

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

FORM 10-QSB

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

OR

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003  
Commission File Number 000-19514

Gulfport Energy Corporation

-----  
(Name of small business issuer in its charter)

Delaware

73-1521290

-----  
(State or other jurisdiction of  
Incorporation or organization)

-----  
(IRS Employer  
Identification Number)

14313 North May Avenue, Suite 100  
Oklahoma City, Oklahoma 73134  
(405) 848-8807

-----  
(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive office)

Securities registered pursuant to Section 12(b) of the Act:

Not Applicable

Securities registered pursuant to Section 12(g) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, \$0.01 par value	None

Indicate by a 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 .

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GULFPORT ENERGY CORPORATION

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FORM 10-QSB QUARTERLY REPORT

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**GULFPORT ENERGY CORPORATION**

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**  
June 30, 2003 and 2002

*Forming a part of Form 10-QSB Quarterly Report to the Securities and Exchange Commission*

*This quarterly report on Form 10-QSB should be read in conjunction with Gulfport Energy Corporation's Annual Report on Form 10-KSB for the year ended December 31, 2002.*

## GULFPORT ENERGY CORPORATION

## BALANCE SHEET

June 30,  
2003  
(Unaudited)

## Assets

&lt;TABLE&gt;

&lt;CAPTION&gt;

Current assets:

&lt;S&gt;

&lt;C&gt;

Cash and cash equivalents	\$ 1,617,000
Accounts receivable, net of allowance for doubtful accounts of \$239,000	1,848,000
Accounts receivable - related party	206,000
Prepaid expenses and other current assets	175,000

Total current assets	3,846,000
----------------------	-----------

Property and equipment:

Oil and natural gas properties	125,512,000
Other property and equipment	1,894,000
Accumulated depletion, depreciation, amortization	(74,913,000)

Property and equipment, net	52,493,000
-----------------------------	------------

Other assets

2,944,000

Total assets	\$ 59,283,000
--------------	---------------

## Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 5,579,000
Accrued payable - royalty audit	439,000
Asset retirement obligation - current	480,000
Current maturities of long-term debt	21,000

Total current liabilities	6,519,000
---------------------------	-----------

Asset retirement obligation - long-term	7,038,000
Long-term debt	108,000

Total liabilities	13,665,000
-------------------	------------

Commitments and contingencies

Redeemable 12% cumulative preferred stock, Series A, \$.01 par value, with a redemption and liquidation value of \$1,000 per share; 15,000 authorized, 11,058 issued and outstanding at June 30, 2003	11,058,000
--	------------

Preferred stock, \$.01 par value; 4,985,000 authorized at June 30, 2003, none issued	-
---	---

Common stockholders' equity:

Common stock - \$.01 par value, 20,000,000 authorized, 10,146,566 issued and outstanding at June 30, 2003	101,000
Paid-in capital	84,192,000
Accumulated deficit	(49,733,000)

Total stockholders' equity	34,560,000
----------------------------	------------

Total liabilities and stockholders' equity	\$ 59,283,000
--	---------------

&lt;/TABLE&gt;

See accompanying notes to financial statements.

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GULFPORT ENERGY CORPORATION  
STATEMENTS OF INCOME  
(Unaudited)

<TABLE>  
<CAPTION>

	For the three months ended June 30,		For the six months ended June 30,	
	2003	2002	2003	2002
Revenues:				
<S>	<C>	<C>	<C>	<C>
Gas sales	\$ 144,000	\$ 127,000	\$ 252,000	\$ 188,000
Oil and condensate sales	4,246,000	3,126,000	8,356,000	5,597,000
Other income	37,000	-	111,000	234,000
	-----	-----	-----	-----
	4,427,000	3,253,000	8,719,000	6,019,000
	-----	-----	-----	-----
Costs and expenses:				
Operating expenses	1,563,000	1,136,000	2,814,000	2,390,000
Production taxes	582,000	366,000	1,055,000	647,000
Depreciation, depletion, and amortization	1,126,000	803,000	2,127,000	1,588,000
General and administrative	389,000	472,000	961,000	825,000
	-----	-----	-----	-----
	3,660,000	2,777,000	6,957,000	5,450,000
	-----	-----	-----	-----
INCOME FROM OPERATIONS:	767,000	476,000	1,762,000	569,000
	-----	-----	-----	-----
OTHER (INCOME) EXPENSE:				
Accretion expense	74,000	-	148,000	-
Interest expense	5,000	13,000	8,000	106,000
Interest income	(6,000)	(22,000)	(17,000)	(32,000)
	-----	-----	-----	-----
	73,000	(9,000)	139,000	74,000
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	694,000	485,000	1,623,000	495,000
	-----	-----	-----	-----
INCOME TAX EXPENSE (BENEFIT):				
Current	278,000	193,000	649,000	198,000
Deferred	(278,000)	(193,000)	(649,000)	(198,000)
	-----	-----	-----	-----
	-	-	-	-
	-----	-----	-----	-----
NET INCOME BEFORE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ 694,000	\$ 485,000	\$1,623,000	\$ 495,000
Cumulative effect of change in accounting principle	-	-	270,000	-
	-----	-----	-----	-----
NET INCOME	694,000	485,000	1,893,000	495,000
Less: Preferred stock dividends	(352,000)	(353,000)	(700,000)	(353,000)
	-----	-----	-----	-----
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 342,000	\$ 132,000	\$1,193,000	\$ 142,000
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE - BASIC: Per common share before				

effect of change in accounting principle	\$ 0.03	\$ 0.01	\$ 0.09	\$ 0.01
Effect per common share of change in accounting principle	-	-	0.03	-
	-----	-----	-----	-----
	\$ 0.03	\$ 0.01	\$ 0.12	\$ 0.01
	=====	=====	=====	=====

NET INCOME PER COMMON  
SHARE - DILUTED:

Per common share before effect of change in accounting principle	\$ 0.03	\$ 0.01	\$ 0.09	\$ 0.01
Effect per common share of change in accounting principle	-	-	0.03	-
	-----	-----	-----	-----
	\$ 0.03	\$ 0.01	\$ 0.12	\$ 0.01
	=====	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

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GULFPORT ENERGY CORPORATION  
Statements of Common Stockholders' Equity  
(Unaudited)

<TABLE>  
<CAPTION>

	Common Stock		Additional	Accumulated
	Shares	Amount	Paid-in Capital	Deficit
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 2001	10,146,566	\$101,000	\$84,192,000	\$(50,301,000)
Net income	-	-	-	495,000
Preferred stock dividends	-	-	-	(353,000)
	-----	-----	-----	-----
Balance at June 30, 2002	10,146,566	\$101,000	\$84,192,000	\$(50,159,000)
	=====	=====	=====	=====
Balance at December 31, 2002	10,146,566	\$101,000	\$84,192,000	\$(50,926,000)
Net income	-	-	-	1,893,000
Preferred stock dividends	-	-	-	(700,000)
	-----	-----	-----	-----
Balance at June 30, 2003	10,146,566	\$101,000	\$84,192,000	\$(49,733,000)
	=====	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

