UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-KSB/A

Amendment No. 2

(Mark One)

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2004**
OR

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

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)	*(I.R.S. Employer Identification No.)*

14313 North May Avenue, Suite 100
Oklahoma City, Oklahoma 73134
(Address of Principal Executive Offices, Zip code)

(Issuer's Telephone Number, Including Area Code) **(405) 848-8807**

Securities registered pursuant to Section 12(b) of the Act: None

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	**None**

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. ☐

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☒

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

Registrant's revenues for its most recent fiscal year: $23,071,876

The aggregate approximate market value of the Registrant's voting and non-voting common stock, par value $.01 per share, held by non-affiliates of the Registrant, based upon the closing price of $11.85 on December 28, 2005, was approximately $133,066,719.

As of December 16, 2005, 32,032,861 shares of common stock of the Registrant, par value $0.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information called for by Part III is incorporated by reference to certain sections of the Proxy Statement for the 2004 Annual Meeting of our stockholders.

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

Explanatory Note

Gulfport Energy Corporation (the "Company") is filing this Amendment No. 2 on Form 10-KSB/A (this "Amendment") to its Annual Report on Form 10-KSB for the year ended December 31, 2004, originally filed with the Securities and Exchange Commission (the "Commission") on March 31, 2005 (the "Original Form 10-KSB"), as amended by Amendment No. 1 on Form 10-KSB/A, filed with the Commission on September 8, 2005 ("Amendment No. 1"). This Amendment reflects the Company's inclusion of disclosure relating to current and future production trends. Revisions have been made to Item 6 in Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations" of the Original Form 10-KSB, as amended by Amendment No. 1, to reflect this additional disclosure.

In addition, pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, have been re-executed as of the date of, and are refiled as part of, this Amendment as Exhibits 31.1, 31.2, 32.1 and 32.2. Finally, Consents of Independent Registered Public Accounting Firms have been filed as part of this Amendment. Item 13 in Part III hereof is accordingly amended.

Except for the items described above or contained in the Amendment, this Amendment continues to speak as of the date of the Original Form 10-KSB, as amended by Amendment No. 1, and does not modify, amend or update in any way the financial statements or any other item or disclosures in the Original Form 10-KSB, as amended by Amendment No. 1.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations is based in part on the financial statements and the notes thereto included elsewhere in this annual report on Form 10-KSB and should be read in conjunction therewith.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Our significant accounting policies are described in Note 1 to our financial statements included elsewhere in this annual report on Form 10-KSB. We have identified certain of these policies as being of particular importance to the portrayal of our financial position and results of operations and which require the application of significant judgment by our management. We analyze our estimates, including those related to oil and gas properties, revenues recognition, income taxes and commitments and contingencies, and base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements:

Oil and Gas Properties. The Company uses the full cost method of accounting for oil and gas operations. Accordingly, all costs, including nonproductive costs and certain general and administrative costs associated with acquisition, exploration and development of oil and gas properties, are capitalized. Net capitalized costs are limited to the estimated future net revenues, after income taxes, discounted at 10% per year, from proven oil and gas reserves and the cost of the properties not subject to amortization. Such capitalized costs, including the estimated future development costs and site remediation costs, if any, are depleted by an equivalent units-of-production method, converting gas to barrels at the ratio of six MCF of gas to one barrel of oil. No gain or loss is recognized upon the disposal of oil and gas properties, unless such dispositions significantly alter the relationship between capitalized costs and proven oil and gas reserves. Oil and gas properties not subject to amortization consist of the cost of undeveloped leaseholds and totaled $1,600 at December 31, 2004 and December 31, 2003. These costs are reviewed periodically by management for impairment, with the impairment provision included in the cost of oil and gas properties subject to amortization. Factors considered by management in its impairment assessment include drilling results by Gulfport and other operators, the terms of oil and gas leases not held by production, and available funds for exploration and development.

Income Taxes. Gulfport uses the asset and liability method of accounting for income taxes, under which deferred tax assets and liabilities are recognized for the future tax consequences of (1) temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and (2) operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are based on enacted tax rates applicable to the future period when those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income during the period the rate change is enacted. Deferred tax assets are recognized in the year in which realization becomes determinable. Periodically, management performs a forecast of its taxable income to determine whether it is more likely than not that a valuation allowance is needed, looking at both positive and negative factors. A valuation allowance for our deferred tax assets is established, if in management's opinion, it is more likely that not that some portion will not be realized. At December 31, 2004 a valuation allowance of $41,458,000 has been provided for deferred tax assets.

