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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from to

Commission File Number 000-19514

Gulfport Energy Corporation
(Exact Name of Registrant As Specified in Its Charter)

Delaware	**73-1521290**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
3001 Quail Springs Parkway	
Oklahoma City, Oklahoma	**73134**
(Address of Principal Executive Offices)	(Zip Code)

(405) 252-4600
(Registrant Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	GPOR	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

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

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

As of July 31, 2020, 160,115,829 shares of the registrant's common stock were outstanding.

GULFPORT ENERGY CORPORATION
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GULFPORT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

	June 30, 2020	December 31, 2019
	(Unaudited)	
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,817	$ 6,060
Accounts receivable—oil and natural gas sales	65,645	121,210
Accounts receivable—joint interest and other	19,389	47,975
Prepaid expenses and other current assets	10,862	4,431
Short-term derivative instruments	53,188	126,201
Total current assets	151,901	305,877
Property and equipment:		
Oil and natural gas properties, full-cost accounting, $1,564,189 and $1,686,666 excluded from amortization in 2020 and 2019, respectively	10,730,992	10,595,735
Other property and equipment	96,838	96,719
Accumulated depletion, depreciation, amortization and impairment	(8,457,464)	(7,228,660)
Property and equipment, net	2,370,366	3,463,794
Other assets:		
Equity investments	13,052	32,044
Long-term derivative instruments	4,298	563
Deferred tax asset	—	7,563
Operating lease assets	3,640	14,168
Operating lease assets—related parties	—	43,270
Other assets	37,000	15,540
Total other assets	57,990	113,148
Total assets	$ 2,580,257	$ 3,882,819
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 315,575	$ 415,218
Short-term derivative instruments	8,540	303
Current portion of operating lease liabilities	3,356	13,826
Current portion of operating lease liabilities—related parties	—	21,220
Current maturities of long-term debt	649	631
Total current liabilities	328,120	451,198
Long-term derivative instruments	45,615	53,135
Asset retirement obligation	61,371	60,355
Uncertain tax position liability	3,209	3,127
Non-current operating lease liabilities	284	342
Non-current operating lease liabilities—related parties	—	22,050
Long-term debt, net of current maturities	1,910,318	1,978,020
Total liabilities	2,348,917	2,568,227
Commitments and contingencies (Note 9)		
Preferred stock, $0.01 par value; 5.0 million shares authorized (30 thousand authorized as redeemable 12% cumulative preferred stock, Series A), and none issued and outstanding	—	—
Stockholders' equity:		
Common stock - $0.01 par value, 200.0 million shares authorized, 160.1 million issued and outstanding at June 30, 2020 and 159.7 million at December 31, 2019	1,601	1,597
Paid-in capital	4,211,062	4,207,554
Accumulated other comprehensive loss	(54,991)	(46,833)
Accumulated deficit	(3,926,332)	(2,847,726)
Total stockholders' equity	231,340	1,314,592
Total liabilities and stockholders' equity	$ 2,580,257	$ 3,882,819

See accompanying notes to consolidated financial statements.

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
REVENUES:				
Natural gas sales	$ 86,797	$ 225,257	$ 195,344	$ 501,273
Oil and condensate sales	8,390	36,910	31,541	69,392
Natural gas liquid sales	10,252	25,687	27,165	57,812
Net gain on natural gas, oil and NGL derivatives	26,971	171,140	125,237	151,095
Total Revenues	132,410	458,994	379,287	779,572
OPERATING EXPENSES:				
Lease operating expenses	15,686	22,388	31,672	42,195
Production taxes	3,605	8,098	8,404	16,019
Midstream gathering and processing expenses	59,974	72,015	117,870	142,297
Depreciation, depletion and amortization	64,790	124,951	142,818	243,384
Impairment of oil and natural gas properties	532,880	—	1,086,225	—
General and administrative expenses	10,470	11,727	26,639	21,784
Accretion expense	755	1,359	1,496	2,426
Total Operating Expenses	688,160	240,538	1,415,124	468,105
(LOSS) INCOME FROM OPERATIONS	(555,750)	218,456	(1,035,837)	311,467
OTHER EXPENSE (INCOME):				
Interest expense	32,366	36,418	65,356	72,039
Interest income	(78)	(159)	(230)	(311)
Gain on debt extinguishment	(34,257)	—	(49,579)	—
Loss from equity method investments, net	45	125,582	10,834	121,309
Other expense	7,242	990	9,098	563
Total Other Expense	5,318	162,831	35,479	193,600
(LOSS) INCOME BEFORE INCOME TAXES	(561,068)	55,625	(1,071,316)	117,867
Income Tax Expense (Benefit)	—	(179,331)	7,290	(179,331)
NET (LOSS) INCOME	$ (561,068)	$ 234,956	$ (1,078,606)	$ 297,198
NET (LOSS) INCOME PER COMMON SHARE:				
Basic	$ (3.51)	$ 1.47	$ (6.75)	$ 1.85
Diluted	$ (3.51)	$ 1.47	$ (6.75)	$ 1.84
Weighted average common shares outstanding—Basic	159,934	159,325	159,847	161,065
Weighted average common shares outstanding—Diluted	159,934	159,507	159,847	161,590

See accompanying notes to consolidated financial statements.

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Net (loss) income	$ (561,068)	$ 234,956	$ (1,078,606)	$ 297,198
Foreign currency translation adjustment	6,872	3,610	(8,158)	7,411
Other comprehensive income (loss)	6,872	3,610	(8,158)	7,411
Comprehensive (loss) income	$ (554,196)	$ 238,566	$ (1,086,764)	$ 304,609

See accompanying notes to consolidated financial statements.

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
	(In thousands)					
Balance at January 1, 2020	159,711	$ 1,597	$ 4,207,554	$ (46,833)	$ (2,847,726)	$ 1,314,592
Net Loss	—	—	—	—	(517,538)	(517,538)
Other Comprehensive Loss	—	—	—	(15,030)	—	(15,030)
Stock Compensation	—	—	2,104	—	—	2,104
Shares Repurchased	(80)	(1)	(78)	—	—	(79)
Issuance of Restricted Stock	211	2	(2)	—	—	—
Balance at March 31, 2020	159,842	$ 1,598	$ 4,209,578	$ (61,863)	$ (3,365,264)	$ 784,049
Net Loss	—	—	—	—	(561,068)	(561,068)
Other Comprehensive Income	—	—	—	6,872	—	6,872
Stock Compensation	—	—	1,515	—	—	1,515
Shares Repurchased	(27)	—	(28)	—	—	(28)
Issuance of Restricted Stock	301	3	(3)	—	—	—
Balance at June 30, 2020	160,116	$ 1,601	$ 4,211,062	$ (54,991)	$ (3,926,332)	$ 231,340

	Common Stock		Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
	(In thousands)					
Balance at January 1, 2019	162,986	$ 1,630	$ 4,227,532	$ (56,026)	$ (845,368)	$ 3,327,768
Net Income	—	—	—	—	62,242	62,242
Other Comprehensive Income	—	—	—	3,801	—	3,801
Stock Compensation	—	—	2,785	—	—	2,785
Shares Repurchased	(3,619)	(37)	(28,293)	—	—	(28,330)
Issuance of Restricted Stock	55	1	(1)	—	—	—
Balance at March 31, 2019	159,422	$ 1,594	$ 4,202,023	$ (52,225)	$ (783,126)	$ 3,368,266
Net Income	—	—	—	—	234,956	234,956
Other Comprehensive Income	—	—	—	3,610	—	3,610
Stock Compensation	—	—	2,846	—	—	2,846
Shares Repurchased	(297)	(3)	(2,267)	—	—	(2,270)
Issuance of Restricted Stock	271	3	(3)	—	—	—
Balance at June 30, 2019	159,396	$ 1,594	$ 4,202,599	$ (48,615)	$ (548,170)	$ 3,607,408

See accompanying notes to consolidated financial statements.

GULFPORT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30, 2020	Six months ended June 30, 2019
	(In thousands)	
Cash flows from operating activities:		
Net (loss) income	$ (1,078,606)	$ 297,198
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depletion, depreciation and amortization	142,818	243,384
Impairment of oil and natural gas properties	1,086,225	—
Loss (income) from equity investments	10,834	121,449
Gain on debt extinguishment	(49,579)	—
Net gain on derivative instruments	(125,237)	(151,095)
Net cash receipts (payments) on settled derivative instruments	195,232	(1,494)
Deferred income tax expense	7,290	(179,331)
Other, net	9,844	11,341
Changes in operating assets and liabilities:		
Decrease in accounts receivable—oil and natural gas sales	55,565	78,525
Decrease (increase) in accounts receivable—joint interest and other	29,159	(24,148)
(Decrease) increase in accounts payable and accrued liabilities	(30,620)	3,220
Other, net	(5,703)	720
Net cash provided by operating activities	247,222	399,769
Cash flows from investing activities:		
Additions to oil and natural gas properties	(274,851)	(508,315)
Proceeds from sale of oil and natural gas properties	45,185	745
Additions to other property and equipment	(575)	(4,298)
Proceeds from sale of other property and equipment	151	130
Contributions to equity method investments	—	(432)
Distributions from equity method investments	—	1,945
Net cash used in investing activities	(230,090)	(510,225)
Cash flows from financing activities:		
Principal payments on borrowings	(323,322)	(345,350)
Borrowings on line of credit	326,000	455,000
Repurchases of senior notes	(22,827)	—
Payments for repurchases of stock under approved stock repurchase program	—	(30,000)
Other, net	(226)	(714)
Net cash (used in) provided by financing activities	(20,375)	78,936
Net decrease in cash, cash equivalents and restricted cash	(3,243)	(31,520)
Cash, cash equivalents and restricted cash at beginning of period	6,060	52,297
Cash, cash equivalents and restricted cash at end of period	$ 2,817	$ 20,777
Supplemental disclosure of cash flow information:		
Interest payments	$ 60,523	$ 67,472
Income tax receipts	$ —	$ (1,794)
Supplemental disclosure of non-cash transactions:		
Capitalized stock-based compensation	$ 1,891	$ 2,252
Asset retirement obligation capitalized	$ 1,553	$ 6,230
Asset retirement obligation removed due to divestiture	$ (2,033)	$ —
Interest capitalized	$ 710	$ 1,771
Fair value of contingent consideration asset on date of divestiture	$ 23,090	$ —
Foreign currency translation (loss) gain on equity method investments	$ (8,158)	$ 7,411

See accompanying notes to consolidated financial statements.

GULFPORT ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND LIQUIDITY, MANAGEMENT'S PLANS AND GOING CONCERN

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by Gulfport Energy Corporation (the "Company" or "Gulfport") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), and reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods reported in all material respects, on a basis consistent with the annual audited consolidated 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 ("GAAP") 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.

The consolidated financial statements should be read in conjunction with the consolidated financial statements and the summary of significant accounting policies and notes included in the Company's most recent annual report on Form 10-K. Results for the three and six months ended June 30, 2020 are not necessarily indicative of the results expected for the full year.

COVID-19

In March 2020, the World Health Organization classified the outbreak of COVID-19 as a pandemic and recommended containment and mitigation measures worldwide. The measures have led to worldwide shutdowns and halting of commercial and interpersonal activity, as governments around the world have imposed regulations in efforts to control the spread of COVID-19 such as shelter-in-place orders, quarantines, executive orders and similar restrictions.

Gulfport remains focused on protecting the health and well-being of its employees and the communities in which it operates while assuring the continuity of its business operations. The Company implemented preventative measures and developed corporate and field response plans to minimize unnecessary risk of exposure and prevent infection. Additionally, the Company has a crisis management team for health, safety and environmental matters and personnel issues, and has established a COVID-19 Response Team to address various impacts of the situation, as they have been developing. Gulfport has modified certain business practices (including remote working for its corporate employees and restricted employee business travel) to conform to government restrictions and best practices encouraged by the Centers for Disease Control and Prevention, the World Health Organization and other governmental and regulatory authorities. In May 2020, the Company began its phased transition back to the office for its corporate employees. As part of this transition, the Company put into place preventative measures to focus on social distancing and minimizing unnecessary risk of exposure. As of the date of this filing, Gulfport has transitioned approximately 60% of its corporate employees back to the corporate office. The Company will continue to monitor trends and governmental guidelines and may adjust its return to office plans accordingly to ensure the health and safety of its employees. As a result of its business continuity measures, the Company has not experienced significant disruptions in executing its business operations in 2020.

Gulfport is closely monitoring the impact of COVID-19 on all aspects of its business and the current commodity price environment and is unable to predict the impact it will have on its future financial position or operating results. In response to the current commodity price environment, the Company voluntarily shut-in a portion of its production during the second quarter of 2020 and announced tiered salary reduction for most employees, senior management team and the Board of Directors beginning in June 2020 with such measures expected to last through December 2020. Additionally, select furloughs were implemented to reduce costs and preserve liquidity.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act did not have a material impact on the Company's consolidated financial statements.