GULFPORT ENERGY CORPORATION  
 Statements of Cash Flows  
 (Unaudited)

<TABLE>  
 <CAPTION>

	For the Six Months Ended June 30,	
	2003	2002
	-----	-----
Cash flows from operating activities:		
<S> Net income	<C> \$ 1,893,000	<C> \$ 495,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	(270,000)	-
Accretion of discount	148,000	-
Depletion, depreciation and amortization	2,121,000	1,575,000
Amortization of debt issuance costs	6,000	13,000
Changes in operating assets and liabilities:		
Decrease in insurance settlement receivable	2,510,000	-
(Increase) in accounts receivable	(15,000)	(265,000)
(Increase) in accounts receivable - related party	(148,000)	(94,000)
Decrease in prepaid expenses	30,000	59,000
Increase in accounts payable and accrued liabilities	2,832,000	1,217,000
	-----	-----
Net cash provided by operating activities	9,107,000	3,000,000
	-----	-----
Cash flows from investing activities:		
(Additions) to cash held in escrow	(119,000)	(118,000)
(Additions) to other property, plant and equipment	(22,000)	(9,000)
(Additions) to oil and gas properties	(7,803,000)	(4,658,000)
Expenditures related to oil and gas properties due to hurricane	(644,000)	-
	-----	-----
Net cash used in investing activities	(8,588,000)	(4,785,000)
	-----	-----
Cash flows from financing activities:		
Principal payments on borrowings	(11,000)	(673,000)
Proceeds from issuance of preferred and common stock	-	6,029,000
	-----	-----
Net cash (used in) provided by financing activities	(11,000)	5,356,000
	-----	-----
Net increase in cash and cash equivalents	508,000	3,571,000
Cash and cash equivalents at beginning of period	1,109,000	1,077,000
	-----	-----
Cash and cash equivalents at end of period	\$ 1,617,000	\$ 4,648,000
	=====	=====
Supplemental disclosure of cash flow information:		
Interest payments	\$ 6,000	\$ 26,000
	=====	=====
Supplemental disclosure of non-cash transactions:		
Repayment of note payable to related party through issuance of Series A Preferred Stock	\$ -	\$ 3,000,000
	=====	=====
Repayment of accrued interest due on note payable to related party through issuance of Series A Preferred Stock	\$ -	\$ 263,000
	=====	=====
Payment of Series A Preferred Stock dividends through issuance of Series A Preferred Stock	\$ 700,000	\$ 353,000
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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GULFPORT ENERGY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

These condensed financial statements have been prepared by Gulfport Energy Corporation (the "Company" or "Gulfport") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments, which are in the opinion of management, necessary for a fair statement of the results for the interim periods, on a basis consistent with the annual audited financial statements. All such adjustments are of a normal recurring nature. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the summary of significant accounting policies and notes thereto included in the Company's most recent annual report on Form 10-KSB.

1. ACCOUNTS RECEIVABLE - RELATED PARTY

Included in the accompanying June 30, 2003 balance sheet are amounts receivable from entities that have similar controlling interests as those controlling the Company. These receivables represent amounts billed by the Company for general and administrative functions performed by Gulfport's personnel on behalf of the related party companies during 2002 and 2003. Gulfport has reduced its corresponding expenses for the three and six month periods ended June 30, 2003 by \$108,000 and \$218,000, respectively, billed to the companies for performance of these services.

2. PROPERTY AND EQUIPMENT

The major categories of property and equipment and related accumulated depreciation, depletion and amortization are as follows at June 30, 2003:

<TABLE>  
<CAPTION>

	June 30, 2003
	-----
<S>	<C>
Oil and gas properties	\$125,512,000
Office furniture and fixtures	1,417,000
Building	217,000
Land	260,000
	-----
Total property and equipment	127,406,000
Accumulated depreciation, depletion, amortization and impairment reserve	(74,913,000)
	-----
Property and equipment, net	\$ 52,493,000
	=====

</TABLE>

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GULFPORT ENERGY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

3. OTHER ASSETS

Other assets consist of the following at June 30, 2003:

<TABLE>  
<CAPTION>

	June 30, 2003
	-----
<S>	<C>
Plugging and abandonment escrow account on the WCBB properties (Note 8)	\$ 2,633,000

CD's securing letter of credit	200,000
Deposits	111,000

-----  
\$ 2,944,000  
=====

</TABLE>

4. LONG-TERM DEBT

The building loan of \$129,000 relates to a building in Lafayette, Louisiana, purchased in 1996 to be used as the Company's Louisiana headquarters. The building is 12,480 square feet with approximately 6,180 square feet of finished office area and 6,300 square feet of warehouse space. This building allows the Company to provide office space for Louisiana personnel, have access to meeting space close to the fields and to maintain a corporate presence in Louisiana.

A break down of long-term debt is as follows at June 30, 2003:

<TABLE>  
<CAPTION>

	June 30, 2003
	-----
<S> Building loan	<C> \$ 129,000
Less - current maturities of long term debt	21,000
	-----
Debt reflected as long term	\$ 108,000
	=====

</TABLE>

5. REVOLVING LINE OF CREDIT

The Company maintains a line of credit with Bank of Oklahoma, under which the Company may borrow up to \$2,300,000. Amounts borrowed under the line bear interest at Chase Manhattan Prime plus 1%, with payments of interest on outstanding balances due monthly. Any principal amounts borrowed under the line will be due on July 1, 2004. As of June 30, 2003, no amounts had been borrowed under this line.

6. CASTEX BACK-IN

Gulfport sold its interest in the Bayou Penchant, Bayou Pigeon, Deer Island and Golden Meadow fields to Castex Energy 1996 Limited Partnership effective April 1, 1998 subject to a 25% reversionary interest in the partnership after Castex had received 100% of the initial investment. Castex informed Gulfport that the investment had paid out effective September 1, 2001. In lieu of a 25% interest in the partnership, Gulfport elected to take a proportionately reduced 25% working interest in the properties. During March 2002, the Company received approximately \$220,000 from Castex which the Company believes consists of sales income for the period after payout net of operating expenses, although the Company has not received confirmation of such. As a result, this amount

received has been included in the accompanying statement of income for the six months ended June 30, 2002 as "Other Income". The Company received an additional \$66,000 from Castex in March of 2003, which is also included in the accompanying statement of income for the six months ended June 30, 2003 as "Other Income".