Revenue Recognition. Gas revenues are recorded in the month produced using the entitlement method, whereby any production volumes received in excess of the Company's ownership percentage in the property are recorded as a liability. If less than Gulfport's entitlement is received, the underproduction is recorded as a receivable. There is no such liability or asset recorded at December 31, 2004 or December 31, 2003. Oil revenues are recognized when ownership transfers, which occurs in the month produced.

Commitments and Contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Full Year and Fourth Quarter Highlights

- Rights Offering—On July 22, 2004, the Company launched its rights offering of common stock subscription rights to purchase up to an aggregate of 10 million shares of its Common Stock at a subscription price of $1.20 per share. Rights to purchase all 10 million shares of Common Stock were exercised in the rights offering, which expired on August 20, 2004. The Company received net cash proceeds of approximately $11.1 million, after deducting offering expenses of approximately $120,000. In addition, $510,547 of the amount owed to CD Holding was applied to the subscription price payable upon exercise of the rights issued to CD Holding in the rights offering.
- 2004 Drilling Program and Recompletions—In July 2004 Gulfport initiated an eight well drilling program at West Cote Blanche Bay. The wells ranged in depth from approximately 2,500 feet to 9,900 feet; all with multiple production horizon targets. The drilling program had a 100% success rate. The logs of the eight wells indicate a total of 38 productive horizons with 678 feet of net pay. The total gross initial production rates for the eight wells was 784 barrels of oil per day and 2,418 mcf of gas per day. In addition, the Company also recompleted four existing wells at WCBB which had total initial gross production rates of 480 barrels of oil per day and 742 mcf of gas per day.

Results of Operations

The markets for oil and gas have historically been, and will continue to be, volatile. Prices for oil and gas may fluctuate in response to relatively minor changes in supply and demand, market uncertainty and a variety of factors beyond the control of Gulfport. Set forth in the tables below are the average prices received by the Company and production volumes during the periods indicated.

	2004	2003	2002
Production Volumes:			
Oil (MBBLS)	584	571	464
Gas (MMCF)	284	123	103
Oil Equivalents (MBOE)	631	592	481

Average Prices:			
Oil (per BBL)	$36.97(1)	$27.66(1)	$24.69(2)
Gas (per MCF)	$ 5.24	$ 4.04	$ 3.66
Oil Equivalents (per MBOE)	$36.58	$26.70	$24.59
Average Production Costs (per BOE)	$10.44(3)	$ 9.93(3)	$10.65(3)
Average Production Taxes (per BOE)	$ 4.17	$ 3.17	$ 2.81

(1) Includes fixed contract prices of:

January 2003	$28.50
February 2003	$28.34
March 2003	$27.95
April 2003	$27.08
May 2003	$26.95
June 2003	$24.27
July 2003	$24.33
August 2003	$24.42
September 2003	$24.45
October 2003	$24.45
November 2003	$24.25
December 2003	$24.10
January - June 2004	$30.00
July - December 2004	$33.60
January - June 2005	$33.10
July - December 2005	$39.70

Excluding the effect of the fixed price contracts, the average oil price for 2003 would have been $32.38 per BBL and $32.08 per BBL oil equivalent price. Excluding the effect of the fixed price contracts, the average oil price for 2004 would have been $42.72 per BBL and $41.88 per BBL oil equivalent price.

(2) Includes fixed contract prices of $26.50 for the months May through October 2002 and $25.90 for November and December.

(3) Does not include production taxes.

From 2003 to 2004, the Company's production increased 6% due primarily to the Company's 2004 drilling program. In contrast, production increased 23% from 2002 to 2003 due both to the Company's 2003 drilling program and curtailed production during 2002 as a result of Hurricane Lili and damage caused by that storm. For the nine months ended September 30, 2005 as compared to the same period in 2004, the Company's production increased 38% due primarily to the Company's 2004 and 2005 drilling programs. However, due to damage caused by Hurricane Rita in September 2005, the Company's fourth quarter 2005 production may be off previously anticipated levels by as much as 75% and, as a result, operating results for the period will be materially and adversely affected and the Company's fiscal 2005 operating results will be less than originally expected. The Company currently believes, however, subject to the repair of its facilities and a gas sales line, the damage caused by Hurricane Rita will have little impact on its total anticipated 2006 production. The Company currently estimates that 2006 production will be between 1,450,000 and 1,600,000 BOE with production increasing during the year.