Liquidity, Management's Plans and Going Concern

As noted above, decreased demand for oil and natural gas as a result of the COVID-19 pandemic and the accompanying decrease in commodity prices has significantly impaired the Company's ability to access capital markets and to refinance its existing indebtedness. Further, these conditions have made amendments or waivers to its revolving credit facility more difficult to obtain and available on terms less favorable to the Company. If depressed commodity prices persist or decline further, the borrowing base under the Company's revolving credit facility could be further reduced at its next scheduled redetermination date in November 2020. Any such reduction would constrain the Company's liquidity and may impair its ability to fund its planned capital expenditures and meet its obligations under its existing indebtedness. Further, a reduction in the Company's capital expenditures would decrease its production, revenues, operating cash flow and EBITDA, which could limit its ability to comply with the restrictive covenants in its revolving credit facility and other existing indebtedness. Finally, the Company's existing revolving credit facility matures in December 2021 and therefore will become a current liability at year end 2020 unless the Company is able to refinance the credit facility with a new credit facility or other financing. Considering the current state of the first lien market and the Company's elevated leverage profile, there is substantial risk that a refinancing will not be available to the Company on reasonable terms. A current liability under the revolving credit facility at year end 2020 may result in a qualified audit opinion which could result in a default under the terms of the current revolving credit facility. As a result of these uncertainties and other factors, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern. Failure to meet the Company's obligations under its existing indebtedness or failure to comply with any of its covenants, if not waived, would result in an event of default under such indebtedness and result in the potential acceleration of outstanding indebtedness thereunder and, with respect to the revolving credit facility, the potential foreclosure on the collateral securing such debt, and could cause a cross-default under its other outstanding indebtedness.

In the current depressed commodity price environment and period of economic uncertainty, the Company has taken various steps over the last several months to improve its balance sheet and preserve liquidity including (1) exercising capital discipline by reducing 2020 capital spending by 50% as compared to 2019, (2) focusing on operational efficiencies to reduce operating costs as evidenced by the recent reductions in Development and Completion costs per lateral foot, (3) reducing corporate general and administrative costs significantly, (4) and repurchasing unsecured notes at a deep discount.

Although management’s actions listed above have helped to improve our liquidity and leverage profile, continued macro headwinds including the depressed state of energy capital markets and the extraordinarily low commodity price environments present significant risks to the Company's ability to fund its operations going forward. Accordingly, management has determined there is substantial doubt about its ability to continue as a going concern over the next twelve months from the issuance of these financial statements. The Company has engaged financial and legal advisors to assist with the evaluation of a range of liability management alternatives. Additionally, the Company maintains an active dialogue with its senior lenders and bondholders regarding liability management alternatives to improve its balance sheet. There can be no assurances that the Company will be able to successfully complete a liability management transaction that materially improves the Company’s leverage profile or liquidity position.

The consolidated financial statements (i) have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and other commitments in the normal course of business and (ii) do not include any adjustments to reflect the possible future effects of the uncertainty on the recoverability or classification of recorded asset amounts or the amounts or classifications of liabilities.

Impact on Previously Reported Results

During the third quarter of 2019, the Company identified that certain activities were misclassified between cash flows from operating activities and cash flows from investing activities. These activities had been included in accounts payable, accrued liabilities and other and presented as cash flows from operating activities while they should have been presented as additions to oil and natural gas properties in cash flows from investing activities. The Company corrected the previously presented statements of cash flows for these additions and in doing so, for the six months ended June 30, 2019 contained herein, the consolidated statements of cash flows and the condensed consolidating statements of cash flows were adjusted to increase net cash flows provided by operating activities by $90.8 million with a corresponding increase in net cash flows used in investing activities. The Company has evaluated the effect of the previous presentation, both qualitatively and quantitatively, and concluded that it did not have a material impact on any previously filed annual or quarterly consolidated financial statements.

Recently Adopted Accounting Standards

On January 1, 2020, the Company adopted ASU No. 2016-13,*Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The Company adopted the new standard using the prospective transition method, and it did not have a material impact on the Company's consolidated financial statements and related disclosures.

2. PROPERTY AND EQUIPMENT

The major categories of property and equipment and related accumulated depletion, depreciation, amortization ("DD&A") and impairment as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
	(In thousands)	
Oil and natural gas properties	$ 10,730,992	$ 10,595,735
Accumulated DD&A and impairment	(8,415,756)	(7,191,957)
Oil and natural gas properties, net	2,315,236	3,403,778
Other depreciable property and equipment	91,317	91,198
Land	5,521	5,521
Accumulated DD&A	(41,708)	(36,703)
Other property and equipment, net	55,130	60,016
Property and equipment, net	$ 2,370,366	$ 3,463,794

Under the full cost method of accounting, the Company is required to perform a ceiling test each quarter. The test determines a limit, or ceiling, on the book value of the Company's oil and natural gas properties. At June 30, 2020, the net book value of the Company's oil and gas properties, less related deferred income taxes, was above the calculated ceiling primarily as a result of reduced commodity prices for the period leading up to June 30, 2020. As a result, the Company was required to record impairments of its oil and natural gas properties of $532.9 million and $1.1 billion for the three and six months ended June 30, 2020, respectively. No impairments were required for oil and natural gas properties for the three and six months ended June 30, 2019.

Based on prices for the last nine months and the short-term pricing outlook for the third quarter of 2020, the Company expects to recognize additional full cost impairments in the third quarter of 2020. The amount of any future impairments is difficult to predict as it depends on future commodity prices, production rates, proved reserves, evaluation of costs excluded from amortization, future development costs and production costs. Any future full cost impairments are not expected to have an impact to the Company's future cash flows or liquidity.

General and administrative costs capitalized to the full cost pool represent management's estimate of costs incurred directly related to exploration and development activities such as geological and other costs associated with overseeing exploration and development activities. All general and administrative costs not directly associated with exploration and development activities are charged to expense as they are incurred. Capitalized general and administrative costs were approximately $8.2 million and $13.6 million for the three and six months ended June 30, 2020, respectively, and $8.8 million and $16.5 million for the three and six months ended June 30, 2019, respectively.

The average depletion rate per Mcfe, which is a function of capitalized costs, future development costs and the related underlying reserves in the periods presented, was $0.73 and $1.00 per Mcfe for the six months ended June 30, 2020 and 2019, respectively.

The following table summarizes the Company's unevaluated properties excluded from amortization by area at June 30, 2020:

	June 30, 2020
	(In thousands)
Utica	$ 874,886
MidContinent	687,169
Other	2,134
	$ 1,564,189

At December 31, 2019, approximately $1.7 billion of unevaluated properties were not subject to amortization.

The Company evaluates the costs excluded from its amortization calculation at least annually. Individually insignificant unevaluated properties are grouped for evaluation and periodically transferred to evaluated properties over a timeframe consistent with their expected development schedule.

Asset Retirement Obligation

A reconciliation of the Company's asset retirement obligation for the six months ended June 30, 2020 and 2019 is as follows:

	June 30, 2020	June 30, 2019
	(In thousands)	
Asset retirement obligation, beginning of period	$ 60,355	$ 79,952
Liabilities incurred	1,553	5,153
Liabilities settled	—	(117)
Liabilities removed due to divestitures	(2,033)	—
Accretion expense	1,496	2,426
Revisions in estimated cash flows	—	1,077
Asset retirement obligation as of end of period	61,371	88,491

3. DIVESTITURES

Sale of Water Infrastructure Assets

On January 2, 2020, the Company closed on the sale of its SCOOP water infrastructure assets to a third-party water service provider. The Company received $50.0 million in cash proceeds upon closing and has an opportunity to earn potential additional incentive payments over the next 15 years, subject to the Company's ability to meet certain thresholds which will be driven by, among other things, the Company's future development program and water production levels. The agreement contained no minimum volume commitments. The fair value of the contingent consideration as of the closing date was $23.1 million. The divested assets were included in the amortization base of the full cost pool and no gain or loss was recognized in the accompanying consolidated statements of operations as a result of the sale.

4. EQUITY INVESTMENTS

Investments accounted for by the equity method consist of the following as of June 30, 2020 and December 31, 2019:

		Carrying value		(Loss) income from equity method investments			
				Three months ended June 30,		Six months ended June 30,	
	Approximate ownership %	June 30, 2020	December 31, 2019	2020	2019	2020	2019
				(In thousands)			
Investment in Grizzly Oil Sands ULC	24.6 %	$ 13,013	$ 21,000	$ (45)	$ 54	(188)	$ (339)
Investment in Mammoth Energy Services, Inc.	21.5 %	—	11,005	—	(127,581)	(10,646)	(123,055)
Investment in Windsor Midstream LLC	22.5 %	39	39	—	—	—	—
Investment in Tatex Thailand II, LLC	23.5 %	—	—	—	1,945	—	2,085
		$ 13,052	$ 32,044	$ (45)	$ (125,582)	$ (10,834)	$ (121,309)

The tables below summarize financial information for the Company's equity investments as of June 30, 2020 and December 31, 2019.

Summarized balance sheet information:

	June 30, 2020	December 31, 2019
	(In thousands)	
Current assets	$ 434,966	$ 421,326
Noncurrent assets	$ 1,107,221	$ 1,260,075
Current liabilities	$ 115,281	$ 132,569
Noncurrent liabilities	$ 172,478	$ 163,241

Summarized results of operations:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Gross revenue	$ 60,109	$ 179,114	$ 157,492	$ 443,958
Net (loss) income	$ (14,922)	$ (4,072)	$ (99,953)	$ 20,684

Grizzly Oil Sands ULC

The Company, through its wholly owned subsidiary Grizzly Holdings Inc. (“Grizzly Holdings”), owns an approximate 24.6% interest in Grizzly Oil Sands ULC (“Grizzly”), a Canadian unlimited liability company. The remaining interest in Grizzly is owned by Grizzly Oil Sands Inc. As of June 30, 2020, Grizzly had approximately 830,000 acres under lease in the Athabasca, Peace River and Cold Lake oil sands regions of Alberta, Canada. The Company reviewed its investment in Grizzly for impairment at June 30, 2020 and 2019 and determined no impairment was required. The Company paid $0.4 million in cash calls during the six months ended June 30, 2019 prior to its election to cease funding further capital calls. Grizzly’s functional currency is the Canadian dollar. The Company’s investment in Grizzly increased by $6.9 million as a result of a foreign currency translation gain and decreased by $7.8 million as a result of a foreign currency translation loss for the three and six months ended June 30, 2020, respectively. The Company's investment in Grizzly was increased by $3.5 million and $7.3 million for the three and six months ended June 30, 2019, respectively, as a result of a foreign currency translation gain.

Mammoth Energy Services, Inc.

At June 30, 2020, the Company owned 9,829,548 shares, or approximately 21.5%, of the outstanding common stock of Mammoth Energy Services, Inc. ("Mammoth Energy"). The approximate fair value of the Company's investment in Mammoth Energy at June 30, 2020 was $11.6 million based on the quoted market price of Mammoth Energy's common stock

At March 31, 2020, the Company's share of net loss of Mammoth was in excess of the carrying value of its investment. As such, the Company's investment value was reduced to zero at March 31, 2020. During the second quarter of 2020, the Company's share of net loss of Mammoth continued to be in excess of the carrying value of its investment and, therefore, the Company's investment value remained at zero at June 30, 2020.

The Company received no distributions from Mammoth Energy during the six months ended June 30, 2020 and distributions of $2.5 million during the six months ended June 30, 2019 as a result of $0.125 per share dividends in February 2019 and May 2019. The loss (income) from equity method investments presented in the table above reflects any intercompany profit eliminations.

Windsor Midstream LLC

At June 30, 2020, the Company held a 22.5% interest in Windsor Midstream LLC (“Midstream”), an entity controlled and managed by an unrelated third party. The Company received no distributions from Midstream during the six months ended June 30, 2020.

Tatex Thailand II, LLC

The Company has an indirect ownership interest in Tatex Thailand II, LLC ("Tatex") and receivedno distributions and $2.1 million in distributions from Tatex during the six months ended June 30, 2020 and 2019, respectively. Tatex previously held an 8.5% interest in APICO, LLC (“APICO”), an international oil and gas exploration company, before selling its interest in June 2019. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering approximately 108,000 acres which includes the Phu Horm Field.

5. LONG-TERM DEBT

Long-term debt consisted of the following items as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
	(In thousands)	
Revolving credit agreement(1)	$ 123,000	$ 120,000
6.625% senior unsecured notes due 2023	324,583	329,467
6.000% senior unsecured notes due 2024	579,568	603,428
6.375% senior unsecured notes due 2025	507,870	529,525
6.375% senior unsecured notes due 2026	374,617	397,529
Net unamortized debt issuance costs(2)	(20,802)	(23,751)
Construction loan	22,131	22,453
Less: current maturities of long term debt	(649)	(631)
Debt reflected as long term	$ 1,910,318	$ 1,978,020

(1) The Company has entered into a senior secured revolving credit facility, as amended (the "revolving credit facility"), with The Bank of Nova Scotia, as the lead arranger and administrative agent and other lenders. The credit agreement provides for a maximum facility of $1.5 billion and matures on December 13, 2021. On May 1, 2020, the Company entered into the fifteenth amendment to the Amended and Restated Credit Agreement. As part of the amendment, the Company's borrowing base and elected commitment were reduced from $1.2 billion and $1.0 billion, respectively, to $700.0 million. Additionally, the amendment added a requirement to maintain a ratio of Net Secured Debt to EBITDAX (as defined under the revolving credit agreement) not exceeding 2.00 to 1.00, deferred the requirement to maintain a ratio of Net Funded Debt to EBITDAX of 4.00 to 1.00 until September 30, 2021 and added a limitation on the repurchase of unsecured notes, among other amendments.

On July 27, 2020, the Company entered into the sixteenth amendment to the Amended and Restated Credit Agreement. The sixteenth amendment allows for the Company to issue up to $750 million in second lien debt subject to certain conditions. SeeNote 16 for further information on this amendment.