7. EARNINGS PER SHARE

A reconciliation of the components of basic and diluted net income per common share is presented in the table below:

<TABLE>  
<CAPTION>

For the Three Months Ended June 30,

	2003		2002		
	-----		-----		
	Income	Shares	Income	Shares	Per Share
		Per Share			



<b>Basic:</b>						
Income before effect of change						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
in accounting principle	\$ 694,000			\$ 485,000		
Less: preferred stock dividends	(352,000)			(353,000)		
	342,000	10,146,566	\$ 0.03	132,000	10,146,566	\$ .01
Effect of change in accounting principle	-	10,146,566	-	-	10,146,566	-
	\$ 342,000		\$ 0.03	\$ 132,000		\$ .01
<b>Effect of dilutive securities:</b>						
Stock options		180,224			273,741	
<b>Diluted:</b>						
Income before effect of change in accounting principle	\$ 694,000			\$ 485,000		
Less: preferred stock dividends	(352,000)			(353,000)		
	342,000	10,326,790	\$ 0.03	132,000	10,420,307	\$ .01
Effect of change in accounting principle	-	10,326,790	-	-	10,420,307	-
	\$ 342,000		\$ 0.03	\$ 132,000		\$ .01

</TABLE>

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GULFPORT ENERGY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

<TABLE>  
<CAPTION>

For the Six Months Ended June 30,

	2003			2002		
	Income	Shares	Per Share	Income	Shares	Per Share
<b>Basic:</b>						
Income before effect of change						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
accounting principle	\$1,623,000			\$ 495,000		
Less: preferred stock dividends	(700,000)			(353,000)		
	923,000	10,146,566	\$ 0.09	142,000	10,146,566	\$ 0.01
Effect of change in accounting principle	270,000	10,146,566	0.03	-	10,146,566	-
	\$1,193,000		\$ 0.12	\$ 142,000		\$ 0.01
<b>Effect of dilutive securities:</b>						
Stock options		177,599			291,793	
<b>Diluted:</b>						
Income before effect of change in accounting principle	\$1,623,000			\$ 495,000		
Less: preferred stock dividends	(700,000)			(353,000)		
	923,000	10,324,165	\$ 0.09	142,000	10,438,359	\$ 0.01
Effect of change in accounting principle	270,000	10,324,165	0.03	-	10,438,359	-
	\$1,193,000		\$ 0.12	\$ 142,000		\$ 0.01

</TABLE>

Common stock equivalents not included in the calculation of diluted earnings per share above for the three and six months ended June 30, 2002, consists of 1,163,195 warrants issued at the time of the Company's reorganization. These warrants expired on July 11, 2002. Common stock equivalents not included in the calculation of 2003 diluted earnings per share above consists of 2,322,893 warrants issued in connection with the Company's Private Placement Offering which took place during March 2002 as discussed in Note 9. Also not included in the calculation of 2003 and 2002 diluted earnings per share are 108,625 warrants issued in connection with the Company's revolving line of credit with Gulfport Funding, which was retired during March 2002. These potential common shares were not considered in the calculation due to their anti-dilutive effect during the periods presented.

GULFPORT ENERGY CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

8. COMMITMENTS

Plugging and Abandonment Funds

In connection with the acquisition of the remaining 50% interest in the WCBB properties, the Company agreed to contribute approximately \$18,000 per month through March, 2004, to a plugging and abandonment trust and the obligation to plug a minimum of 20 wells per year for 20 years commencing March 11, 1997. Texaco retained a security interest in production from these properties until abandonment obligations to Texaco have been fulfilled. As of June 30, 2003, the plugging and abandonment trust totaled \$2,633,000 including interest received during 2003 of approximately \$9,000.

Gulfport fulfilled its yearly plugging commitment of 20 wells at WCBB for the twelve-month period ending June 30, 2003 during the year ended December 31, 2002.

Office Lease

The Company leases 12,035 square feet of office space in Oklahoma City. This lease commenced in November of 2002 and has a 60 month term. Payments due under the lease during its term are as follows:

<TABLE>  
 <CAPTION>

For the period ended June 30,

<S>	-----	<C>
2004	\$	217,000
2005		217,000
2006		217,000
2007		216,000
2008		126,000
	-----	
	\$	993,000
	=====	

</TABLE>

9. PRIVATE PLACEMENT OFFERING

In March 2002, the Company commenced a Private Placement Offering of \$10 million dollars consisting of 10,000 Units. Each Unit consists of (i) one (1) share of Cumulative Preferred Stock, Series A, of the Company (Preferred) and (ii) a warrant to purchase up to 250 shares of common stock, par value \$0.01 per share. Dividends accrue on the Preferred prior to the Mandatory Redemption Date (as defined below) at the rate of 12% per annum payable quarterly in cash or, at the option of the Company for a period not to exceed two (2) years from the Closing Date, payable in whole or in part in additional shares of the Preferred based on the Liquidation Preference (as defined below) of the Preferred at the rate of 15% per annum. No other dividends shall be declared or shall accrue on the Preferred. To the extent funds are legally available, the Company is obligated to declare and pay the dividends on the Preferred. The Warrants have a term of ten (10) years and an exercise price of \$4.00. The Company is required to redeem the Preferred on the fifth anniversary of the first issuance and the Company may at its sole option, choose to redeem the Preferred at any time before the expiration of the five years.

Two-thirds of the Preferred Stockholders can affect any Company action,

which would effect their preference position. The Preferred cannot be sold or transferred by its holders and the Company must use its best efforts to register with the Securities and Exchange Commission ("SEC") the common stock issued in connection with the exercise of the Warrants or, if possible, piggyback the

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GULFPORT ENERGY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

issued common stock if the Company participates in a public offering with the SEC.

The Offering was made available to stockholders and affiliates of the Company as of December 31, 2001 who were known to be accredited investors by the Company. Purchasers were able to participate up to their pro rata share of ownership in the Company as of December 31, 2001. The Offering's initial closing began March 29, 2002 and continued until April 15, 2002, with a total subscription of \$9,292,000 or 9,291.85 units.

On March 29, 2002, Gulfport Funding, LLC, participated in the Offering through a conversion of its \$3.0 million dollar loan along with the accumulated interest due from the Company for 3,262.98 units. Additionally, on March 29, 2002 entities controlled by the majority shareholder initially funded a share of the Preferred Offering in the amount of \$2,738,000.

10. DIVIDENDS ON SERIES A PREFERRED STOCK

As discussed in Note 9, the Company may, at its option, accrue additional shares of Preferred for the payment of dividends at a rate of 15% per annum rather than accrue cash dividends at a rate of 12% per annum during the initial two years following the closing date of its Offering. The Company has chosen to do such for the six-month period ended June 30, 2003 and has therefore issued additional shares totaling \$700,000 at June 30, 2003 related to the Preferred Stock Series A shares issued and outstanding during that time period. These dividends were calculated based upon the Preferred's \$1,000 per share redemptive value and are reflected as "Series A preferred stock" in the accompanying balance sheet.