Comparison of the Years Ended December 31, 2004 and December 31, 2003

Gulfport reported net income attributable to common stock of $4,304,000 for the year ended December 31, 2004, as compared with a net loss attributable to common stock of $219,000 for the year ended December 31, 2003. The increase in income attributable to common stock was primarily due to increases in oil and gas prices.

Oil and Gas Revenues. For the year ended December 31, 2004, Gulfport reported oil and gas revenues of $23,071,000, a 46% increase from revenues of $15,809,000 during 2003. This increase in revenues is attributable to a 34% increase in the average oil price received for the year ended December 31, 2004 of $36.97 as compared to $27.66 for 2003. In addition, there was an increase in barrels of oil equivalents ("BOEs") produced to 631 BOE for the year ended December 31, 2004 as compared to 592 BOE for 2003. This increase in production was due mainly to the net increase in production resulting from the Company's 2004 drilling program commenced in July 2004.

Operating Expenses. Lease operating expenses not including production taxes increased to $6,586,000 for the year ended December 31, 2004 as compared to $5,886,000 for 2003. This increase was mainly attributable to non-capitalized workovers performed during 2004.

Production Taxes. Production taxes increased to $2,629,000 for the year ended December 31, 2004 as compared to $1,882,000 for the same period in 2003. This increase was directly related to the increases in oil and gas sale proceeds for the year ended December 31, 2004 as compared to 2003.

General and Administrative Expenses. Net general and administrative expenses increased to $2,107,000 for the year ended December 31, 2004 from $1,843,000 for 2003. This increase was due primarily to a $68,000 increase in the Company's legal expenses related to various legal matters and $85,000 of expenses related to the office building the Company purchased during 2004.

Interest Expense. Ordinary interest expense increased to $246,000 for the year ended December 31, 2004 from $112,000 for 2003. This increase was due to an increase in the average debt outstanding for the year ended December 31, 2004 as compared to 2003, primarily as a result of the loan on the building the Company purchased in June 2004.

Interest Expense—Preferred Offering. 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. Previously, our Series A Preferred Stock had been classified on our balance sheet between total liabilities and equity. As of December 31, 2004, the amount of the Company's liability related to the Series A Preferred Stock was $14,020,000. As a result of the adoption of SFAS No. 150 in May 2003, the balance of the liability related to the Series A preferred stock includes $1,949,000 of interest expense for the year ended December 31, 2004, which the Company paid by accruing additional shares of Series A preferred stock in lieu of cash. During the first quarter of 2005, the Company anticipates redeeming all outstanding preferred stock.

Other changes in income for the year ended December 31, 2004 as compared to the year ended December 31, 2003 were attributable to the following factors:

Depreciation, *Depletion and Amortization*. Depreciation, depletion and amortization expense increased to $4,952,000 for the year ended December 31, 2004, consisting of $4,688,550 in depletion on oil and gas properties and $263,000 in depreciation of other property and equipment. This compares to total depreciation, depletion and amortization expense of $4,637,000 for the year ended December 31, 2003. This increase is due primarily to an increase in the Company's oil and gas assets as a result of the Company's 2004 drilling program commenced in July 2004 and the resulting increase in production.

Income Taxes. As of December 31, 2004, the Company had a net operating loss carryforward of approximately $99,000,000, in addition to numerous timing differences which gave rise to a deferred tax asset of approximately

$41,000,000, which was fully reserved by a valuation allowance at that date. A current tax provision of $2,501,000 was provided for the twelve-month period ended December 31, 2004 which was completely offset by a deferred tax benefit.

Asset Retirement Obligation (SFAS 143). For the three months ended March 31, 2003 and upon adoption of SFAS No. 143 on January 1, 2003, the Company recorded a net benefit of $270,000 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 $0.05 million. Accretion expense increased to $490,000 for the twelve-month period ended December 31, 2004 as compared to $393,000 for the same period in 2003, a 25% increase due to a larger obligation at the beginning of 2004.