As of June 30, 2020, $123.0 million was outstanding under the revolving credit facility and the total availability for future borrowings under this facility, after giving effect to an aggregate of $324.1 million letters of credit, was $252.9 million. The Company’s wholly owned subsidiaries have guaranteed the obligations of the Company under the revolving credit facility.

At June 30, 2020, amounts borrowed under the revolving credit facility bore interest at a weighted average rate of2.44%.

The Company was in compliance with its financial covenants under the revolving credit facility at June 30, 2020.

(2) Loan issuance costs related to the6.625% Senior Notes due 2023 (the "2023 Notes"), the6.000% Senior Notes due 2024 (the "2024 Notes"), the6.375% Senior Notes due 2025 (the "2025 Notes") and the 6.375% Senior Notes due 2026 (the "2026 Notes") (collectively the “Notes”) have been presented as a reduction to the principal amount of the Notes. At June 30, 2020, total unamortized debt issuance costs were $2.8 million for the 2023 Notes, $6.1 million for the 2024 Notes, $8.5 million for the 2025 Notes and $3.4 million for the 2026 Notes. In addition, loan commitment fee costs for the Company's construction loan agreement were $0.1 million at June 30, 2020.

The Company capitalized approximately $0.5 million and $0.7 million in interest expense to its unevaluated oil and natural gas properties during the three and six months ended June 30, 2020, respectively. The Company capitalized approximately $1.0

million and $1.8 million in interest expense to its unevaluated oil and natural gas properties during the three and six months ended June 30, 2019, respectively.

Debt Repurchases

In 2019, the Company's Board of Directors authorized $200 million of cash to be used to repurchase its senior notes in the open market at discounted values to par. The Company used borrowings under its revolving credit facility to repurchase in the open market $47.5 million and $73.3 million aggregate principal amount of its outstanding Notes for $12.6 million and $22.8 million during the three and six months ended June 30, 2020, respectively. For the three months ended June 30, 2020, this included $4.9 million principal amount of the 2023 Notes, $16.3 million principal amount of the 2024 Notes, $13.5 million principal amount of the 2025 Notes, and $12.8 million principal amount of the 2026 Notes. The Company recognized a $34.3 million and $49.6 million gain on debt extinguishment, which included retirement of unamortized issuance costs and fees associated with the repurchased debt, during the three and six months ended June 30, 2020, respectively. This gain is included in gain on debt extinguishment in the accompanying consolidated statements of operations. As of May 1, 2020, further repurchases under this program are limited due to the agreements entered into under the fifteenth amendment to the Amended and Restated Credit Agreement of the Company's credit facility.

Fair Value of Debt

At June 30, 2020, the carrying value of the outstanding debt represented by the Notes was approximately $1.8 billion. Based on the quoted market prices (Level 1), the fair value of the Notes was determined to be approximately $930.2 million at June 30, 2020.

6. CHANGES IN CAPITALIZATION

Stock Repurchases

In January 2019, the Company's Board of Directors approved a stock repurchase program to acquire a portion of the Company's outstanding common stock within a 24-month period. The program was suspended in the fourth quarter of 2019, and the May 1, 2020 amendment to the Company's revolving credit facility prohibits further stock repurchases.

For the three and six months ended June 30, 2019, the Company repurchased 0.2 million and 3.8 million shares for a cost of approximately $1.8 million and $30.0 million, respectively, under this repurchase program.

Additionally, during the three and six months ended June 30, 2020, the Company repurchased approximately 27,000 and 107,000 shares, respectively, for a cost of $28 thousand and $0.1 million, respectively, to satisfy tax withholding requirements incurred upon the vesting of restricted stock. During the three and six months ended June 30, 2019, the Company repurchased approximately 72,000 and 87,000 shares, respectively, for a cost of $0.5 million and $0.6 million, respectively, to satisfy tax withholding requirements incurred upon the vesting of restricted stock. All repurchased shares have been canceled and returned to the status of authorized but unissued shares.

7. STOCK-BASED COMPENSATION

The Company has granted restricted stock units to employees and directors pursuant to the 2019 Amended and Restated Incentive Stock Plan ("2019 Plan"), as discussed below. During the three and six months ended June 30, 2020, the Company’s stock-based compensation cost was $2.2 million and $4.3 million, respectively, of which the Company capitalized $1.0 million and $1.9 million, respectively, relating to its exploration and development efforts. During the three and six months ended June 30, 2019, the Company’s stock-based compensation cost was $2.8 million and $5.6 million, respectively, of which the Company capitalized $1.1 million and $2.3 million, respectively, relating to its exploration and development efforts. Stock compensation costs, net of the amounts capitalized, are included in general and administrative expenses in the accompanying consolidated statements of operations.

The following table summarizes restricted stock unit activity for the six months ended June 30, 2020:

	Number of Unvested Restricted Stock Units	Weighted Average Grant Date Fair Value	Number of Unvested Performance Vesting Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested shares as of January 1, 2020	4,098,318	$ 4.73	1,783,660	$ 2.96
Granted	1,985,452	0.67	—	—
Vested	(512,283)	7.19	—	—
Forfeited	(979,929)	3.82	(830,323)	1.98
Unvested shares as of June 30, 2020	4,591,558	$ 3.00	953,337	$ 3.82

Restricted Stock Units

Restricted stock units awarded under the 2019 Plan generally vest over a period ofone year in the case of directors andthree years in the case of employees and vesting is dependent upon the recipient meeting applicable service requirements. Stock-based compensation costs are recorded ratably over the service period. The grant date fair value of restricted stock units represents the closing market price of the Company's common stock on the date of grant. Unrecognized compensation expense as of June 30, 2020 related to restricted stock units was $9.4 million. The expense is expected to be recognized over a weighted average period of 1.75 years.

Performance Vesting Restricted Stock Units

The Company has awarded performance vesting units to certain of its executive officers under the 2019 Plan. The number of shares of common stock issued pursuant to the award will be based on relative total shareholder return ("RTSR"). RTSR is an incentive measure whereby participants will earn from 0% to 200% of the target award based on the Company's RTSR ranking compared to the RTSR of the companies in the Company's designated peer group at the end of the performance period. Awards will be earned and vested over a performance period measured from January 1, 2019 to December 31, 2021, subject to earlier termination of the performance period in the event of a change in control. Unrecognized compensation expense as of June 30, 2020 related to performance vesting restricted shares was $2.2 million. The expense is expected to be recognized over a weighted average period of 1.78 years.

Cash Incentive Awards

On March 16, 2020, the Board of Directors of the Company approved the Company's 2020 Incentive Plan (the "2020 Incentive Plan"). The 2020 Incentive Plan provides for incentive compensation opportunities ("Incentive Awards") for select employees of the Company that are tied to the achievement of one or more performance goals relating to certain financial and operational metrics over a period of time. The earning of an Incentive Award and payout opportunity is contingent upon meeting the Incentive Award's applicable threshold performance levels. If such threshold performance levels are satisfied, the payout amount varies for performance above or below the pre-established target performance levels.

During the six months ended June 30, 2020, the Company awarded Incentive Awards to certain of its executive officers under the 2020 Incentive Plan. The cash amount of each award ultimately received is based on the attainment of certain financial, operational and total shareholder return performance targets and is subject to the recipient's continuous employment. Each Incentive Award is subject to a Performance Period of January 1, 2020 to December 31, 2020, and different vesting periods apply to separate one-third portions of each Incentive Award, with a different tranche vesting each on December 31, 2020, 2021, and 2022. The Incentive Awards are considered liability awards as the ultimate amount of the award is based, at least in part, on the price of the Company's shares, and as such, are remeasured to fair value at the end of each reporting period. The fair value of the Incentive Awards at June 30, 2020 was $3.0 million. Unrecognized compensation expense as of June 30, 2020 related to Incentive Awards was $2.4 million. The expense is expected to be recognized over a weighted average period of 1.62 years.

8. EARNINGS PER SHARE

Reconciliations of the components of basic and diluted net income per common share are presented in the tables below:

	Three months ended June 30,					
	2020			2019		
	Loss	Shares	Per Share	Income	Shares	Per Share
	(In thousands, except share data)					
Basic:						
Net (loss) income	$ (561,068)	159,933,739	$ (3.51)	$ 234,956	159,324,909	$ 1.47
Effect of dilutive securities:						
Stock awards	—	—		—	181,917	
Diluted:						
Net (loss) income	$ (561,068)	159,933,739	$ (3.51)	$ 234,956	159,506,826	$ 1.47

	Six months ended June 30,					
	2020			2019		
	Loss	Shares	Per Share	Income	Shares	Per Share
	(In thousands, except share data)					
Basic:						
Net (loss) income	$ (1,078,606)	159,846,981	$ (6.75)	$ 297,198	161,064,787	$ 1.85
Effect of dilutive securities:						
Stock options and awards	—	—		—	525,300	
Diluted:						
Net (loss) income	$ (1,078,606)	159,846,981	$ (6.75)	$ 297,198	161,590,087	$ 1.84

There were 1,281,773 and 1,610,572 shares of common stock that were considered anti-dilutive for the three and six months ended June 30, 2020, respectively. There were no potential shares of common stock that were considered anti-dilutive for the three and six months ended June 30, 2019.

9. COMMITMENTS AND CONTINGENCIES

Future Firm Sales Commitments

The Company has entered into various firm sales contracts to deliver and sell natural gas. The Company expects to fulfill its delivery commitments primarily with production from proved developed reserves. The Company's proved reserves have generally been sufficient to satisfy its delivery commitments during the three most recent years, and it expects such reserves will continue to be the primary means of fulfilling its future commitments. However, where the Company's proved reserves are not sufficient to satisfy its delivery commitments, it can and may use spot market purchases to satisfy the commitments.

A summary of these commitments at June 30, 2020 are set forth in the table below:

	(MMBtu per day)
Remaining 2020	311,000
2021	192,000
2022	70,000
2023	17,000
Total	590,000

Future Firm Transportation Commitments

The Company has contractual commitments with pipeline carriers for future transportation of natural gas from the Company's production areas to downstream markets. Commitments related to future firm transportation agreements are not recorded as obligations in the accompanying consolidated balance sheets; however, the costs associated with these commitments are reflected in the Company's estimates of proved reserves and future net revenues.

A summary of these commitments at June 30, 2020 are set forth in the table below:

	Total MMBtu		(In thousands)
Remaining 2020	267,720,000	$	138,495
2021	531,075,000		285,779
2022	531,075,000		286,616
2023	515,775,000		282,936
2024	489,490,000		265,558
Thereafter	3,767,959,000		2,160,634
Total	6,103,094,000	$	3,420,018

As of June 30, 2020, the Company had entered into firm transportation contracts to deliver approximately1,455,000 MMBtu per day for the remainder of 2020 and 2021, respectively. Under these firm transportation contracts, the Company is obligated to deliver minimum daily volumes or pay fees for any deficiencies in deliveries. As a result of the reduced production from the Company's Utica Shale or SCOOP acreage due to decreased developmental activities, taking into consideration the current low commodity price environment, the Company expects that it will be unable to meet its obligations under the existing firm transportation contracts, resulting in fees, which may be significant and may have a material adverse effect on its operations.

Other Commitments

Effective October 1, 2014, the Company entered into a Sand Supply Agreement with Muskie Proppant LLC (“Muskie”), a subsidiary of Mammoth Energy and a related party. Pursuant to this agreement, as amended effective August 3, 2018, the Company agreed to purchase annual and monthly amounts of proppant sand subject to exceptions specified in the agreement at agreed pricing plus agreed costs and expenses through 2021. Failure by either Muskie or the Company to deliver or accept the minimum monthly amount results in damages calculated per ton based on the difference between the monthly obligation amount and the amount actually delivered or accepted, as applicable. The Company incurred $1.9 million and $3.8 million in non-utilization fees under this agreement during the three and six months ended June 30, 2020, respectively. The Company did not incur any non-utilization fees under this agreement during the three months ended June 30, 2019 and incurred $0.3 million of such fees during the six months ended June 30, 2019.

Future minimum commitments under this agreement at June 30, 2020 are:

		(In thousands)
Remaining 2020	$	3,750
2021		7,500
Total	$	11,250

Litigation and Regulatory Proceedings

The Company is involved in a number of litigation and regulatory proceedings including those described below. Many of these proceedings are in early stages, and many of them seek or may seek damages and penalties, the amount of which is indeterminate. The Company's total accrued liabilities in respect of litigation and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case or proceeding, its experience and the experience of others in similar cases or proceedings, and the opinions and views of legal counsel. Significant judgment is required in making these estimates and their final liabilities may ultimately be materially different.

The Company, along with a number of other oil and gas companies, has been named as a defendant intwo separate complaints, one filed by the State of Louisiana and the Parish of Cameron in the 38th Judicial District Court for the Parish of Cameron on February 9, 2016 and the other filed by the State of Louisiana and the District Attorney for the 15th Judicial

District of the State of Louisiana in the 15th Judicial District Court for the Parish of Vermilion on July 29, 2016 (together, the "Complaints"). The Complaints allege that certain of the defendants' operations violated the State and Local Coastal Resources Management Act of 1978, as amended, and the rules, regulations, orders and ordinances adopted thereunder (the "CZM Laws") by causing substantial damage to land and waterbodies located in the coastal zone of the relevant Parish. The plaintiffs seek damages and other appropriate relief under the CZM Laws, including the payment of costs necessary to clear, re-vegetate, detoxify and otherwise restore the affected coastal zone of the relevant Parish to its original condition, actual restoration of such coastal zone to its original condition, and the payment of reasonable attorney fees and legal expenses and interest. The United States District Court for the Western District of Louisiana issued orders remanding the cases to their respective state court, and the defendants have appealed the remand orders to the 5th Circuit Court of Appeals.