11. NEW ACCOUNTING PRINCIPLES

SFAS No. 143

On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), which requires the Company to record a liability equal to the fair value of the estimated cost to retire an asset. The asset retirement liability is recorded in the period in which the obligation meets the definition of a liability, which is generally when the asset is placed into service. When the liability is initially recorded, the Company will increase the carrying amount of the related long-lived asset by an amount equal to the original liability. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related long-lived asset. Any difference between costs incurred upon settlement of an asset retirement obligation and the recorded liability will be recognized as a gain or loss in the Company's earnings. The asset retirement obligation is based on a number of assumptions requiring professional judgment. The Company cannot predict the type of revisions to these assumptions that will be required in future periods due to the availability of additional information, including prices for oil field services, technological changes, governmental requirements and other factors. Upon adoption of SFAS No. 143, the Company recorded a net benefit of \$.27 million as the cumulative effect of a change in accounting principle. The non-cash transition adjustment increased oil and natural gas properties and asset retirement obligations by \$7.59 million and \$7.37 million, respectively, and decreased accumulated depreciation by \$.05 million.

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GULFPORT ENERGY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

The asset retirement obligation recognized by the Company at June 30, 2003, relates to the estimated costs to dismantle and abandon its investment in producing oil and gas properties and the related facilities. Of the total asset retirement liability, \$480,000 that has been classified as short-term is the estimated portion of the total liability to be settled during the next year as the Company meets its plugging and abandonment requirements as discussed in Note

8.

The pro forma asset retirement obligations as of January 1, 2002, March 31, 2002, and June 30, 2002 were \$7.05 million, \$7.13 million, and \$7.21 million respectively. Pro forma net income for the period June 30, 2002, assuming SFAS No. 143 had been applied retroactively, is shown in the following table:

<TABLE>

<CAPTION>

	Three Months Ended		Six Months Ended	
	June 30, 2002			
	-----		-----	
Net income available to common stockholders -				
<S>	<C>		<C>	
As reported	\$	132,000	\$	142,000
Pro forma		54,000		586,000
Net income per common share -				
As reported, basic	\$	0.01	\$	0.01
Pro forma, basic		0.01		0.06
As reported, diluted		0.01		0.01
Pro forma, diluted		0.01		0.06

</TABLE>

SFAS No. 150

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or as an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 is generally effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company is currently evaluating the effects of adopting SFAS No. 150 as it relates to the Private Placement Offering the Company completed during March 2002.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL POSITION AND RESULTS OF OPERATIONS  
DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-QSB includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements, other than statements of historical facts, included in this Form 10-QSB that address activities, events or developments that Gulfport Energy Corporation ("Gulfport" or the "Company"), a Delaware corporation, expects or anticipates 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 strengths, goals, expansion and growth of the Company's 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 the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the Company's expectations and predictions is subject to a number of risks and uncertainties; general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other oil and gas companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this Form

10-QSB are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized, or even if realized, that they will have the expected consequences to or effects on the Company or its business or operations.

The following discussion is intended to assist in an understanding of the Company's financial position as of June 30, 2003 and its results of operations for the six-month periods ended June 30, 2003 and 2002. The Financial Statements and Notes included in this report contain additional information and should be referred to in conjunction with this discussion. It is presumed that the readers have read or have access to Gulfport Energy Corporation's 2002 annual report on Form 10-KSB.

## Overview

Gulfport is an independent oil and gas exploration and production company with properties located in the Louisiana Gulf Coast. Gulfport has a market enterprise value (the Company's diluted shares multiplied by the trading price plus long-term debt less cash and short-term investments on a given day) of approximately \$38.1 million dollars on August 4, 2003 and generated EBITDA (earnings before interest, taxes and depletion, depreciation and amortization) of \$3.9 million and \$2.2 million dollars for the six months ended June 30, 2003 and June 30, 2002, respectively.

As of January 1, 2003, the Company had in excess of 26.1 MMBOE proved reserves with a present value (discounted at 10%) of estimated future net reserves of \$245 million dollars.

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Gulfport is actively pursuing further development of its properties in order to fully exploit its reserves. The Company has a substantial portfolio of low risk developmental projects for the next several years providing the opportunity to increase production and cash flow. Gulfport's developmental program is designed to reach the Company's high impact, higher potential rate of return prospects through the penetration of several producing horizons.

Additionally, Gulfport owns 3-D seismic data, which along with the Company's technical expertise, will be used to identify exploratory prospects and test undrilled fault blocks in its existing fields.

The Company's operations are concentrated in two fields: West Cote Blanche Bay and the Hackberry Fields. In addition, during the first quarter of 2002, the Company backed in to a working interest in the Bayou Penchant, Bayou Pigeon, Deer Island and Golden Meadow fields operated by Castex Energy.

## West Cote Blanche Bay

### Background

West Cote Blanche Bay ("WCBB") Field lies approximately five miles off the coast of Louisiana primarily in St. Mary's Parish in a shallow bay, with water depths averaging eight to ten feet. WCBB overlies one of the largest salt dome structures in the Gulf Coast. The field is characterized by a piercement salt dome, which created traps from the Pleistocene through the Miocene. The relative movements affected deposition and created a complex system of fault traps. The compensating fault sets generally trend NW-SE and are intersected by sets having a major radial component. Later-stage movement caused extension over the dome and a large graben system (a downthrown area bounded by normal faults) was formed. There are over 100 distinct sandstone reservoirs recognized throughout most of the field and nearly 200 major and minor discrete intervals have been tested. Within almost 900 wellbores that have been drilled to date in the field, over 4,000 potential zones have been penetrated. The sands are highly porous and permeable reservoirs primarily with a strong water drive.

WCCB is a structurally and stratigraphically complex field. All of the PUD locations at WCBB are adjacent to faults and abut at least one fault. Gulfport's Proved Undeveloped (PUD) drilling program is designed to penetrate each PUD trap with a new wellbore in a structurally optimum position, usually very close to the fault seal. The majority of these wells are directionally drilled using steering tools and downhole motors. The tolerance for error in getting near the fault is low, so the complex faulting does introduce a risk factor of crossing the fault before encountering the zone of interest, which could result in part or all of the zone being absent in the borehole. This in turn can result in lower than expected or zero reserves for that zone. The new wellbores eliminate the mechanical risk associated with trying to produce the zone from an old existing wellbore, while the wellbore locations are situated so as to more efficiently drain each reservoir. The vast majority of the PUD targets are up-dip offsets to wells which produced from a sub-optimum position within a particular zone. Gulfport's current PUD drilling schedule calls for the drilling of 171 wells, starting in 2003 with 18 wells and continuing through

2011. All costs for the directional drilling has been figured into the overall well cost budget.

As of June 30, 2003, there have been 880 wells drilled at WCBB, and of these 43 are currently producing, 294 are shut-in and 5 are utilized as salt

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water disposal wells. The balance of the wells (or 538) have been plugged and abandoned.