Liquidity and Capital Resources

Overview. Historically, our primary sources of funds have been cash flow from our producing oil and gas properties, the issuance of equity securities, borrowings under our bank and other credit facilities and, from time to time, the sale of oil and gas properties. Our ability to access any of these sources of funds can be significantly impacted by unexpected decreases in oil and natural gas prices. To mitigate the effects of dramatic commodity price fluctuations, we have entered into fixed price contracts for the WCBB production as follows:

January - June 2005	1,000 bbls @ day $33.10
July—December 2005	1,000 bbls @ day $39.70

Net cash flow provided by operating was $8,402,000 for the year ended December 31, 2004, as compared to net cash flow provided by operating activities of $6,872,000 for 2003. This decrease was a result of various changes in balance sheet accounts.

Net cash used in investing activities for the year ended December 31, 2004 was $15,123,000 as compared to $8,617,000 used during 2003. During 2004, Gulfport spent $11,252,000 in additions to oil and gas properties, of which $9,054,000 was spent on the Company's 2004 drilling program initiated in July 2004 with the remainder spent on workover and recompletion activities on existing wells. Of the remaining $3,881,000 net cash used in investing activities, $3,700,000 was used to purchase the building the Company currently occupies. Gulfport financed its capital expenditures with cash flow provided by operations, borrowings under its credit facilities and proceeds from the rights offering.

Net cash provided by financing activities for the year ended December 31, 2004 was $12,731,000 as compared to $2,178,000 provided by financing activities for 2003. The $12,731,000 provided by financing activities includes (1) net cash proceeds of approximately $11,134,000 from the rights offering after deducting offering expenses of approximately $120,000; (2) the issuance of notes with a combined original principal amount of $3,389,000 to finance the purchase the office building the Company occupies and (3) borrowings of $500,000 under our credit facility with CD Holding which was used to purchase a portion of the pipe needed for the wells to be drilled in the Company's 2004 drilling program which commenced in July 2004. Approximately $2,200,000 was used to pay off the outstanding balance of the Company's line of credit with Bank of Oklahoma, CD Holding elected to apply the outstanding principal balance amount and accrued but unpaid interest in the aggregate amount of $511,000 under its bridge loan to the Company to the subscription price payable by CD Holding upon exercise of the rights issued to it in the rights offering.

Credit Facilities. The Company has a $2.3 million line of credit with the Bank of Oklahoma. Amounts borrowed under the line bear interest at the prime rate charged from time to time by JPMorgan Chase plus 1%, with payments of interest on outstanding balances due monthly. Originated in June 2002, the Company subsequently extended the maturity date of this credit facility to July 1, 2005. There was no outstanding balance under this credit facility at December 31, 2004.

In connection with the rights offering, on April 30, 2004, the Company entered into a $3.0 million revolving credit facility with CD Holding, L.L.C., a principal stockholder of the Company. Borrowings under the credit facility were due on the earlier of the closing of the rights offering or August 1, 2005 and bore interest at the rate of 10.0% per annum. The credit facility provided that if the rights offering was not completed, CD Holding had the right to convert any borrowings plus any accrued but unpaid interest under the facility into shares of our common stock at a conversion price equal to $1.20 per share. Under the credit facility, CD Holding had the option to apply the outstanding principal amount and any accrued but unpaid interest either (1) to the subscription price payable upon exercise of the rights issued to CD Holding in the rights offering, or (2) to the purchase price for the common stock. Upon closing of the rights offering, $500,000 had been borrowed on the facility to fund a part of the Company's 2004 drilling program. CD Holding applied all amounts due it under this credit facility to the exercise price payable upon exercise of rights it received in the rights offering.

On March 11, 2005, Gulfport entered into a three-year secured reducing credit agreement for a $30.0 million revolving credit facility with Bank of America, N.A. Borrowings under the revolving credit facility are subject to a borrowing base limitation which is initially set at $18.0 million, subject to adjustment. The credit facility has a term of three years and all principal amounts of revolving loans outstanding under the credit facility, together with all accrued and unpaid interest and fees, will be due and payable on March 11, 2008. The Company's obligations under the credit facility are collateralized by a lien on substantially all of the Company's assets. The Company has not yet accessed the credit facility as of the date hereof. The proceeds of the credit extensions under the credit facility will be used for the exploration of oil and gas properties and other capital expenditures, acquisition opportunities, and for general corporate purposes and will enhance Gulfport's ability to accelerate and expand its drilling operations and more aggressively seek out other investment opportunities.