In July 2019, Pigeon Land Company, Inc., a successor in interest to certain of the Company's legacy Louisiana properties, filed an action against the Company and many other oil and gas companies in the 16th Judicial District Court for the Parish of Iberia in Louisiana. The suit alleges negligence, strict liability and various violations of Louisiana statutes relating to property damage in connection with the historic development of the Company's Louisiana properties and seeks unspecified damages (including punitive damages), an injunction to return the affected property to its original condition, and the payment of reasonable attorney fees and legal expenses and interest.

In September 2019, a stockholder of Mammoth Energy filed a derivative action on behalf of Mammoth Energy against members of Mammoth Energy's board of directors, including a director designated by the Company, and its significant stockholders, including the Company, in the United States District Court for the Western District of Oklahoma. The complaint alleges, among other things, that the members of Mammoth Energy's board of directors breached their fiduciary duties and violated the Securities Exchange Act of 1934, as amended, in connection with Mammoth Energy's activities in Puerto Rico following Hurricane Maria. The complaint seeks unspecified damages, the payment of reasonable attorney fees and legal expenses and interest and to force Mammoth Energy and its board of directors to make specified corporate governance reforms.

In October 2019, Kelsie Wagner, in her capacity as trustee of various trusts and on behalf of the trusts and other similarly situated royalty owners, filed an action against the Company in the District Court of Grady County, Oklahoma. The suit alleges that the Company underpaid royalty owners and seeks unspecified damages for violations of the Oklahoma Production Revenue Standards Act and fraud.

In March 2020, Robert F. Woodley, individually and on behalf of all others similarly situated, filed a federal securities class action against the Company, David M. Wood, Keri Crowell and Quentin R. Hicks in the United States District Court for the Southern District of New York. The complaint alleges that the Company made materially false and misleading statements regarding the Company's business and operations in violation of the federal securities laws and seeks unspecified damages, the payment of reasonable attorneys' fees, expert fees and other costs, pre-judgment and post-judgment interest, and such other and further relief that may be deemed just and proper.

In June 2020, Sam L. Carter, derivatively on behalf of the Company, filed an action against certain of our current and former executive officers and directors in the United States District Court for the District of Delaware. The complaint alleges that the defendants breached their fiduciary duties to the Company in connection with certain alleged materially false and misleading statements regarding our business and operations in violation of the federal securities laws. The complaint seeks to recover unspecified damages from the defendants, the implementation of specified corporate governance reforms, reasonable attorneys' and experts' fees, costs and expenses, and such other relief as may be deemed just and proper.

In December 2019, the Company filed a lawsuit against Stingray Pressure Pumping LLC, a subsidiary of Mammoth Energy ("Stingray"), for breach of contract and to terminate the Master Services Agreement for pressure pumping services, effective as of October 1, 2014, as amended (the "Master Services Agreement"), between Stingray and the Company. In March 2020, Stingray filed a counterclaim against the Company in the Superior Court of the State of Delaware. The counterclaim alleges that the Company has breached the Master Services Agreement. The counterclaim seeks actual damages, which the complaint calculates to be approximately $28.0 million as of June 2020 (such amount to increase each month), the payment of reasonable attorney fees and legal expenses and pre- and post-judgment interest as allowed, and such other and further relief which it may be justly entitled.

In April 2020, Bryon Lefort, individually and on behalf of similarly situated individuals, filed an action against the Company in the United States District Court for the Southern District of Ohio Eastern Division. The complaint alleges that the Company violated the Fair Labor Standards Act ("FLSA"), the Ohio Wage Act and the Ohio Prompt Pay Act by classifying the plaintiffs as independent contractors and paying them a daily rate with no overtime compensation for hours worked in excess of 40 hours per week. The complaint seeks to recover unpaid regular and overtime wages, liquidated damages in an amount equal to six of all unpaid overtime compensation, the payment of reasonable attorney fees and legal expenses and pre-judgment and post-judgment interest, and such other damages that may be owed to the workers.

These cases are still in their early stages. As a result, the Company has not had the opportunity to evaluate the allegations made in the plaintiffs' complaints and intends to vigorously defend the suits.

SEC Investigation

The SEC has commenced an investigation with respect to certain actions by former Company management, including alleged improper personal use of Company assets, and potential violations by former management and the Company of the Sarbanes-Oxley Act of 2002 in connection with such actions. The Company has fully cooperated and intends to continue to cooperate fully with the SEC's investigation. Although it is not possible to predict the ultimate resolution or financial liability with respect to this matter, the Company believes that the outcome of this matter will not have a material effect on the Company's business, financial condition or results of operations.

Business Operations

The Company is involved in various lawsuits and disputes incidental to its business operations, including commercial disputes, personal injury claims, royalty claims, property damage claims and contract actions.

Environmental Contingencies

The nature of the oil and gas business carries with it certain environmental risks for Gulfport and its subsidiaries. They have implemented various policies, programs, procedures, training and audits to reduce and mitigate environmental risks. They conduct periodic reviews, on a company-wide basis, to assess changes in their environmental risk profile. Environmental reserves are established for environmental liabilities for which economic losses are probable and reasonably estimable. The Company manages its exposure to environmental liabilities in acquisitions by using an evaluation process that seeks to identify pre-existing contamination or compliance concerns and address the potential liability. Depending on the extent of an identified environmental concern, they may, among other things, exclude a property from the transaction, require the seller to remediate the property to their satisfaction in an acquisition or agree to assume liability for the remediation of the property.

The Company received several Finding of Violation ("FOVs") from the United States Environmental Protection Agency ("USEPA") alleging violations of the Clean Air Act at approximately 17 locations in Ohio. The first FOV for one site was dated December 11, 2013. Two subsequent FOVs incorporated and expanded the scope on January 4, 2017 and April 15, 2019. The Company has exchanged information with the USEPA and is engaged in discussions aimed at resolving the allegations. Resolution of the matter resulted in monetary sanctions of approximately $1.7 million.

In October 2018, the company submitted a Voluntary Disclosure document to the Oklahoma Department of Environmental Quality (ODEQ) stemming from improper air permitting at several sites in Midcon between 2014 and 2017. The sites were permitted by Vitruvian prior to the Company's purchase of those assets. The sites were permitted utilizing the "permit by rule" regulation but actually required Title V air permits. The Company has agreed in a draft Consent Order to obtain the proper permits and to pay the costs from not having the proper permits in place in the amount of $180,000 to the ODEQ. The Order received final approval at the ODEQ and is expected to be finalized in the third quarter of 2020.

Other Matters

Based on management's current assessment, they are of the opinion that no pending or threatened lawsuit or dispute relating to its business operations is likely to have a material adverse effect on their future consolidated financial position, results of operations or cash flows. The final resolution of such matters could exceed amounts accrued, however, and actual results could differ materially from management's estimates.

10. DERIVATIVE INSTRUMENTS

Natural Gas, Oil and Natural Gas Liquids Derivative Instruments

The Company seeks to reduce its exposure to unfavorable changes in natural gas, oil and natural gas liquids ("NGL") prices, which are subject to significant and often volatile fluctuation, by entering into over-the-counter fixed price swaps, basis swaps, costless collars and various types of option contracts. These contracts allow the Company to predict with greater certainty the effective natural gas, oil and NGL prices to be received for hedged production and benefit operating cash flows and earnings when market prices are less than the fixed prices provided in the contracts. However, the Company will not benefit from market prices that are higher than the fixed prices in the contracts for hedged production.

Fixed price swaps are settled monthly based on differences between the fixed price specified in the contract and the referenced settlement price. When the referenced settlement price is less than the price specified in the contract, the Company receives an amount from the counterparty based on the price difference multiplied by the volume. Similarly, when the referenced settlement price exceeds the price specified in the contract, the Company pays the counterparty an amount based on the price difference multiplied by the volume. The prices contained in these fixed price swaps are based on the NYMEX Henry Hub for natural gas, the NYMEX West Texas Intermediate for oil and Mont Belvieu for propane, pentane and ethane. Below is a summary of the Company's open fixed price swap positions as of June 30, 2020.

	Location	Daily Volume (MMBtu/day)	Weighted Average Price
Remaining 2020	NYMEX Henry Hub	357,000	$ 2.86

	Location	Daily Volume (Bbls/day)	Weighted Average Price
Remaining 2020	NYMEX WTI	3,000	$ 35.49

	Location	Daily Volume (Bbls/day)	Weighted Average Price
Remaining 2020	Mont Belvieu C3	1,500	$ 20.27

The Company sold call options in exchange for a premium, and used the associated premiums to enhance the fixed price for a portion of the fixed price natural gas swaps primarily for 2020 listed above. Each call option has an established ceiling price. When the referenced settlement price is above the price ceiling established by these call options, the Company pays its counterparty an amount equal to the difference between the referenced settlement price and the price ceiling multiplied by the hedged contract volumes.

	Location	Daily Volume (MMBtu/day)	Weighted Average Price
2022	NYMEX Henry Hub	628,000	$ 2.90
2023	NYMEX Henry Hub	628,000	$ 2.90

The Company entered into costless collars based off the NYMEX Henry Hub natural gas index. Each two-way price collar has a set floor and ceiling price for the hedged production. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, the Company will cash-settle the difference with the counterparty.

	Location	Daily Volume (MMBtu/day)	Weighted Average Floor Price	Weighted Average Ceiling Price
2021	NYMEX Henry Hub	250,000	$ 2.46	$ 2.81

In addition, the Company entered into natural gas basis swap positions. As of June 30, 2020, the Company had the following natural gas basis swap positions open:

	Gulfport Pays	Gulfport Receives	Daily Volume (MMBtu/day)	Weighted Average Fixed Spread
Remaining 2020	Transco Zone 4	NYMEX Plus Fixed Spread	60,000	$ (0.05)
Remaining 2020	Fixed Spread	ONEOK Minus NYMEX	10,000	$ (0.54)

During the three months ended June 30, 2020, we early terminated oil fixed price swaps which represented approximately6,000 BBls of oil per day for the remainder of 2020. The early termination resulted in a cash settlement of $40.5 million.

Contingent Consideration Arrangement

The Company sold its non-core assets located in the West Cote Blanche Bay and Hackberry fields of Louisiana in July 2019. The sale price included the potential for the Company to receive contingent payments based on commodity prices exceeding specified thresholds over the two years following the closing date. This contingent consideration arrangement was determined to be an embedded derivative. See below for threshold and potential payment amounts.

Period	Threshold[1]	Payment to be received[2]	
July 2020 - June 2021	Greater than or equal to $60.65	$	150,000
	Between $52.62 - $60.65		Calculated Value[3]
	Less than or equal to $52.62	$	—

(1) Based on the "WTI NYMEX + Argus LLS Differential," as published by Argus Media.

(2) Payment will be assessed monthly from July 2020 through June 2021. If threshold is met, payment shall be received within five business days after the end of each calendar month.

(3) If average daily price, as defined in (1), is greater than $52.62 but less than $60.65, payment received will be $150,000 multiplied by a fraction, the numerator of which is the amount determined by subtracting $52.62 from such average daily price, and the denominator of which is $8.03.

Balance Sheet Presentation

The Company reports the fair value of derivative instruments on the consolidated balance sheets as derivative instruments under current assets, noncurrent assets, current liabilities and noncurrent liabilities on a gross basis. The Company determines the current and noncurrent classification based on the timing of expected future cash flows of individual trades. The following table presents the fair value of the Company's derivative instruments on a gross basis at June 30, 2020 and December 31, 2019:

	June 30, 2020		December 31, 2019	
	(In thousands)			
Commodity Contracts:				
Short-term derivative asset	$	53,188	$	125,383
Long-term derivative asset		4,298		—
Short-term derivative liability		(8,540)		(303)
Long-term derivative liability		(45,615)		(53,135)
Total commodity derivative position	$	3,331	$	71,945
Contingent consideration arrangement:				
Short-term derivative asset	$	—	$	818
Long-term derivative asset		—		563
Total contingent consideration derivative position	$	—	$	1,381
Total net asset derivative position	$	3,331	$	73,326

Gains and Losses

The following table presents the gain and loss recognized in net gain on natural gas, oil and NGL derivatives in the accompanying consolidated statements of operations for the three and six months ended June 30, 2020 and 2019.

	Net gain (loss) on derivative instruments			
	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Natural gas derivatives	$ 35,689	$ 152,475	$ 81,542	$ 136,044
Oil derivatives	(7,937)	11,871	44,937	11,417
NGL derivatives	(781)	6,794	139	3,634
Contingent consideration arrangement	—	—	(1,381)	—
Total	$ 26,971	$ 171,140	$ 125,237	$ 151,095

Offsetting of Derivative Assets and Liabilities

As noted above, the Company records the fair value of derivative instruments on a gross basis. The following table presents the gross amounts of recognized derivative assets and liabilities in the consolidated balance sheets and the amounts that are subject to offsetting under master netting arrangements with counterparties, all at fair value.

