liabilities	250	187
Current maturities of long-term debt	60	41
Discontinued operations included in current liabilities	—	43
Total current liabilities	830	611
Asset retirement obligation	2,363	2,270
Long term debt, less current maturities	76	49
Total liabilities	3,269	2,930
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, 25,000,000 shares authorized:		
Series A Preferred stock, \$0.0001 par value, 10,000 shares designated; 0 shares issued and outstanding	—	—
Common stock, \$.001 par value, authorized 100,000,000 shares, 10,624,493 and 10,619,924 shares issued and outstanding	11	11
Additional paid-in capital	58,257	58,253
Accumulated deficit	(51,439)	(53,089)
Total stockholders' equity	6,829	5,175
Total liabilities and stockholders' equity	\$ 10,098	\$ 8,105

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

Tengasco, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(unaudited)

(in thousands, except share and per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Oil and gas properties	\$ 1,654	\$ 1,035	\$ 4,497	\$ 3,383
Total revenues	1,654	1,035	4,497	3,383
Cost and expenses				
Production costs and taxes	862	907	2,502	2,595
Depreciation, depletion, and amortization	219	210	599	658
General and administrative	288	268	896	860
Total cost and expenses	1,369	1,385	3,997	4,113
Net income (loss) from operations	285	(350)	500	(730)
Other income (expense)				