Building Loans. The Company has three loans associated with two of its buildings. One loan was for $99,000 related to a building in Lafayette, Louisiana, purchased in 1996 to be used as the Company's Louisiana headquarters. This loan matures in February of 2008 and bears interest at the rate of 5.75%. In addition, in June 2004 the company purchased the office building its occupies for $3,700,000. The two loans associated with this building mature in March of 2006 and June of 2011 and bear interest at the rate of 6% and 6.5%, respectively. All building loans require monthly interest and principal payments and are collateralized by the respective land and buildings.

Issuance of Equity. On July 22, 2004, the Company launched its rights offering of common stock subscription rights to purchase up to an aggregate of 10 million shares of its common stock at a subscription price of $1.20 per share. Rights to purchase all ten million shares of common stock were exercised in the rights offering, which expired on August 20, 2004. The Company received net cash proceeds of approximately $11.1 million from the rights offering after deducting offering expenses of approximately $120,000. In addition, CD Holding, one of the Company's principal stockholders, elected to apply the outstanding principal balance amount and accrued but unpaid interest in the aggregate amount of $511,000 under its revolving credit facility with the Company to the subscription price payable by CD Holding upon exercise of the rights issued to it in the rights offering. CD Holding had agreed, subject to certain conditions, to back-stop the rights offering for a commitment fee of 2% of the gross proceeds from the rights offering, which was also applied to the subscription price payable upon exercise of the rights issued to it in the rights offering. The net cash proceeds from the rights offering were used to fund a portion of the Company's seismic and drilling programs at WCBB and East Hackberry Field and to repay in full the outstanding principal balance of approximately $2.2 million on the Company's line of credit with the Bank of Oklahoma.

On February 17, 2005, the Company entered into a stock purchase agreement with certain accredited investors providing for the issuance by the Company of an aggregate of 2,000,000 shares of the Company's common stock at a price of $3.50 per share for gross proceeds to the Company of $7,000,000. On February 22, 2005 the Company entered into another stock purchase agreement with certain other accredited investors providing for the issuance by the Company of an aggregate of 2,000,000 shares of the Company's common stock at a price of $3.50 per share for gross proceeds to the Company of $7,000,000. The transactions closed effective as of February 18, 2005 and February 23, 2005, respectively. The Company has agreed to file, within 60 days of the closing date, a registration statement on Form S-3 (the "Shelf Registration Statement") with respect to the resale of the shares of common stock purchased by the investors in the private placements. The Company also granted certain piggy-back registration rights to the investors. No underwriting discounts or commissions were paid in conjunction with the issuances.

On February 23, 2005, the holders of warrants to purchase 7,336,687 shares of the Company's common stock exercised their warrants for an exercise price of $1.19 per share resulting in gross proceeds to the Company of $8.7 million. No underwriting discounts or commissions were paid in conjunction with the issuances.

On February 23, 2005, the Company used the proceeds from the exercise of the warrants, along with a portion of the proceeds from the sale of common stock, to redeem 12,502 shares of the 14,271 shares of the Company's then outstanding Series A preferred stock for an aggregate of $12.5 million, including accrued but unpaid dividends. After the sale of the common stock, the exercise of the warrants and the redemption of the preferred stock, Gulfport received net proceeds of $10.2 million. Gulfport intends to use these net proceeds, together with the cash-on-hand of approximately $5.0 million, cash from operations and, as necessary, borrowings under its credit facility, to redeem, all or in part, the remaining outstanding shares of preferred stock, execute the Company's 2005 drilling program and explore and undertake acquisitions if attractive opportunities become available.

On March 25, 2005, the Company used the proceeds from the exercise of the warrants, along with a portion of the proceeds from the sale of common stock, to redeem 96.6 shares of the 1,834 shares of the Company's then outstanding Series A preferred stock for an aggregate of $145,800, including accrued but unpaid dividends.

Capital Expenditures. The primary capital commitments faced by the Company over the past several years have been the capital requirements needed to continue developing the Company's proved reserves and obligations under our credit facilities and outstanding Series A preferred stock.