	As of June 30, 2020		
	Gross Assets (Liabilities) Presented in the Consolidated Balance Sheets	Gross Amounts Subject to Master Netting Agreements	Net Amount
	(In thousands)		
Derivative assets	$ 57,486	$ (48,761)	$ 8,725
Derivative liabilities	$ (54,155)	$ 48,761	$ (5,394)

	As of December 31, 2019		
	Gross Assets (Liabilities) Presented in the Consolidated Balance Sheets	Gross Amounts Subject to Master Netting Agreements	Net Amount
	(In thousands)		
Derivative assets	$ 126,764	$ (53,438)	$ 73,326
Derivative liabilities	$ (53,438)	$ 53,438	$ —

Concentration of Credit Risk

By using derivative instruments that are not traded on an exchange, the Company is exposed to the credit risk of its counterparties. Credit risk is the risk of loss from counterparties not performing under the terms of the derivative instrument. When the fair value of a derivative instrument is positive, the counterparty is expected to owe the Company, which creates credit risk. To minimize the credit risk in derivative instruments, it is the Company’s policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions deemed by management as competent and competitive market makers. The Company’s derivative contracts are with multiple counterparties to lessen its exposure to any individual counterparty. Additionally, the Company uses master netting agreements to minimize credit risk exposure. The creditworthiness of the Company’s counterparties is subject to periodic review. None of the Company’s derivative instrument contracts contain credit-risk related contingent features. Other than as provided by the Company’s revolving credit facility, the Company is not required to provide credit support or collateral to any of its counterparties under its derivative instruments, nor are the counterparties required to provide credit support to the Company.

11. FAIR VALUE MEASUREMENTS

The Company records certain financial and non-financial assets and liabilities on the balance sheet at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Market or observable inputs are the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. Fair value measurements are classified and disclosed in one of the following categories:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

Valuation techniques that maximize the use of observable inputs are favored. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy. Reclassifications of fair value between Level 1, Level 2 and Level 3 of the fair value hierarchy, if applicable, are made at the end of each quarter.

The following tables summarize the Company's financial and non-financial assets and liabilities by valuation level as of June 30, 2020 and December 31, 2019:

	June 30, 2020		
	Level 1	Level 2	Level 3
	(In thousands)		
Assets:			
Derivative Instruments	$ —	$ 57,486	$ —
Liabilities:			
Derivative Instruments	$ —	$ 54,155	$ —

	December 31, 2019		
	Level 1	Level 2	Level 3
	(In thousands)		
Assets:			
Derivative Instruments	$ —	$ 126,764	$ —
Liabilities:			
Derivative Instruments	$ —	$ 53,438	$ —

The Company estimates the fair value of all derivative instruments using industry-standard models that consider various assumptions, including current market and contractual prices for the underlying instruments, implied volatility, time value, nonperformance risk, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument and can be supported by observable data.

As discussed in Note 3, the water infrastructure sale included a contingent consideration arrangement. As of June 30, 2020, the fair value of the contingent consideration was $19.8 million, of which $0.8 million is included in prepaid expenses and other assets and $19.0 million is included in other assets in the accompanying consolidated balance sheets. The fair value of the contingent consideration arrangement is calculated using discounted cash flow techniques and is based on internal estimates of the Company's future development program and water production levels. Given the unobservable nature of the inputs, the fair value measurement of the contingent consideration arrangement is deemed to use Level 3 inputs. The Company has elected the fair value option for this contingent consideration arrangement and, therefore, records changes in fair value in earnings. The Company recognized a loss of $3.2 million and $3.0 million on changes in fair value of the contingent consideration during the three and six months ended June 30, 2020, respectively, which is included in other expense (income) in the accompanying consolidated statements of operations. Settlements under the contingent consideration arrangement totaled $0.3 million during the six months ended June 30, 2020.

The initial measurement of asset retirement obligations at fair value is calculated using discounted cash flow techniques and based on internal estimates of future retirement costs associated with oil and gas properties. Given the unobservable nature of the inputs, including plugging costs and reserve lives, the initial measurement of the asset retirement obligation liability is deemed to use Level 3 inputs. See Note 2 for further discussion of the Company's asset retirement obligations. Asset retirement obligations incurred during the six months ended June 30, 2020 were approximately $1.6 million.

Fair value of financial instruments

The carrying amounts on the accompanying consolidated balance sheet for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and current debt are carried at cost, which approximates market value due to their short-term nature. Long-term debt related to the Company's construction loan is carried at cost, which approximates market value based on the borrowing rates currently available to the Company with similar terms and maturities.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

The Company's revenues are primarily derived from the sale of natural gas, oil and condensate and NGL. Sales of natural gas, oil and condensate and NGL are recognized in the period that the performance obligations are satisfied. The Company generally considers the delivery of each unit (MMBtu or Bbl) to be separately identifiable and represents a distinct performance obligation that is satisfied at the time control of the product is transferred to the customer. Revenue is measured based on consideration specified in the contract with the customer, and excludes any amounts collected on behalf of third parties. These contracts typically include variable consideration that is based on pricing tied to market indices and volumes delivered in the current month. As such, this market pricing may be constrained (i.e., not estimable) at the inception of the contract but will be recognized based on the applicable market pricing, which will be known upon transfer of the goods to the customer. The payment date is usually within 30 days of the end of the calendar month in which the commodity is delivered.

Transaction Price Allocated to Remaining Performance Obligations

A significant number of the Company's product sales are short-term in nature generally through evergreen contracts with contract terms of one year or less. These contracts typically automatically renew under the same provisions. For those contracts, the Company has utilized the practical expedient allowed in the new revenue accounting standard that exempts the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For product sales that have a contract term greater than one year, the Company has utilized the practical expedient that exempts the Company from disclosure of the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these sales contracts, each unit of product generally represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required. Currently, the Company's product sales that have a contractual term greater than one year have no long-term fixed consideration.

Contract Balances

Receivables from contracts with customers are recorded when the right to consideration becomes unconditional, generally when control of the product has been transferred to the customer. Receivables from contracts with customers were $65.6 and $121.2 million as of June 30, 2020 and December 31, 2019, respectively, and are reported in accounts receivable - oil and natural gas sales on the consolidated balance sheets. The Company currently has no assets or liabilities related to its revenue contracts, including no upfront or rights to deficiency payments.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered to the purchaser. However, settlement statements for certain sales may be received for 30 to 90 days after the date production is delivered, and as a result, the Company is required to estimate the amount of production that was delivered to the purchaser and the price that will be received for the sale of the productThe differences between the estimates and the actual amounts for product sales is recorded in the month that payment is received from the purchaser. For the six months ended June 30, 2020, revenue recognized in the reporting period related to performance obligations satisfied in prior reporting periods was not material.

13. LEASES

Nature of Leases

The Company has operating leases associated with drilling rig commitments, field offices and other equipment with remaining lease terms with contractual durations in excess of one year. Short-term leases that have an initial term of one year or less are not capitalized.

The Company has entered into a contract for a drilling rig with a third party to ensure rig availability. The Company has concluded its drilling rig contracts are operating leases as the assets are identifiable and the evaluation that the Company has the right to control the identified assets. The Company's drilling rig commitments are typically structured with an initial term of one to two years, and typically include renewal options at the end of the initial term. Due to the nature of the Company's drilling schedules and potential volatility in commodity prices, the Company is unable to determine at commencement with reasonable certainty if the renewal options will be exercised; therefore, renewal options are not considered in the lease term for drilling contracts. The operating lease liability associated with its rig commitment is based on the minimum contractual obligation, primarily standby rate, and does not include variable amounts based on actual activity in a given period. The Company has also entered into several drilling rig commitments with an initial term less than one year. The costs for these short-term rig commitments are included in the short-term lease cost for the period as shown below. Pursuant to the full cost method of accounting, these costs are capitalized as part of oil and natural gas properties on the accompanying consolidated balance sheets. A portion of these costs are borne by other interest owners.

Effective October 1, 2014, the Company entered into an Amended and Restated Master Services Agreement for pressure pumping services with Stingray Pressure Pumping LLC (“Stingray Pressure”), a subsidiary of Mammoth Energy and a related party. Pursuant to this agreement, as amended effective July 1, 2018, Stingray Pressure has agreed to provide hydraulic fracturing, stimulation and related completion and rework services to the Company through 2021 and the Company has agreed to pay Stingray Pressure a monthly service fee plus the associated costs of the services provided. As discussed further in Note 9, the Company has terminated the Master Services Agreement for pressure pumping with Stingray Pressure. As a result, in the first quarter of 2020, Gulfport has removed the related right of use assets and lease liabilities associated with the terminated contract.

The Company rents office space for its field locations and certain other equipment from third parties, which expire at various dates through 2024. These agreements are typically structured with non-cancelable terms of one to five years. The Company has determined these agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. The Company has included any renewal options that it has determined are reasonably certain of exercise in the determination of the lease terms.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Maturities of operating lease liabilities as of June 30, 2020 were as follows:

		(In thousands)
Remaining 2020	$	3,321
2021		129
2022		115
2023		90
2024		30
Total lease payments	$	3,685
Less: Imputed interest		(45)
Total	$	3,640

Lease cost for the three and six months ended June 30, 2020 and 2019 consisted of the following:

	Three months ended June 30,				Six months ended June 30,			
	2020		2019		2020		2019	
	(In thousands)							
Operating lease cost	$	2,196	$	7,748	$	6,278	$	16,284
Operating lease cost—related party		—		5,610		—		11,220
Variable lease cost		235		531		460		960
Variable lease cost—related party		—		28,158		—		59,611
Short-term lease cost		2,629		183		5,439		183
Total lease cost(1)	$	5,060	$	42,230	$	12,177	$	88,258

(1) The majority of the Company's total lease cost was capitalized to the full cost pool, and the remainder was included in general and administrative expenses in the accompanying consolidated statements of operations.

Supplemental cash flow information for the six months ended June 30, 2020 and 2019 related to leases was as follows:

	Six months ended June 30,			
	2020		2019	
Cash paid for amounts included in the measurement of lease liabilities	(In thousands)			
Operating cash flows from operating leases	$	72	$	120
Investing cash flow from operating leases	$	7,727	$	12,288
Investing cash flow from operating leases—related party	$	6,800	$	43,925

The weighted-average remaining lease term as of June 30, 2020 was0.83 years. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2020 was 2.47%.

14. INCOME TAXES

The Company records its quarterly tax provision based on an estimate of the annual effective tax rate expected to apply to continuing operations for the various jurisdictions in which it operates. The tax effects of certain items, such as tax rate changes, significant unusual or infrequent items, and certain changes in the assessment of the realizability of deferred taxes, are recognized as discrete items in the period in which they occur and are excluded from the estimated annual effective tax rate.

For the three and six months ended June 30, 2020, the Company's estimated annual effective tax rate before discrete items remained near zero as a result of the valuation allowance on its deferred tax assets. During the first quarter of 2020, the Company recognized $7.3 million of income tax expense discretely in the quarter as a result of the sale of assets and a corresponding adjustment to the valuation allowance on remaining state net operating loss carryforwards.

The Company anticipates remaining in a net deferred tax position based on the analysis performed for three and six months ended June 30, 2020. The Company expects a full valuation allowance against its deferred tax assets based on its conclusion, considering all available evidence (both positive and negative), that it was more likely than not that the deferred tax assets would not be realized. A valuation allowance for deferred tax assets, including net operating losses, is recognized when it is more likely than not that some or all of the benefit from the deferred tax assets will not be realized. To assess that likelihood, the Company uses estimates and judgment regarding future taxable income, and considers the tax laws in the jurisdiction where such taxable income is generated, to determine whether a valuation allowance is required. Such evidence can include current financial position, results of operations, both actual and forecasted, the reversal of deferred tax liabilities and tax planning strategies as well as the current and forecasted business economics of the oil and gas industry.

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The Act includes several significant provisions for corporations including allowing companies to carryback certain NOLs, increasing the amount of NOLs that corporations can use to offset income, and increasing the amount of deductible interest under section 163(j). The Company does not expect to be materially impacted by the CARES Act provision and does not anticipate the CARES Act to have a material effect on its ability to realized deferred tax assets.

The Company’s ability to utilize NOL carryforwards and other tax attributes to reduce future federal taxable income is subject to potential limitations under Internal Revenue Code Section 382 (“Section 382”) and its related tax regulations. The utilization of these attributes may be limited if certain ownership changes by 5% stockholders (as defined in Treasury regulations pursuant to Section 382) and the effects of stock issuances by the Company during any three-year period result in a cumulative change of more than 50% in the beneficial ownership of Gulfport. The Company updates its Section 382 analysis to determine if an ownership change has occurred at each reporting period. If it is determined that an ownership change has occurred under these rules, the Company would generally be subject to an annual limitation on the use of pre-ownership change NOL carryforwards and certain other losses and/or credits. In addition, certain future transactions regarding the Company's equity, including the cumulative effects of small transactions as well as transactions beyond the Company’s control, could cause an ownership change and therefore a potential limitation on the annual utilization of its deferred tax assets. On April 30, 2020, the board of directors of the Company adopted a tax benefits preservation plan in order to protect against a possible limitation on the Company’s ability to use its tax net operating losses and certain other tax benefits to reduce potential future U.S. federal income tax obligations. The Tax Benefits Preservation Plan is intended to prevent against such an ownership change by deterring any person or group from acquiring beneficial ownership of 4.9% or more of the Company’s securities.

15. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The 2023 Notes, the 2024 Notes, the 2025 Notes and the 2026 Notes are guaranteed on a senior unsecured basis by all existing consolidated subsidiaries that guarantee the Company's secured revolving credit facility or certain other debt (the "Guarantors"). The Notes are not guaranteed by Grizzly Holdings or Mule Sky LLC ("Mule Sky") (the "Non-Guarantors"). The Guarantors are 100% owned by Gulfport (the "Parent"), and the guarantees are full, unconditional, joint and several. There are no significant restrictions on the ability of the Parent or the Guarantors to obtain funds from each other in the form of a dividend or loan. Effective June 1, 2019, the Parent contributed interests in certain oil and gas assets and related liabilities to certain of the Guarantors.

The following condensed consolidating balance sheets, statements of operations, statements of comprehensive income and statements of cash flows are provided for the Parent, the Guarantors and the Non-Guarantors and include the consolidating adjustments and eliminations necessary to arrive at the information for the Company on a condensed consolidated basis. The information has been presented using the equity method of accounting for the Parent's ownership of the Guarantors and the Non-Guarantors.

CONDENSED CONSOLIDATING BALANCE SHEETS
(Amounts in thousands)

	June 30, 2020				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 823	$ 1,748	$ 246	$ —	$ 2,817
Accounts receivable - oil and natural gas sales	860	64,785	—	—	65,645
Accounts receivable - joint interest and other	2,949	16,440	—	—	19,389
Accounts receivable - intercompany	1,482,102	1,150,631	—	(2,632,733)	—
Prepaid expenses and other current assets	10,781	5	76	—	10,862
Short-term derivative instruments	53,188	—	—	—	53,188
Total current assets	1,550,703	1,233,609	322	(2,632,733)	151,901
Property and equipment:					
Oil and natural gas properties, full-cost accounting	1,247,631	9,478,228	5,862	(729)	10,730,992
Other property and equipment	92,768	51	4,019	—	96,838
Accumulated depletion, depreciation, amortization and impairment	(1,423,539)	(7,032,075)	(1,850)	—	(8,457,464)
Property and equipment, net	(83,140)	2,446,204	8,031	(729)	2,370,366
Other assets:					
Equity investments and investments in subsidiaries	1,930,479	6,332	13,013	(1,936,772)	13,052
Long-term derivative instruments	4,298	—	—	—	4,298
Operating lease assets	3,640	—	—	—	3,640
Other assets	29,216	7,784	—	—	37,000
Total other assets	1,967,633	14,116	13,013	(1,936,772)	57,990
Total assets	$ 3,435,196	$ 3,693,929	$ 21,366	$ (4,570,234)	$ 2,580,257
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	$ 46,085	$ 269,490	$ —	$ —	$ 315,575
Accounts payable - intercompany	1,185,800	1,442,144	4,789	(2,632,733)	—
Short-term derivative instruments	8,540	—	—	—	8,540
Current portion of operating lease liabilities	3,356	—	—	—	3,356
Current maturities of long-term debt	649	—	—	—	649
Total current liabilities	1,244,430	1,711,634	4,789	(2,632,733)	328,120
Long-term derivative instruments	45,615	—	—	—	45,615
Asset retirement obligation - long-term	—	61,371	—	—	61,371
Uncertain tax position liability	3,209	—	—	—	3,209
Non-current operating lease liabilities	284	—	—	—	284
Long-term debt, net of current maturities	1,910,318	—	—	—	1,910,318
Total liabilities	3,203,856	1,773,005	4,789	(2,632,733)	2,348,917
Stockholders' equity:					
Common stock	1,601	—	—	—	1,601
Paid-in capital	4,211,062	4,171,409	267,559	(4,438,968)	4,211,062
Accumulated other comprehensive loss	(54,991)	—	(52,562)	52,562	(54,991)
Accumulated deficit	(3,926,332)	(2,250,485)	(198,420)	2,448,905	(3,926,332)
Total stockholders' equity	231,340	1,920,924	16,577	(1,937,501)	231,340
Total liabilities and stockholders' equity	$ 3,435,196	$ 3,693,929	$ 21,366	$ (4,570,234)	$ 2,580,257

CONDENSED CONSOLIDATING BALANCE SHEETS
(Amounts in thousands)

	December 31, 2019				
	Parent	Guarantors	Non-Guarantor	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 2,768	$ 3,097	$ 195	$ —	$ 6,060
Accounts receivable - oil and natural gas sales	859	120,351	—	—	121,210
Accounts receivable - joint interest and other	5,279	42,696	—	—	47,975
Accounts receivable - intercompany	1,065,593	843,223	—	(1,908,816)	—
Prepaid expenses and other current assets	4,047	308	76	—	4,431
Short-term derivative instruments	126,201	—	—	—	126,201
Total current assets	1,204,747	1,009,675	271	(1,908,816)	305,877
Property and equipment:					
Oil and natural gas properties, full-cost accounting,	1,314,933	9,273,681	7,850	(729)	10,595,735
Other property and equipment	92,650	50	4,019	—	96,719
Accumulated depletion, depreciation, amortization and impairment	(1,418,888)	(5,808,254)	(1,518)	—	(7,228,660)
Property and equipment, net	(11,305)	3,465,477	10,351	(729)	3,463,794
Other assets:					
Equity investments and investments in subsidiaries	3,064,503	6,332	21,000	(3,059,791)	32,044
Long-term derivative instruments	563	—	—	—	563
Deferred tax asset	7,563	—	—	—	7,563
Operating lease assets	14,168	—	—	—	14,168
Operating lease assets - related parties	43,270	—	—	—	43,270
Other assets	10,026	5,514	—	—	15,540
Total other assets	3,140,093	11,846	21,000	(3,059,791)	113,148
Total assets	$ 4,333,535	$ 4,486,998	$ 31,622	$ (4,969,336)	$ 3,882,819
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	$ 48,006	$ 367,088	$ 124	$ —	$ 415,218
Accounts payable - intercompany	878,283	1,026,249	4,285	(1,908,817)	—
Short-term derivative instruments	303	—	—	—	303
Current portion of operating lease liabilities	13,826	—	—	—	13,826
Current portion of operating lease liabilities - related parties	21,220	—	—	—	21,220
Current maturities of long-term debt	631	—	—	—	631
Total current liabilities	962,269	1,393,337	4,409	(1,908,817)	451,198
Long-term derivative instruments	53,135	—	—	—	53,135
Asset retirement obligation - long-term	—	58,322	2,033	—	60,355
Uncertain tax position liability	3,127	—	—	—	3,127
Non-current operating lease liabilities	342	—	—	—	342
Non-current operating lease liabilities - related parties	22,050	—	—	—	22,050
Long-term debt, net of current maturities	1,978,020	—	—	—	1,978,020
Total liabilities	3,018,943	1,451,659	6,442	(1,908,817)	2,568,227
Stockholders' equity:					
Common stock	1,597	—	—	—	1,597
Paid-in capital	4,207,554	4,171,408	267,557	(4,438,965)	4,207,554
Accumulated other comprehensive loss	(46,833)	—	(44,763)	44,763	(46,833)
Accumulated deficit	(2,847,726)	(1,136,069)	(197,614)	1,333,683	(2,847,726)
Total stockholders' equity	1,314,592	3,035,339	25,180	(3,060,519)	1,314,592
Total liabilities and stockholders' equity	$ 4,333,535	$ 4,486,998	$ 31,622	$ (4,969,336)	$ 3,882,819

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(Amounts in thousands)

	Three months ended June 30, 2020				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Total revenues	$ 26,970	$ 105,440	$ —	$ —	$ 132,410
Costs and expenses:					
Lease operating expenses	—	15,686	—	—	15,686
Production taxes	—	3,605	—	—	3,605
Midstream gathering and processing expenses	—	59,974	—	—	59,974
Depreciation, depletion and amortization	2,388	62,236	166	—	64,790
Impairment of oil and natural gas properties	—	532,880	—	—	532,880
General and administrative expenses	21,731	(11,374)	113	—	10,470
Accretion expense	—	755	—	—	755
Total Operating Expenses	24,119	663,762	279	—	688,160
INCOME (LOSS) FROM OPERATIONS	2,851	(558,322)	(279)	—	(555,750)
OTHER EXPENSE (INCOME):					
Interest expense	32,825	(459)	—	—	32,366
Interest income	(28)	(50)	—	—	(78)
Gain on debt extinguishment	(34,257)	—	—	—	(34,257)
Loss from equity method investments and investments in subsidiaries	562,502	—	45	(562,502)	45
Other expense	2,877	4,365	—	—	7,242
Total Other Expense	563,919	3,856	45	(562,502)	5,318
LOSS BEFORE INCOME TAXES	(561,068)	(562,178)	(324)	562,502	(561,068)
INCOME TAX EXPENSE	—	—	—	—	—
NET LOSS	$ (561,068)	$ (562,178)	$ (324)	$ 562,502	$ (561,068)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(Amounts in thousands)

	Three months ended June 30, 2019				
	Parent	Guarantors	Non-Guarantor	Eliminations	Consolidated
Total revenues	$ 280,291	$ 178,703	$ —	$ —	$ 458,994
Costs and expenses:					
Lease operating expenses	12,256	10,132	—	—	22,388
Production taxes	2,820	5,278	—	—	8,098
Midstream gathering and processing expenses	28,121	43,894	—	—	72,015
Depreciation, depletion and amortization	80,132	44,764	55	—	124,951
General and administrative expenses	15,207	(3,583)	103	—	11,727
Accretion expense	438	921	—	—	1,359
Total Operating Expenses	138,974	101,406	158	—	240,538
INCOME (LOSS) FROM OPERATIONS	141,317	77,297	(158)	—	218,456
OTHER EXPENSE (INCOME):					
Interest expense	37,373	(955)	—	—	36,418
Interest income	(120)	(39)	—	—	(159)
Loss (income) from equity method investments and investments in subsidiaries	47,449	—	(54)	78,187	125,582
Other expense	990	—	—	—	990
Total Other Expense (Income)	85,692	(994)	(54)	78,187	162,831
INCOME (LOSS) BEFORE INCOME TAXES	55,625	78,291	(104)	(78,187)	55,625
INCOME TAX BENEFIT	(179,331)	—	—	—	(179,331)
NET INCOME (LOSS)	$ 234,956	$ 78,291	$ (104)	$ (78,187)	$ 234,956

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(Amounts in thousands)

	Six months ended June 30, 2020				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Total revenues	$ 125,238	$ 254,049	$ —	$ —	$ 379,287
Costs and expenses:					
Lease operating expenses	—	31,672	—	—	31,672
Production taxes	—	8,404	—	—	8,404
Midstream gathering and processing expenses	—	117,870	—	—	117,870
Depreciation, depletion, and amortization	4,890	137,596	332	—	142,818
Impairment of oil and gas properties	—	1,086,225	—	—	1,086,225
General and administrative expenses	46,377	(20,024)	286	—	26,639
Accretion expense	—	1,496	—	—	1,496
Total Operating Expenses	51,267	1,363,239	618	—	1,415,124
INCOME (LOSS) FROM OPERATIONS	73,971	(1,109,190)	(618)	—	(1,035,837)
OTHER EXPENSE (INCOME):					
Interest expense	66,002	(646)	—	—	65,356
Interest income	(87)	(143)	—	—	(230)
Gain on debt extinguishment	(49,579)	—	—	—	(49,579)
Loss from equity method investments and investments in subsidiaries	1,125,868	—	188	(1,115,222)	10,834
Other expense	3,083	6,015	—	—	9,098
Total Other Expense	1,145,287	5,226	188	(1,115,222)	35,479
LOSS BEFORE INCOME TAXES	(1,071,316)	(1,114,416)	(806)	1,115,222	(1,071,316)
INCOME TAX EXPENSE	7,290	—	—	—	7,290
NET LOSS	$ (1,078,606)	$ (1,114,416)	$ (806)	$ 1,115,222	$ (1,078,606)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(Amounts in thousands)

	Six months ended June 30, 2019				
	Parent	Guarantors	Non-Guarantor	Eliminations	Consolidated
Total revenues	$ 466,537	$ 313,035	$ —	$ —	$ 779,572
Costs and expenses:					
Lease operating expenses	27,149	15,046	—	—	42,195
Production taxes	6,081	9,938	—	—	16,019
Midstream gathering and processing expenses	71,420	70,877	—	—	142,297
Depreciation, depletion, and amortization	198,564	44,765	55	—	243,384
General and administrative expenses	25,938	(4,258)	104	—	21,784
Accretion expense	1,389	1,037	—	—	2,426
Total Operating Expenses	330,541	137,405	159	—	468,105
INCOME (LOSS) FROM OPERATIONS	135,996	175,630	(159)	—	311,467
OTHER EXPENSE (INCOME):					
Interest expense	73,298	(1,259)	—	—	72,039
Interest income	(267)	(44)	—	—	(311)
(Income) loss from equity method investments and investments in subsidiaries	(55,465)	—	339	176,435	121,309
Other expense	563	—	—	—	563
Total Other Expense (Income)	18,129	(1,303)	339	176,435	193,600
INCOME (LOSS) BEFORE INCOME TAXES	117,867	176,933	(498)	(176,435)	117,867
INCOME TAX BENEFIT	(179,331)	—	—	—	(179,331)
NET INCOME (LOSS)	$ 297,198	$ 176,933	$ (498)	$ (176,435)	$ 297,198

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands)