#### Activity for the Quarter Ended June 30, 2003

Gulfport commenced a seven well drilling program at West Cote Blanche Bay on April 20, 2003 resulting in six successful completions and one dry hole. These wells had total depths ranging from 2,500' to 6,800' and most wells tested multiple zones. The six successful completions encountered a total of 467 feet of net pay and 30 productive zones. The six successful completions had initial daily total gross production of 354 barrels of oil, 186 mcf of gas and 90 barrels of water.

Through the month ended June 30, 2003, Gulfport recompleted two wells at West Cote Blanche Bay Field that yielded initial total gross production of 23 barrels of oil and 287 barrels of water.

During June 2003, Gulfport's net daily production in this field averaged 1,538 barrels of oil.

#### Future Activity

In July 2003, Gulfport was notified by a subsidiary of Shell Western Exploration and Production, Inc. ("Shell") that the Shell pipeline that transported the oil from the production facility at West Cote Blanche Bay to the purchaser was being deactivated. Currently, the Company is using a barge to transport the oil production to the purchaser and is in the process of researching other more permanent options.

Gulfport has received regulatory approval to drill seven new wells at West Cote Blanche Bay and anticipates commencing drilling activity during the fourth quarter of 2003. These wells will have total depths ranging from 2,500' to 6300'. The Company also plans on performing at least four recompletions and six workovers during the third quarter of 2003 at West Cote Blanche Bay. Gulfport has recently received regulatory approval to convert an existing inactive well to a salt-water disposal well and plans to commence the work before the end of 2003.

#### Hackberry Fields

##### Background

The Hackberry fields are located along the shore of Lake Calcasieu in Cameron Parish, Louisiana. The Hackberry Field is a major salt intrusive feature, elliptical in shape as opposed to a classic "dome," divided into East and West field entities by a saddle. Structurally, Gulfport's East Hackberry acreage is located on the eastern end of the Hackberry salt ridge. There are over 30 pay zones at this field. The salt intrusion formed a series of structurally complex and steeply dipping fault blocks in the Lower Miocene and Oligocene age rocks. These fault blocks serve as traps for hydrocarbon accumulation. Gulfport's wells currently produce from perforations found between 5,100' and 12,200'.

The East Hackberry field was discovered in 1926 by Gulf Oil Company (now Chevron Corporation) by a gravitational anomaly survey. The massive shallow salt stock presented an easily recognizable gravity anomaly indicating a productive field. Initial production began in 1927 and has continued to the present. The

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estimated cumulative oil and condensate production through 1999 was 111 million barrels of oil with casinghead gas production being 60 billion cubic feet of gas. There have been a total of 170 wells drilled on Gulfport's portion of the field with 13 having current daily production; 6 produce intermittently; 71 wells are shut-in and 4 wells have been converted to salt water disposal wells. The remaining 76 wells have been plugged and abandoned.

At West Hackberry, the first discovery well was drilled in 1938 and was developed by Superior Oil Company (now Exxon-Mobil Corporation) between 1938 and 1988. The estimated cumulative oil and condensate production through 2000 was 170 million barrels of oil with casinghead gas production of 120 billion cubic feet of gas. There have been 36 wells drilled to date on Gulfport's portion of West Hackberry and currently 1 is producing, 26 are shut-in and 1 well has been

converted to a saltwater disposal well. The remaining 8 wells have been plugged and abandoned.

#### Activity for the Quarter Ended June 30, 2003

At East Hackberry, during the three months ended June 30, 2003 Gulfport worked over two wells at the State Lease 50 portion of East Hackberry and performed maintenance on the production facility at East Hackberry.

Total net production per day for both Hackberry fields was 265 barrels of oil for the three-month period ended June 30, 2003.

#### Future Activity

Gulfport has received regulatory approval and plans to drill a new salt-water disposal well on the M. P. Erwin portion of East Hackberry before the end of 2003. The added disposal capacity provided by the new well should allow the Company to perform six recompletions and three workovers at East Hackberry.

#### Castex Back-In

Gulfport sold its interest in the Bayou Penchant, Bayou Pigeon, Deer Island and Golden Meadow fields to Castex Energy 1996 Limited Partnership effective April 1, 1998 subject to a 25% reversionary interest in the partnership after Castex had received 100% of the initial investment. Castex informed Gulfport that the investment had paid out effective September 1, 2001. In lieu of a 25% interest in the partnership, Gulfport elected to take a proportionately reduced 25% working interest in the properties. During March 2002, the Company received approximately \$220,000 from Castex which the Company believes consists of sales income for the period after payout net of operating expenses, although the Company has not received confirmation of such. As a result, this amount received has been included in the accompanying statement of income for the six months ended June 30, 2002 as "Other Income". The Company received an additional \$66,000 from Castex in March of 2003, which is also included in the accompanying statement of income for the six months ended June 30, 2003 as "Other Income".

### RESULTS OF OPERATIONS

#### Comparison of the Three Months Ended June 30, 2003 and 2002

During the three months ended June 30, 2003, the Company reported net income available to common stockholders of \$.34 million as compared to net income of \$.13 million for the corresponding period in 2002. This slight increase is primarily due to the following factors:

Oil and Gas Revenues. For the three months ended June 30, 2003, the Company reported oil and gas revenues of \$4.4 million, an increase of \$1.1 million from \$3.3 million for the comparable period in 2002. This increase was due principally to a 27% increase in oil production from 122 MBbls to 155 MBbls for the three months ended June 30, 2002 and 2003, respectively. This increase in production was due to the new oil production generated from the Company's drilling program initiated during the fourth quarter of 2002 and first quarter of 2003. In addition, a 7% increase in oil prices during the three months ended June 30, 2003 to \$27.45 per barrel from \$25.67 per barrel for the same period in 2002 also contributed to increase in oil and gas revenues.

The following table summarizes the Company's oil and gas production and related pricing for the six months ended June 30, 2003 and 2002:

<TABLE>

<CAPTION>

	Three Months Ended June 30, 2003	2002
	----	----
<S>	<C>	<C>
Oil production volumes (Mbbbls)	155	122
Gas production volumes (Mmcf)	41	28
Average oil price (per Bbl)	\$27.45	\$25.67
Average gas price (per Mcf)	\$ 3.48	\$ 4.48

</TABLE>

Operating Expenses. Lease operating expenses increased to \$1.56 million for the three months ended June 30, 2003 as compared to \$1.14 million for the same period in 2002. This increase was a result of non-capitalized LOE

workovers performed during the period.