Our strategy is to continue to increase cash flows generated by our properties by undertaking new drilling, workover, sidetrack and recompletion projects to exploit our reserves and exploring other acquisition opportunities. We have upgraded our infrastructure by enhancing our existing facilities to increase operating efficiencies, increase volume capacities and lower lease operating expenses. Additionally, we completed the reprocessing of 3-D seismic data in our principal property, WCBB. The reprocessed data will continue to enable our 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 our December 31, 2004 reserve report, 78% of our net reserves were categorized as proved undeveloped. Our proved reserves will generally decline as reserves are depleted, except to the extent that we conduct successful exploration or development activities or acquire properties containing proved developed reserves, or both. To realize reserves and increase production, we must continue our exploratory drilling, undertake other replacement activities or utilize third parties to accomplish those activities.

Our inventory of prospects includes 135 proved undeveloped (PUD) wells at WCBB. The drilling schedule used in the reserve report anticipates that all of those wells will be drilled by 2011. Gulfport is in the process of permitting 20 additional wells to be drilled at West Cote Blanche Bay, including one sidetrack, and spud the first well in the 2005 drilling program in March 2005. The Company also plans on converting a well that is currently inactive to a salt water disposal well for the field during 2005. Gulfport began a five well workover and eight well recompletion program in November of 2004. The Company began to workover and recomplete six to ten wells during the first quarter of 2005.

Late in 2004, Gulfport began the process of shooting 3-D seismic at East Hackberry Field at an estimated total cost of approximately $4.5 million, most of which will be expended in 2005.

On June 28, 2004, the Company purchased the office building it occupies in Oklahoma City, Oklahoma for $3.7 million. The building contains approximately 24,823 total rentable square feet. Immediately upon the closing, the Company gained access to an additional 3,000 square feet with the remaining space to be leased for approximately 12 months by the existing tenant/owner. At the end of the twelve-month period, the Company will either occupy or sub-lease any unused space.

We believe that our cash on hand, cash flow from operations and borrowings under our credit facility will be sufficient to fund our capital expenditures for the foreseeable future.

Commitments

In connection with the acquisition of the remaining 50% interest in the WCBB properties, the Company assumed the seller's obligation 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. ChevronTexaco retained a security interest in production from these properties until these abandonment obligations have been fulfilled. Beginning in 2007, the Company can access the trust for use in plugging and abandonment charges associated with the property. As of December 31, 2004, the plugging and abandonment trust totaled approximately $2,814,000, including interest received during the year ended December 31, 2004 of approximately $17,000. The Company has plugged 132 wells at WCBB since it began its plugging program in 1997. The Company has fulfilled its funding obligations and is current in its plugging obligations.

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

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. Upon settlement of the liability or sale or the well, the liability is reversed. The asset retirement obligation is based on a number of assumptions requiring significant 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 $270,000 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 $7,590,000 and $7,370,000, respectively, and decreased accumulated depreciation by $50,000.

The asset retirement obligation recognized by the Company at December 31, 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.

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 has recorded a liability related to the Series A preferred stock of $14,020,000. Previously, the Series A preferred stock had been classified on the balance sheet between total liabilities and equity. This amount represents the 14,020 preferred shares issued and outstanding as of December 31, 2004, at the redemption and liquidation value of $1,000 per share. In the opinion of management, the $1,000 per share redemption and liquidation value approximates fair value. The shares are mandatorily redeemable on the fifth anniversary of the first issuance of Series A preferred stock. The Company redeemed 12,502 shares of the Series A preferred stock in February 2005 and is in the process of redeeming the remaining outstanding shares of Series A preferred stock.

SFAS No. 123(R)

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 123(R), "Share Based Payment", which revised SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS No. 123(R) requires entities to measure the fair value of equity share-based payments (stock compensation) at grant date, and recognize the fair value over the period during which an employee is required to provide services in exchange for the equity instrument as a component of the income statement. SFAS No. 123(R) is effective for periods beginning after December 15, 2005. We have not evaluated the impact of adoption of SFAS No. 123(R), but adoption could have a material impact on our financial position and results of operations.