	Three months ended June 30, 2020				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net loss	$ (561,068)	$ (562,178)	$ (324)	$ 562,502	$ (561,068)
Foreign currency translation adjustment	6,872	—	6,872	(6,872)	6,872
Other comprehensive loss	6,872	—	6,872	(6,872)	6,872
Comprehensive loss	$ (554,196)	$ (562,178)	$ 6,548	$ 555,630	$ (554,196)

	Three months ended June 30, 2019				
	Parent	Guarantors	Non-Guarantor	Eliminations	Consolidated
Net income (loss)	$ 234,956	$ 78,291	$ (104)	$ (78,187)	$ 234,956
Foreign currency translation adjustment	3,610	61	3,549	(3,610)	3,610
Other comprehensive income	3,610	61	3,549	(3,610)	3,610
Comprehensive income	$ 238,566	$ 78,352	$ 3,445	$ (81,797)	$ 238,566

	Six months ended June 30, 2020				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net loss	$ (1,078,606)	$ (1,114,416)	$ (806)	$ 1,115,222	$ (1,078,606)
Foreign currency translation adjustment	(8,158)	(360)	(7,798)	8,158	(8,158)
Other comprehensive loss	(8,158)	(360)	(7,798)	8,158	(8,158)
Comprehensive loss	$ (1,086,764)	$ (1,114,776)	$ (8,604)	$ 1,123,380	$ (1,086,764)

	Six months ended June 30, 2019				
	Parent	Guarantors	Non-Guarantor	Eliminations	Consolidated
Net income (loss)	$ 297,198	$ 176,933	$ (498)	$ (176,435)	$ 297,198
Foreign currency translation adjustment	7,411	155	7,256	(7,411)	7,411
Other comprehensive income	7,411	155	7,256	(7,411)	7,411
Comprehensive income	$ 304,609	$ 177,088	$ 6,758	$ (183,846)	$ 304,609

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Six months ended June 30, 2020				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 18,854	$ 228,317	$ (384)	$ 435	$ 247,222
Net cash used in investing activities	(424)	(229,666)	—	—	(230,090)
Net cash (used in) provided by financing activities	(20,375)	—	435	(435)	(20,375)
Net (decrease) increase in cash, cash equivalents and restricted cash	(1,945)	(1,349)	51	—	(3,243)
Cash, cash equivalents and restricted cash at beginning of period	2,768	3,097	195	—	6,060
Cash, cash equivalents and restricted cash at end of period	$ 823	$ 1,748	$ 246	$ —	$ 2,817

	Six months ended June 30, 2019				
	Parent	Guarantors	Non-Guarantor	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 312,267	$ 84,146	$ 3,355	$ 1	$ 399,769
Net cash used in investing activities	(405,848)	(101,058)	(3,751)	432	(510,225)
Net cash (used in) provided by financing activities	78,936	—	433	(433)	78,936
Net decrease in cash, cash equivalents and restricted cash	(14,645)	(16,912)	37	—	(31,520)
Cash, cash equivalents and restricted cash at beginning of period	25,585	26,711	1	—	52,297
Cash, cash equivalents and restricted cash at end of period	$ 10,940	$ 9,799	$ 38	$ —	$ 20,777

16. SUBSEQUENT EVENTS

Amendment to Credit Facility

On July 27, 2020, Gulfport entered into a Sixteenth Amendment to the Amended and Restated Credit Agreement. Among other changes, the Sixteenth Amendment amends the Credit Agreement to: (i) require that, in the event of any issuances of Senior Notes, including Second Lien Notes, after the effective date, the then effective borrowing base will be reduced by a variable amount prescribed in the Credit Agreement to the extent the proceeds are not used to satisfy previously issued senior notes within 90 days of such issuance; (ii) require that each Loan Notice specify the amount of the then effective Borrowing Base and Pro Forma Borrowing Base, the Aggregate Elected Commitment Amount, and the current Total Outstandings, both with and without regard to the requested Borrowing; (iii) permit the Borrower or any Restricted Subsidiary to enter into obligations in connection with a Permitted Bond Hedge Transaction or Permitted Warrant Transaction; (iv) permit the Borrower to make any payments of Senior Notes and Subordinated Obligation prior to their scheduled maturity, in any event not to exceed $750,000,000 or, if lesser, the net cash proceeds of any Senior Notes issued within 90 days before such payment; (v) require that the Senior Notes have a stated maturity date of no earlier than March 13, 2024, as well as not require payment of principal prior to such date, in order for the Borrower to be permitted to secure indebtedness under the Senior Notes; (vi) permit certain additional liens securing obligations in respect of the incurrence or issuance of any Permitted Refinancing Notes (as such term is defined in the Credit Agreement) not to exceed $750,000,000, subject to the terms of an intercreditor agreement; and (vii) amend and restate the Applicable Rate Grid to provide as follows:

Applicable Rate

Applicable Usage Level	Commitment fee	Eurodollar Rate Loans and Letters of Credit	Base Rate Loans
Level 1	0.375%	2.00%	1.00%
Level 2	0.375%	2.25%	1.25%
Level 3	0.50%	2.50%	1.50%
Level 4	0.50%	2.75%	1.75%
Level 5	0.50%	3.00%	2.00%

Derivatives

In August 2020, the Company entered into natural gas fixed price swap contracts for the fourth quarter of 2020 covering approximately100,000 MMBtu of natural gas per day at an average swap price of $2.38 per MMBtu.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and audited consolidated financial statements and related notes included in our Annual Report on Form 10-K and with the unaudited consolidated financial statements and related notes thereto presented in this Quarterly Report on Form 10-Q.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-Q may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “projects,” “predicts,” “potential” and similar expressions intended to identify forward-looking statements. All statements, other than statements of historical facts, included in this Form 10-Q that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as the expected impact of the COVID-19 pandemic on our business, our industry and the global economy, estimated future net revenues from oil and gas reserves and the present value thereof, future capital expenditures (including the amount and nature thereof), the effect of our remediation plan for a material weakness, business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, plans, references to future success, reference to intentions as to future matters and other such matters are forward-looking statements.

These forward-looking statements are largely based on our expectations and beliefs concerning future events, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control.

Although we believe our estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this Form 10-Q are not guarantees of future performance, and we cannot assure any reader that those statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 and elsewhere in this Form 10-Q. All forward-looking statements speak only as of the date of this Form 10-Q.

All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report.

Investors should note that we announce financial information in SEC filings, press releases and public conference calls. We may use the Investors section of our website (www.gulfportenergy.com) to communicate with investors. It is possible that the financial and other information posted there could be deemed to be material information. The information on our website is not part of this Quarterly Report on Form 10-Q.

Overview

We are an independent natural gas-weighted exploration and production company focused on the exploration, acquisition and production of natural gas, crude oil and natural gas liquids ("NGL") in the United States with primary focus in the

Appalachia and Mid-Continent basins. Our principal properties are in Eastern Ohio targeting the Utica formation and in central Oklahoma targeting the SCOOP Woodford and SCOOP Springer formations.

COVID-19

In March 2020, the World Health Organization classified the outbreak of COVID-19 as a pandemic and recommended containment and mitigation measures worldwide. The measures have led to worldwide shutdowns and halting of commercial and interpersonal activity, as governments around the world imposed regulations in efforts to control the spread of COVID-19 such as shelter-in-place orders, quarantines, executive orders and similar restrictions.

We remain focused on protecting the health and well-being of our employees and the communities in which we operate while assuring the continuity of our business operations. We have implemented preventative measures and developed corporate and field response plans to minimize unnecessary risk of exposure and prevent infection. We have a crisis management team for health, safety and environmental matters and personnel issues, and we have established a COVID-19 Response Team to address various impacts of the situation, as they have been developing. We also have modified certain business practices (including remote working for our corporate employees and restricted employee business travel) to conform to government restrictions and best practices encouraged by the Centers for Disease Control and Prevention, the World Health Organization and other governmental and regulatory authorities.

On May 18, 2020, we began our phased transition back to the office for our corporate employees. As part of this transition, we have put into place preventative measures to focus on social distancing and minimizing unnecessary risk of exposure. Such measures include, but are not limited to, daily health surveys, protective masks in public areas of the building, no outside visitors, limiting the number of employees on elevators, additional sanitizing and 100% of the corporate employees working remotely on Fridays to provide additional time for deep cleaning. As of the date of this filing, we have transitioned approximately 60% of our corporate employees back to the corporate office. We will continue to monitor trends and governmental guidelines and may adjust our return to office plans accordingly to ensure the health and safety of our employees.

As a result of our business continuity measures, we have not experienced significant disruptions in executing our business operations in the first and second quarters of 2020. While we have not experienced significant disruptions to our operations in 2020, we are unable to predict the impact on our business, including our cash flows, liquidity, and results of operations in future periods due to numerous uncertainties. There is considerable uncertainty regarding the extent to which COVID-19 will continue to spread and the extent and duration of governmental and other measures implemented to slow the spread of the virus, such as large-scale travel bans and restrictions, quarantines, shelter-in-place orders and business and government shutdowns. Restrictions of this nature may cause, us, our suppliers and other business counterparties to experience operational delays, or delays in the delivery of materials and supplies. We expect the principal areas of operational risk for us are the availability of service providers and supply chain disruption. The operations of our midstream service providers, on whom we rely for the transmission, gathering and processing of a significant portion of our produced natural gas, NGL and oil, may be disrupted or suspended in response to containing the outbreak, or the difficult economic environment may lead to the bankruptcy or closing of the facilities and infrastructure of our midstream service providers. This may result in substantial discount in the prices we receive for our produced natural gas, NGL and oil or result in the shut-in of producing wells or the delay or discontinuance of development plans for our properties.

One of the impacts of the pandemic has been a significant reduction in global demand for oil and natural gas. The significant decline in demand has been met with a sharp decline in oil prices following the announcement of price reductions and production increases in March 2020 by members of the Organization of Petroleum Exporting Countries, and other foreign, oil-exporting countries. The resulting supply/demand imbalance is having disruptive impacts on the oil and natural gas exploration and production industry and on other industries that serve exploration and production companies. These industry conditions, coupled with those resulting from the COVID-19 pandemic, could lead to significant global economic contraction generally and in our industry in particular. We expect to see continued volatility in oil and natural gas prices for the foreseeable future, which may, over the long term, adversely impact our business. A significant decline in demand or prices for oil and natural gas would have a material adverse effect on our business, cash flows, liquidity, financial condition and results of operations.

Because of the sharp decline in oil prices since early March 2020, we chose to shut in a portion of our operated low margin, liquids-weighted production during the second quarter of 2020, largely consisting of legacy vertical production in the SCOOP. We also experienced shut ins across both the SCOOP and Utica from our non-operated partners. Nearly all liquids-weighted volumes on both our operated assets and those of our non-operated partners have returned to production. A sharp decline in prices or a pro-longed depressed environment may result in additional future shut ins. In addition, the COVID-19 pandemic creates risks of delays in new drilling and completion activities that could negatively impact us, our non-operated partners or our service providers.

We cannot predict the full impact that COVID-19 or the significant disruption and volatility currently being experienced in the oil and natural gas markets will have on our business, cash flows, liquidity, financial condition and results of operations at this time, due to numerous uncertainties. The ultimate impacts will depend on future developments, including, among others, the ultimate geographic spread of the virus, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the duration of the outbreak, actions taken by members of OPEC and other foreign, oil-exporting countries, governmental authorities, customers, suppliers and other thirds parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume. For additional discussion regarding risks associated with the COVID-19 pandemic, see Item 1A "Risk Factors" in this report.

Also, in response to the current commodity price environment, we announced tiered salary reduction for most employees, senior management team and our Board of Directors with such measures expected to last through December 2020. In addition, select furloughs were implemented to reduce costs and preserve liquidity. We continue to evaluate ways to reduce our cost structure in an effort to improve profitability during this economic and commodity price downturn.

As noted above, decreased demand for oil and natural gas as a result of the COVID-19 pandemic and the accompanying decrease in commodity prices has significantly reduced our ability to access capital markets and to refinance our existing indebtedness. Further, these conditions have made amendments or waivers to our revolving credit facility more difficult to obtain and available on terms less favorable to us. If depressed commodity prices persist or decline further, the borrowing base under our revolving credit facility could be further reduced at our next scheduled redetermination date in November 2020. Any such reduction would constrain our liquidity and may impair our ability to fund our planned capital expenditures and meet our obligations under our existing indebtedness. Further, a reduction in our capital expenditures would decrease our production, revenues, operating cash flow and EBITDA, which could limit our ability to comply with the restrictive covenants in our revolving credit facility and other existing indebtedness. Finally, our existing revolving credit facility matures in December 2021 and therefore will become a current liability at year end 2020 unless we are able to refinance the credit facility with a new credit facility or other financing. Considering the current state of the first lien market and our elevated leverage profile, there is substantial risk that a refinancing will not be available to us on reasonable terms. A current liability under the revolving credit facility at year end 2020 may result in a qualified audit opinion which could result in a default under the terms of the current revolving credit facility. As a result of these uncertainties and other factors, management has concluded that there is substantial doubt about our ability to continue as a going concern. Failure to meet our obligations under our existing indebtedness or failure to comply with any of our covenants, if not waived, would result in an event of default under such indebtedness and result in the potential acceleration of outstanding indebtedness thereunder and, with respect to the revolving credit facility, the potential foreclosure on the collateral securing such debt, and could cause a cross-default under our other outstanding indebtedness.