**Depreciation, Depletion and Amortization.** Depreciation, depletion and amortization increased \$.32 million from \$.80 million for the three months ended June 30, 2002 to \$1.1 million for the comparable period in 2003. This increase was attributable primarily to an increase in production to 162 MBOE's for the three months ended June 30, 2003 as compared to 127 MBOE's for the same period in 2002.

**General and Administrative Expenses.** General and administrative expenses decreased \$.08 million from \$.47 million for the three months ended June 30, 2002 to \$.39 million for the comparable period in 2003. This decrease is due mainly to a reduction of legal expenses. During the three months ended June 30, 2002, Gulfport incurred approximately \$.07 million of legal expenses related to the Preferred Stock Offering. During the same period in 2003, there were no similar expenses. In addition, there were decreases in Gulfport's business insurance expenses during the three months ended June 30, 2003 due to a change in accounting accrual treatment.

**Interest Expense.** Interest expense decreased for the three months ended June 30, 2002 from \$13,000 to \$5,000 for the comparable period in 2003.

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**Income Taxes.** As of December 31, 2002, the Company had a net operating loss carryforward of approximately \$91 million, in addition to numerous timing differences which gave rise to a deferred tax asset of approximately \$49 million, which was fully reserved by a valuation allowance at that date. Utilization of net operating loss carryforwards and other timing differences will be recognized as a reduction in income tax expense in the year utilized. A current tax provision of \$.28 million was provided for the three-month period ended June 30, 2003, which was fully offset by an equal income tax benefit due to operating loss carryforwards.

**Cumulative Effect of Accounting Change.** On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), which requires the Company to record a liability equal to the fair value of the estimated cost to retire an asset. The asset retirement liability is recorded in the period in which the obligation meets the definition of a liability, which is generally when the asset is placed into service. When the liability is initially recorded, the Company will increase the carrying amount of the related long-lived asset by an amount equal to the original liability. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related long-lived asset. Any difference between costs incurred upon settlement of an asset retirement obligation and the recorded liability will be recognized as a gain or loss in the Company's earnings. The asset retirement obligation is based on a number of assumptions requiring professional judgment. The Company cannot predict the type of revisions to these assumptions that will be required in future periods due to the availability of additional information, including prices for oil field services, technological changes, governmental requirements and other factors. Upon adoption of SFAS No. 143, the Company recorded a net benefit of \$.27 million as the cumulative effect of a change in accounting principle. The non-cash transition adjustment increased oil and natural gas properties and asset retirement obligations by \$7.59 million and \$7.37 million, respectively, and decreased accumulated depreciation by \$.05 million.

#### Comparison of the Six Months Ended June 30, 2003 and 2002

During the six months ended June 30, 2003, the Company reported net income available to common stockholders of \$1.2 million as compared to net income of \$.14 for the corresponding period in 2002. This increase is primarily due to the following factors:

**Oil and Gas Revenues.** For the six months ended June 30, 2003, the Company reported oil and gas revenues of \$8.6 million, an increase of \$2.8 million from \$5.8 million for the comparable period in 2002. This increase was due principally to a 21% increase in oil production from 244 MBbls to 297 MBbls for the six months ended June 30, 2002 and 2003, respectively. This increase in production was due to the new oil production generated from the Company's drilling program initiated during the fourth quarter of 2002 and second quarter of 2003. In addition, a 23% increase in oil prices during the six months ended June 30, 2003 to \$28.15 per barrel from \$22.90 per barrel for the same period in 2002 also contributed to increase in oil and gas revenues.

The following table summarizes the Company's oil and gas production and related pricing for the six months ended June 30, 2003 and 2002:



<TABLE>  
<CAPTION>

	Six Months 2003 ----	Ended June 30, 2002 ----
<S>	<C>	<C>
Oil production volumes (Mbbbls)	297	244
Gas production volumes (Mmcf)	67	57
Average oil price (per Bbl)	\$28.15	\$22.90
Average gas price (per Mcf)	\$3.77	\$ 3.31

</TABLE>

**Operating Expenses.** Lease operating expenses increased to \$2.8 million for the six months ended June 30, 2003 as compared to \$2.4 million for the same period in 2002. This increase was a result of non-capitalized LOE workovers performed during the period.

**Depreciation, Depletion and Amortization.** Depreciation, depletion and amortization increased from \$1.6 million for the six months ended June 30, 2002 to \$2.1 million for the comparable period in 2003. This increase was attributable primarily to an increase in production to 308 MBOE's for the six months ended June 30, 2003 as compared to 254 MBOE's for the same period in 2002.

**General and Administrative Expenses.** General and administrative expenses increased from \$.83 million for the six months ended June 30, 2002 to \$.96 million for the comparable period in 2003. This increase is due mainly to an increase in franchise tax expenses during the six months ended June 30, 2003. In addition, there were slight increases in salaries and benefits as a result of the several staff additions.

**Interest Expense.** Interest expense decreased 92% from \$.1 million for the six months ended June 30, 2002 to \$.008 million for the comparable period in 2003. This decrease was primarily due to a reduction in average debt outstanding. See Note 9 to Financial Statements.

**Income Taxes.** As of December 31, 2002, the Company had a net operating loss carryforward of approximately \$91 million, in addition to numerous timing differences which gave rise to a deferred tax asset of approximately \$49 million, which was fully reserved by a valuation allowance at that date. Utilization of net operating loss carryforwards and other timing differences will be recognized as a reduction in income tax expense in the year utilized. A current tax provision of \$.65 million was provided for the six-month period ended June 30, 2003, which was fully offset by an equal income tax benefit due to operating loss carryforwards.

**Cumulative Effect of Accounting Change.** On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), which requires the Company to record a liability equal to the fair value of the estimated cost to retire an asset. The asset retirement liability is recorded in the period in which the obligation meets the definition of a liability, which is generally when the asset is placed into service. When the liability is initially recorded, the Company will increase the carrying amount of the related long-lived asset by an amount equal to the original liability. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related long-lived asset. Any difference between costs incurred upon settlement of an asset retirement obligation and the recorded liability will be recognized as a gain or loss in the Company's earnings. The asset retirement obligation is based on a number of assumptions requiring professional judgment. The Company cannot predict the type of revisions to these assumptions that will be required in future periods due to the availability of additional information, including prices for oil field services,

technological changes, governmental requirements and other factors. Upon adoption of SFAS No. 143, the Company recorded a net benefit of \$.27 million as the cumulative effect of a change in accounting principle. The non-cash transition adjustment increased oil and natural gas properties and asset retirement obligations by \$7.59 million and \$7.37 million, respectively, and decreased accumulated depreciation by \$.05 million.