ITEM 13. EXHIBITS

(a) List the following documents filed as part of this report:

Exhibit Number	Description
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Form 10-Q, File No. 000-19514, filed by the Company with the SEC on December 1, 1997).
3.2	Amendment to Certificate of Incorporation changing name of corporation to Gulfport Energy Corporation (incorporated by reference to Exhibit 3.2 to Amendment No. 1 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on June 21, 2004)
3.3	Amendment to Certificate of Incorporation to increase the number of authorized shares of Common Stock from 50,000,000 to 250,000,000 (incorporated by reference to Exhibit 3.4 to Amendment No. 1 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on June 21, 2004).
3.4	Amendment to Certificate of Incorporation to effect a 50 to 1 reverse stock split of the issued and outstanding Common Stock (incorporated by reference to Exhibit 3.5 to Amendment No. 1 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on June 21, 2004).
3.5	Amendment to Certificate of Incorporation to reduce the number of authorized shares of Common Stock from 250,000,000 to 15,000,000 (incorporated by reference to Exhibit 3.6 to Amendment No. 1 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on June 21, 2004).
3.6	Amendment to Certificate of Incorporation to increase the number of shares of capital stock from 15,000,000 to 25,000,000 (incorporated by reference to Exhibit A to Information Statement filed by the Company with the SEC on February 20, 2004).
3.7	Certificate of Amendment, dated July 20, 2004, of the Restated Certificate of Incorporation to increase the number of shares of capital stock from 25,000,000 to 40,000,000 (incorporated by reference to Exhibit 3.7 of Amendment No. 1 to Form 10-QSB, File No. 000-19514, filed by the Company with the SEC on February 18, 2005).
3.8	Certificate of Designations, Preferences and Relative Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Cumulative Preferred Stock Series A, dated March 28, 2002 (incorporated by reference to Exhibit 3.8 of Amendment No. 1 to Form 10-QSB, File No. 000-19514, filed by the Company with the SEC on February 18, 2005).

Exhibit Number	Description
3.9	Certificate of Amendment, dated July 20, 2004, of the Certificate of Designations, Preferences and Relative Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Cumulative Preferred Stock Series A. (incorporated by reference to Exhibit 3.9 of Amendment No. 1 to Form 10-QSB/A File No. 000-19514, filed by the Company with the SEC on February 18, 2005).
3.10	Bylaws (incorporated by reference to Exhibit 3.2 to Form 10-QSB, File No. 000-19514, filed by the Company with the SEC on December 1, 1997).
4.1	Form of Common Stock certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on July 22, 2004).
10.1	Credit Agreement, dated July 1, 2004, by and between the Company and Bank of Oklahoma (incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on June 21, 2004).
10.2	2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K, File No. 333-19514, filed by the Company with the SEC on February 18, 2005).
10.3	Form of Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Form 8-K, File No. 333-19514, filed by the Company with the SEC on February 18, 2005).
10.4	Form of Stock Option Exercise Agreement (incorporated by reference to Exhibit 10.3 to Form 8-K, File No. 333-19514, filed by the Company with the SEC on February 18, 2005)
10.5	Form of Warrant Agreement (incorporated by reference to Exhibit 10.4 to Amendment No. 2 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on July 22, 2004).
10.6	Employment Agreement, dated June 2003, by and between the Registrant and Mike Liddell (incorporated by reference to Exhibit 10.5 to Amendment No. 1 to the Registration Statement on Form SB-2, File No. 333-115396, filed by the Company with the SEC on June 21, 2004.
10.7**	Registration Rights Agreement, dated as of February 23, 2005, by and among the Company, Southpoint Fund LP, a Delaware limited partnership, Southpoint Qualified Fund LP, a Delaware limited partnership and Southpoint Offshore Operating Fund, LP, a Cayman Islands exempted limited partnership.
10.8**	Registration Rights Agreement, dated as of February 18, 2005, by and among the Company and Harbert Distressed Investment Master Fund, Ltd., a Cayman Islands exempt company, and Alpha US Sub Fund VI, LLC, a Delaware limited liability company.
10.9**	Credit Agreement, dated as of March 11, 2005, by and among the Company, each lender from time to time party thereto and Bank of America, N.A., as agent.
10.10**	Stock Purchase Agreement, dated as of February 17, 2005, by and among the Company, Harbert Distressed Investment Master Fund, Ltd and Alpha US Sub Fund VI, LLC.
10.11**	Stock Purchase Agreement, dated as of February 22, 2005, by and among the Company, Southpoint Fund LP, Southpoint Qualified Fund LP and Southpoint Offshore Operating Fund, LP.
14.0**	Code of Ethics.
21**	Subsidiaries of the Registrant.
23.1***	Consent of Grant Thornton LLP.
23.2***	Consent of Hogan & Slovacek.
23.3***	Consent of Netherland, Sewell & Associates, Inc.