#### Capital Expenditures, Capital Resources and Liquidity

Net cash flow provided by operating activities for the six-month period ended June 30, 2003 increased to \$9.1 million, as compared to net cash flow provided of \$3.0 million for the comparable period in 2002. This increase was due in part to an increase in the Company's net income to \$1.9 million as a

result of an increase in oil and gas sales. In addition, the Company's total accounts receivable decreased \$2.3 million, primarily due to the receipt of the insurance settlement related to the hurricane in October 2002. Also, accounts payable increased by \$2.8 million as a result of the increased activity from the Company's drilling programs initiated in December 2002 and April 2003.

Net cash used in investing activities during the six months ended June 30, 2003 was \$8.6 million as compared to \$4.8 million used during the same period of 2002. Mainly as a result of the Company's drilling programs initiated in December 2002 and April 2003, the Company spent \$7.8 million in additions to oil and gas properties. Of this amount, the Company spent \$5.9 million on drilling activity and \$1.9 million on workover and recompletion activities. In addition, another \$.6 million was spent on the clean up and repair of hurricane damage.

Net cash used in financing activities for the six months ended June 30, 2003 was \$11,000 as compared to net cash provided of \$5.4 million during the same period of 2002. The decrease is primarily a result of the proceeds raised in conjunction with the Company's Private Placement Offering in March 2002.

Capital Expenditures. During the six months ended June 30, 2003, Gulfport invested \$7.8 million in oil and gas properties and other property and equipment as compared to \$4.7 million invested during the comparable period in 2002. Of this amount, the Company spent \$5.9 million on drilling activity, \$1.9 million on workover and recompletions activities. In addition, another \$.6 million was spent on the clean up and repair of hurricane damage.

During the six month period ended June 30, 2003, Gulfport financed its capital expenditures payment requirements with cash flows provided by operations.

Gulfport's strategy is to continue to increase cash flows generated by its properties by undertaking new drilling, workover, sidetrack and recompletion projects in the fields to exploit its extensive reserves. The Company has upgraded its infrastructure by enhancing its existing facilities to increase operating efficiencies, increase volume capacities and lower lease operating expenses. Additionally, Gulfport completed the reprocessing of its 3-D seismic data in its principal property, West Cote Blanche Bay. The reprocessed data will enable the Company's geophysicists to generate new prospects and enhance existing prospects in the intermediate zones in the field thus creating a portfolio of new drilling opportunities in the most prolific depths of the field.

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Capital Resources. On July 11, 1997 Gulfport entered into a \$15,000,000 credit facility with ING (U.S.) Capital Corporation ("ING"). During 1998 and 1999, there were two amendments to the facility and the maturity date was reset to June 30, 2000. On June 28, 2000, the Company repaid in full its credit facility at ING and established a new credit facility at Bank of Oklahoma ("BOK"). Gulfport was advanced \$1.6 million on this new facility, which called for interest payments to be made monthly in addition to twelve monthly principal payments of \$100,000, with the remaining unpaid balance due on August 31, 2001. On March 22, 2001, Gulfport executed a new note with BOK increasing the availability to \$1,760,000, increasing the monthly payments slightly to \$110,000 beginning July 1, 2001 and extending the maturity date to October 1, 2002. All outstanding amounts related to this note were repaid during 2002.

On June 20, 2002, the Company entered into a new revolving line of credit with BOK. Under the terms of the new agreement, the Company was extended a commitment to borrow up to \$2,300,000. Amounts borrowed under the line bear interest at Chase Manhattan Prime plus one percent, with payments of interest on outstanding balances due monthly beginning August 1, 2002. Any principal amounts borrowed under the line were due on July 1, 2003. On July 1, 2003, the maturity date was extended to July 1, 2004. There was no outstanding balance under this credit facility at June 30, 2003.

On May 22, 2001, the Company entered into a revolving line of credit agreement with Gulfport Funding, LLC, ("Gulfport Funding") which has ownership in common with the Company. Under the terms of the agreement, the Company may borrow up to \$3,000,000, with borrowed amounts bearing interest at Bank of America Prime Rate plus 4%. All outstanding principal amounts along with accrued interest were due on February 22, 2002. The Company paid a facility commitment fee of \$60,000 in connection with this line of credit. This fee was amortized over the life of the agreement. As of December 31, 2001, the Company had borrowed \$3,000,000 available under this line. On March 29, 2002, the outstanding balance of this note payable, along with all accumulated interest due on the note were retired through Gulfport Funding's participation in the Company's Private Placement Offering as described below.

In March 2002, the Company commenced a Private Placement Offering of \$10 million dollars consisting of 10,000 Units. Each Unit consists of (i) one (1)

share of Cumulative Preferred Stock, Series A, of the Company (Preferred) and (ii) a warrant to purchase up to 250 shares of common stock, par value \$0.01 per share. Dividends accrue on the Preferred prior to the Mandatory Redemption Date at the rate of 12% per annum payable quarterly in cash or, at the option of the Company for a period not to exceed two (2) years from the Closing Date, payable in whole or in part in additional shares of the Preferred based on the Liquidation Preference of the Preferred at the rate of 15% per annum. No other dividends shall be declared or shall accrue on the Preferred. To the extent funds are legally available, the Company is obligated to declare and pay the dividends on the Preferred. The Warrants have a term of ten (10) years and an exercise price of \$4.00. The Company is required to redeem the Preferred on the fifth anniversary of the first issuance and the Company may at its sole option, choose to redeem the Preferred at any time before the expiration of the five years. Accordingly, the Preferred issued in connection with this Offering is treated as redeemable stock in the accompanying balance sheet.

Two-thirds of the Preferred Stockholders can affect any Company action, which would effect their preference position. The Preferred cannot be sold or transferred by its holders and the Company must use its best efforts to register with the Securities and Exchange Commission ("SEC") the common stock issued in

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connection with the exercise of the Warrants or, if possible, piggyback the issued common stock if the Company participates in a public offering with the SEC.

The Offering was made available to stockholders (some of whom were affiliates) of the Company as of December 31, 2001 and who were known to be accredited investors by the Company. Purchasers were able to participate up to their pro rata share of ownership in the Company as of December 31, 2001. The Offering's initial closing began March 29, 2002 and continued until April 15, 2002, with a total subscription of \$9,292,000 or 9,291.85 units.

On March 29, 2002, Gulfport Funding, LLC, participated in the Offering through a conversion of its \$3.0 million dollar loan along with the accumulated interest due from the Company for 3,262.98 Units. Additionally, on March 29, 2002 entities controlled by the majority shareholder initially funded a share of the Preferred Offering in the amount of \$2,738,000.

As a result of the completion of the NSA engineering report for the year ended January 1, 2003, the Company has initiated discussions with its current bank and other banking institutions in an attempt to put in a place a larger and longer-term revolving credit facility. The Company cannot be sure however that they will be successful.

The Company is also currently consulting with a financial advisor to determine how to take advantage of the current market whether through internal value creation or a capital markets transaction.