Exhibit Number	Description
31.1***	Certification of Chief Executive Officer of the Registrant pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2***	Certification of Chief Financial Officer of the Registrant pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1***	Certification of Chief Executive Officer of the Registrant pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2***	Certification of Chief Financial Officer of the Registrant pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.

* Filed with Amendment No. 1 to Form 10-KSB.
** Filed with original Form 10-KSB.
*** Filed herewith.

(b) Reports on Form 8K

The Company has filed or furnished the following Current Reports on Form 8-K during the fourth quarter of 2004: Current report on Form 8-K furnished on November 24, 2004 regarding its results of operations for the quarter ended September 30, 2004.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GULFPORT ENERGY CORPORATION

Date: December 29, 2005

By: /s/ James D. Palm
James D. Palm
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

GULFPORT ENERGY CORPORATION

Date: December 29, 2005

By: /s/ James D. Palm
James D. Palm
Chief Executive Officer

Date: December 29, 2005

By: /s/ Robert E. Brooks
Robert E. Brooks
Director

Date: December 29, 2005

By: /s/ David L. Houston
David L. Houston
Director

Date: December 29, 2005

By: /s/ Mickey Liddell
Mickey Liddell
Director

Date: December 29, 2005

By: /s/ Dan Noles
Dan Noles
Director

Date: December 29, 2005

By: /s/ Michael G. Moore
Michael G. Moore
Vice President and Chief Financial Officer

Date: December 29, 2005

By: /s/ Mike Liddell
Mike Liddell
Director

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 25, 2005, accompanying the financial statements included in the Annual Report of Gulfport Energy Corporation on Form 10-KSB/A for the year ended December 31, 2004. We consent to the incorporation by reference of said report in the Registration Statement of Gulfport Energy Corporation on Form S-8 (File No. 333-55738, effective February 16, 2001) and Form S-3/A (File No. 333-124209).

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
December 21, 2005

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 14, 2004, accompanying the financial statements included in the Annual Report of Gulfport Energy Corporation on Form 10-KSB/A for the year ended December 31, 2004. We consent to the incorporation by reference of said report in the Registration Statement of Gulfport Energy Corporation on Form S-8 (File No. 333-55738, effective February 16, 2001) and Form S-3/A (File No. 333-124209).

/s/ Hogan & Slovacek

Oklahoma City, Oklahoma
December 28, 2005

Exhibit 23.3

[NSAI LOGO]

CONSENT OF NETHERLAND, SEWELL & ASSOCIATES, INC.

We hereby consent to the inclusion in the Amendment No. 2 to Form 10-KSB/A of Gulfport Energy Corporation for 2004, of our report dated March 18, 2005 on oil and gas reserves of Gulfport Energy Corporation and its subsidiaries.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Danny D. Simmons
Danny D. Simmons
Executive Vice President

Houston, Texas
December 20, 2005

Exhibit 31.1

CERTIFICATION

I, James D. Palm, Chief Executive Officer of Gulfport Energy Corporation, certify that:

1. I have reviewed this Annual Report on Amendment No. 2 to Form 10-KSB 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-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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 over financial reporting.

Date: December 29, 2005

/s/ James D. Palm
James D. Palm
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

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

1. I have reviewed this Annual Report on Amendment No. 2 to Form 10-KSB 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-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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 over financial reporting.

Date: December 29, 2005

/s/ Mike Moore
Mike Moore
ChiefFinancial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, James D. Palm, Chief Executive Officer of Gulfport Energy Corporation (the "Company"), 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 Annual Report on Amendment No. 2 to Form 10-KSB of the Company for the year ended December 31, 2004 (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(a) 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.

Date: December 29, 2005

/s/ James D. Palm
James D. Palm
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

I, Michael G. Moore, Chief Financial Officer of Gulfport Energy Corporation (the "Company"), 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 Annual Report on Amendment No. 2 to Form 10-KSB of the Company for the year ended December 31, 2004 (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(a) 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.

Date: December 29, 2005

/s/ Mike Moore
Mike Moore
ChiefFinancial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.