Liquidity. The primary capital commitments faced by the Company are the capital requirements needed to continue developing the Company's proved reserves and to continue meeting the required principal payments on its Credit Facilities if any.

In Gulfport's January 1, 2003 reserve report, 85% of Gulfport's net reserves were categorized as proved undeveloped. The proved reserves of Gulfport will generally decline as reserves are depleted, except to the extent that Gulfport conducts successful exploration or development activities or acquires properties containing proved developed reserves, or both.

To realize reserves and increase production, the Company must continue its exploratory drilling, undertake other replacement activities or utilize third parties to accomplish those activities. In the year 2003, Gulfport expects to undertake several intermediate drilling programs. It is anticipated that these reserve development projects will be funded either through the use of cash flow from operations when available, interim bank financing or related third party financing, a long-term credit facility or by accessing the capital markets. The cash flow generated from these new projects will be used to make the Company's required principal payments on its debt with the remainder reinvested in the field to complete more capital projects.

#### COMMITMENTS

##### Plugging and Abandonment Funds

In connection with the acquisition of the remaining 50% interest in the WCBB properties, the Company agreed to contribute approximately \$18,000 per month through March 2004 to a plugging and abandonment trust and the obligation to plug a minimum of 20 wells per year for 20 years commencing March 11, 1997.

Texaco retained a security interest in production from these properties and the plugging and abandonment trust until such time the Company's obligations to Texaco have been fulfilled. As of June 30, 2003, the plugging and abandonment trust totaled \$2,633,000. These funds are invested in a U.S. Treasury Money Market.

During 2002, Gulfport began to fulfill its yearly plugging commitment of 20 wells at WCBB for the twelve-month period ending March 31, 2003. As of the date of this filing, the pluggings have been completed.

In addition, the Company has letters of credit totaling \$200,000 secured by certificates of deposit being held for plugging costs in the East Hackberry field. Once specific wells are plugged and abandoned the \$200,000 will be returned to the Company.

#### ACCOUNTING AND REPORTING CHANGES

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or as an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 is generally effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company is currently evaluating the effects of adopting SFAS No. 150 as it relates to the Private Placement Offering the Company completed during March 2002.

#### ITEM 3. CONTROLS AND PROCEDURES

Gulfport Energy Corporation, under the direction of the Chief Executive Officer and the Vice President and Chief Financial Officer, has established disclosure controls and procedures that are designed to ensure that information required to be disclosed by Gulfport in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The disclosure controls and procedures are also intended to ensure that such information is accumulated and communicated to Gulfport's management, including the Chief Executive Officer and the Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Within 90 days prior to the filing of this Form 10-QSB, an evaluation was performed under the supervision and with the participation of Gulfport management, including the Chief Executive Officer and the Vice President and Chief Financial Officer, of Gulfport's disclosure controls and procedures (as those terms are defined in Rule 13a-14(c) under the Securities Exchange Act of 1934). Based upon their evaluation, the Chairman and Chief Executive Officer and the Executive Vice President and Chief Financial Officer have concluded that Gulfport's disclosure controls and procedures are effective as of the date of this Form 10-QSB. In compliance with Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), each of these officers executed a Certification included in this Form 10-QSB.

As of the date of this Form 10-QSB, there have not been any significant changes in Gulfport's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. No significant deficiencies or material weaknesses in such internal controls were identified in the evaluation and as a consequence, no corrective action was required to be taken.

## PART II.

### OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

Gulfport has been named as a defendant in various lawsuits. The ultimate resolution of these matters is not expected to have a material adverse effect on the Company's financial condition or results of operations for the periods presented in the financial statements.

#### ITEM 2. CHANGES IN SECURITIES

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES SIGNATURES

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- 2.1 Form 8-K filed on March 8, 2002 between Registrant and Gulfport Funding, LLC.
- 10.1 Credit Agreement dated June 28, 2000 between Registrant and Bank of Oklahoma filed March 30, 2001 (1)
- 10.2 Stock Option Plan filed March 30, 2001 (1)
- 10.3 Credit Agreement dated February 1, 2001 between Registrant and Bank of Oklahoma (1)
- 10.4 Credit Agreement dated May 22, 2001 between Registrant and Gulfport Funding, LLC (1)
- 10.5 Warrant Agreement dated May 22, 2001 between Registrant and Gulfport Funding, LLC (1)
- 10.6 Promissory Note dated May 22, 2001 between Registrant and Gulfport Funding, LLC (1)
- 10.7 Confidential Disclosure Statement Relating to Offer and Sale of Up to 10,000 Units dated March 29, 2002
- 10.8 Credit Agreement dated June 28, 2000 between Registrant and Bank of Oklahoma filed March 30, 2001 (1)
- 10.9 Stock Option Plan filed March 30, 2001 (1)

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- 10.10 Credit Agreement dated February 1, 2001 between Registrant and Bank of Oklahoma (1)
- 10.11 Credit Agreement dated May 22, 2001 between Registrant and Gulfport Funding, LLC (1)
- 10.12 Warrant Agreement dated May 22, 2001 between Registrant and Gulfport Funding, LLC (1)
- 10.13 Promissory Note dated May 22, 2001 between Registrant and Gulfport Funding, LLC (1)

(1) Previously filed as an exhibit to Form 10-K for the year ended December 31, 2001, and incorporated herein by reference.

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SIGNATURES

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

Date: August 14, 2003

*/s/Mike Liddell*

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Mike Liddell  
Chief Executive Officer

*/s/Mike Moore*

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Mike Moore  
Chief Financial Officer

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CERTIFICATION

I, Mike Liddell, Chief Executive Officer of Gulfport Energy Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Gulfport Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a----14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date"); and
  - c) presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses

in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 14, 2003

/s/ Mike Liddell

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Mike Liddell  
Chief Executive Officer

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CERTIFICATION OF PERIODIC REPORT

I, Mike Liddell, Chief Executive Officer of Gulfport Energy Corporation, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

- (1) the Quarterly Report on Form 10-QSB of the Company for the quarterly period ended June 30, 2003 (the "Report") fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78M or 78o(d); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2003

/s/ Mike Liddell

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Mike Liddell  
Chief Executive Officer

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CERTIFICATION

I, Michael G. Moore, Chief Financial Officer of Gulfport Energy Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Gulfport Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date"); and
  - c) presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 14, 2003

/s/ Mike Moore

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 Mike Moore  
 Chief Financial Officer

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**CERTIFICATION OF PERIODIC REPORT**

I, Michael G. Moore, Chief Financial Officer of Gulfport Energy Corporation, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

- (1) the Quarterly Report on Form 10-QSB of the Company for the quarterly period ended June 30, 2003 (the "Report") fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78M or 78o(d); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2003

/s/ Mike Moore

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 Mike Moore  
 Chief Financial Officer