As of June 30, 2020, we had entered into firm transportation contracts to deliver approximately 1,455,000 MMBtu per day for the remainder of 2020 and 2021, respectively. Under these firm transportation contracts, we are obligated to deliver minimum daily volumes or pay fees for any deficiencies in deliveries. As a result of the reduced production from our Utica Shale or SCOOP acreage due to decreased developmental activities, taking into consideration the current low commodity price environment, we expect that we will be unable to meet our obligations under the existing firm transportation contracts, resulting in fees, which may be significant and may have a material adverse effect on our operations.

2020 Operational and Financial Highlights

Despite the challenges our company and the entire upstream energy industry faces from low commodity prices, we have remained committed to the execution of our strategy and to position Gulfport for long-term success. During the three and six months ended June 30, 2020, we had the following notable achievements:

- Continued our efforts to improve our balance sheet by reducing long-term debt by approximately $70 million as compared to December 31, 2019 primarily through discounted bond repurchases.

- Continued to improve operational efficiencies and reduce drilling and completion costs in both our SCOOP and Utica operating areas. In the Utica, our average spud to rig release time was 18.5 days in the first half of 2020, which was a 6% improvement from full year 2019 levels. In the SCOOP, our average spud to rig release time was 37 days, representing a 32% improvement compared to full year 2019 levels.

- Closed on the sale of our SCOOP water infrastructure assets on January 2, 2020. We received $50.0 million in cash upon closing and have an opportunity to earn additional incentive payments over the next 15 years, subject to our ability to meet certain thresholds which will be driven by, among other things, our future development program and future water production levels. Proceeds from the divestiture were used to reduce our outstanding revolver balance.

2020 Production and Drilling Activity

Production Volumes

	Three months ended June 30,					
	2020	% of Total	2019	% of Total	Change	% Change
	($ In thousands)					
Natural gas (Mcf/day)						
Utica Shale	775,070	83 %	1,014,302	83 %	(239,232)	(24) %
SCOOP	158,813	17 %	211,898	17 %	(53,085)	(25) %
Other	53	— %	205	— %	(152)	(74) %
Total	933,936		1,226,405		(292,469)	(24) %
Oil and condensate (Bbls/day)						
Utica Shale	308	7 %	621	9 %	(313)	(50) %
SCOOP	4,186	91 %	4,899	69 %	(713)	(15) %
Other	83	2 %	1,614	22 %	(1,531)	(95) %
Total	4,577		7,134		(2,557)	(36) %
NGL (Gal/day)						
Utica Shale	106,333	23 %	228,871	36 %	(122,538)	(54) %
SCOOP	353,252	77 %	399,368	64 %	(46,116)	(12) %
Other	72	— %	208	— %	(136)	(65) %
Total	459,657		628,447		(168,790)	(27) %
Combined (Mcfe/day)						
Utica Shale	792,106	77 %	1,050,724	77 %	(258,618)	(25) %
SCOOP	234,396	23 %	298,343	22 %	(63,947)	(21) %
Other	563	— %	9,922	1 %	(9,359)	(94) %
Total	1,027,065		1,358,989		(331,924)	(24) %

Our total net production averaged approximately 1,027.1 MMcfe per day during the three months ended June 30, 2020, as compared to 1,359.0 MMcfe per day during the same period in 2019. The 24% decrease in production is largely the result of a decrease in development activities of our Utica Shale and SCOOP operating areas beginning in the third and fourth quarters of 2019. Additionally, in response to sharp declines in commodity prices resulting from COVID-19 uncertainties, beginning in March 2020, we chose to shut in a portion of our operated low margin, liquids-weighted production during the second quarter of 2020, largely consisting of legacy vertical production in the SCOOP. We also experienced shut ins across both the SCOOP and Utica from our non-operated partners. Nearly all liquids-weighted volumes on both our operated assets and those of our non-operated partners have returned to production.

	Six months ended June 30,					
	2020	% of Total	2019	% of Total	Change	% Change
	($ In thousands)					
Natural gas (Mcf/day)						
Utica Shale	780,426	83 %	983,436	83 %	(203,010)	(21) %
SCOOP	159,349	17 %	196,955	17 %	(37,606)	(19) %
Other	46	— %	173	— %	(127)	(73) %
Total	939,821		1,180,564		(240,743)	(20) %
Oil and condensate (Bbls/day)						
Utica Shale	450	9 %	675	10 %	(225)	(33) %
SCOOP	4,680	90 %	4,661	67 %	19	— %
Other	81	1 %	1,630	23 %	(1,549)	(95) %
Total	5,211		6,966		(1,755)	(25) %
NGL (Gal/day)						
Utica Shale	120,313	25 %	243,995	39 %	(123,682)	(51) %
SCOOP	365,073	75 %	380,234	61 %	(15,161)	(4) %
Other	34	— %	186	— %	(152)	(82) %
Total	485,420		624,415		(138,995)	(22) %
Combined (Mcfe/day)						
Utica Shale	800,313	77 %	1,022,341	78 %	(222,028)	(22) %
SCOOP	239,583	23 %	279,243	21 %	(39,660)	(14) %
Other	536	— %	9,983	1 %	(9,447)	(95) %
Total	1,040,432		1,311,567		(271,135)	(21) %

Our total net production averaged approximately 1,040.4 MMcfe per day during the six months ended June 30, 2020, as compared to 1,311.6 MMcfe per day during the same period in 2019. The 21% decrease in production is largely the result of a decrease in development activities of our Utica Shale and SCOOP operating areas beginning in the third and fourth quarters of 2019. Additionally, in response to sharp declines in commodity prices resulting from COVID-19 uncertainties, beginning in March 2020, we chose to shut in a portion of our operated low margin, liquids-weighted production during the second quarter of 2020, largely consisting of legacy vertical production in the SCOOP. We also experienced shut ins across both the SCOOP and Utica from our non-operated partners. Nearly all liquids-weighted volumes on both our operated assets and those of our non-operated partners have returned to production.

Utica Shale. From January 1, 2020 through June 30, 2020, we spud 12 gross (11.1 net) wells in the Utica Shale, of which one was being drilled and 11 were in various stages of operations at June 30, 2020. In addition, we completed 22 gross and net operated wells. We did not participate in any additional wells that were drilled by other operators on our Utica Shale acreage.

As of July 31, 2020, we had one operated drilling rig running in the play and expect to continue with this level of activity through the third quarter of 2020.

Aggregate net production from our Utica Shale acreage during the three months ended June 30, 2020 was approximately 72,082 MMcfe, or an average of 792.1 MMcfe per day, of which 98% was natural gas and 2% was oil and NGL.

SCOOP. From January 1, 2020 through June 30, 2020, we spud six gross (5.2 net) wells in the SCOOP, of whiclone was being drilled and five were in various stages of operations at June 30, 2020. In addition. we completed 4 gross (3.8 net) operated wells. We also participated in an additional five gross wells that were drilled by other operators on our SCOOP acreage.

As of July 31, 2020, we had one operated drilling rig running in the play and expect to continue with this level of activity for the remainder of 2020.

Aggregate net production from our SCOOP acreage during the three months ended June 30, 2020 was approximately 21,330 MMcfe, or an average of 234.4 MMcfe per day, of which 68% was from natural gas and 32% was from oil and NGL.

RESULTS OF OPERATIONS

Comparison of the Three Month Periods Ended June 30, 2020 and 2019

We reported a net loss of $561.1 million for the three months ended June 30, 2020 as compared to net income of $235.0 million for the three months ended June 30, 2019. Included in the loss for the three months ended June 30, 2020 was a $532.9 million non-cash impairment of our oil and natural gas properties, which primarily resulted from a significant decrease in the trailing twelve month first of month prices of natural gas, oil and NGL, and was the main driver of the change in our net (loss) income during the period. Additionally, pricing for all of our commodities decreased significantly during the second quarter of 2020, resulting in a $182.4 million decrease in natural gas, oil and NGL sales and a $144.2 million decrease in gain on natural gas, oil and NGL derivatives. This increase in loss is partially offset by a $125.5 million decrease in loss from equity method investments, a $60.2 million decrease in DD&A, a $34.3 million gain on debt extinguishment, a $12.0 million decrease in midstream gathering and processing expenses, a $6.7 million decrease in lease operating expenses and a $4.5 million decrease in production taxes for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019.

Natural Gas, Oil and NGL Sales

	Three months ended June 30,		
	2020	2019	change
	($ In thousands)		
Natural gas	86,797	225,257	(61)%
Oil and condensate	8,390	36,910	(77)%
NGL	10,252	25,687	(60)%
Natural gas, oil and NGL sales	$ 105,439	$ 287,854	(63)%

The decrease in natural gas sales without the impact of derivatives was due to a 49% decrease in realized natural gas prices and a 24% decrease in natural gas sales volumes.

The decrease in oil and condensate sales without the impact of derivatives was due to a 65% decrease in realized oil and condensate prices and a 36% decrease in oil and condensate sales volumes.

The decrease in NGL sales without the impact of derivatives was due to a 45% decrease in realized NGL prices and a 27% decrease in NGL sales volumes.

Natural Gas, Oil and NGL Derivatives

	Three months ended June 30,	
	2020	2019
	($ In thousands)	
Natural gas derivatives - fair value (losses) gains	$ (48,146)	$ 132,760
Natural gas derivatives - settlement gains	83,835	19,715
Total gains on natural gas derivatives	35,689	152,475
Oil and condensate derivatives - fair value (losses) gains	(48,386)	11,501
Oil and condensate derivatives - settlement gains	40,449	370
Total (losses) gains on oil and condensate derivatives	(7,937)	11,871
NGL derivatives - fair value (losses) gains	(997)	3,537
NGL derivatives - settlement gains	216	3,257
Total (losses) gains on NGL derivatives	(781)	6,794
Contingent consideration arrangement - fair value losses	—	—
Total gains on natural gas, oil and NGL derivatives	$ 26,971	$ 171,140

See Note 10 to our consolidated financial statements for further discussion of our derivative activity.

Natural Gas, Oil and NGL Production and Pricing

The following table summarizes our oil and condensate, natural gas and NGL production and related pricing for the three months ended June 30, 2020, as compared to such data for the three months ended June 30, 2019:

	Three months ended June 30,			
	2020		2019	
	($ In thousands)			
Natural gas sales				
Natural gas production volumes (MMcf)		84,988		111,603
Total natural gas sales	$	86,797	$	225,257
Natural gas sales without the impact of derivatives ($/Mcf)	$	1.02	$	2.02
Impact from settled derivatives ($/Mcf)	$	0.99	$	0.18
Average natural gas sales price, including settled derivatives ($/Mcf)	$	2.01	$	2.20
Oil and condensate sales				
Oil and condensate production volumes (MBbls)		417		649
Total oil and condensate sales	$	8,390	$	36,910
Oil and condensate sales without the impact of derivatives ($/Bbl)	$	20.14	$	56.85
Impact from settled derivatives ($/Bbl)	$	97.12	$	0.57
Average oil and condensate sales price, including settled derivatives ($/Bbl)	$	117.26	$	57.42
NGL sales				
NGL production volumes (MGal)		41,829		57,189
Total NGL sales	$	10,252	$	25,687
NGL sales without the impact of derivatives ($/Gal)	$	0.25	$	0.45
Impact from settled derivatives ($/Gal)	$	—	$	0.06
Average NGL sales price, including settled derivatives ($/Gal)	$	0.25	$	0.51
Natural gas, oil and condensate and NGL sales				
Natural gas equivalents (MMcfe)		93,463		123,668
Total natural gas, oil and condensate and NGL sales	$	105,439	$	287,854
Natural gas, oil and condensate and NGL sales without the impact of derivatives ($/Mcfe)	$	1.13	$	2.33
Impact from settled derivatives ($/Mcfe)	$	1.33	$	0.19
Average natural gas, oil and condensate and NGL sales price, including settled derivatives ($/Mcfe)	$	2.46	$	2.52
Production Costs:				
Average lease operating expenses ($/Mcfe)	$	0.17	$	0.18
Average production taxes ($/Mcfe)	$	0.04	$	0.07
Average midstream gathering and processing ($/Mcfe)	$	0.64	$	0.58
Total lease operating expenses, midstream costs and production taxes ($/Mcfe)	$	0.85	$	0.83

Lease Operating Expenses

	Three months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Lease operating expenses			
Utica	$ 12,996	$ 13,646	(5)%
SCOOP	2,551	4,143	(38)%
Other[1]	139	4,599	(97)%
Total lease operating expenses	$ 15,686	$ 22,388	(30)%
Lease operating expenses per Mcfe			
Utica	$ 0.18	$ 0.14	26 %
SCOOP	0.12	0.15	(22)%
Other[1]	2.72	5.09	(47)%
Total lease operating expenses per Mcfe	$ 0.17	$ 0.18	(7)%

(1) Includes WCBB, Hackberry, Niobrara and Bakken.

The decrease in total lease operating expenses ("LOE") for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019 was primarily the result of our 24% decrease in production and ongoing well optimization and cost initiatives. Per unit LOE was relatively flat for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019.

Production Taxes

	Three months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Production taxes	$ 3,605	$ 8,098	(55)%
Production taxes per Mcfe	$ 0.04	$ 0.07	(41)%

The decrease in production taxes was primarily related to a decrease in realized prices and production for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019.

Midstream Gathering and Processing Expenses

	Three months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Midstream gathering and processing expenses	$ 59,974	$ 72,015	(17)%
Midstream gathering and processing expenses per Mcfe	$ 0.64	$ 0.58	10 %

The decrease in midstream gathering and processing expenses was primarily related to our 24% decrease in our production for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. The increase in per unit midstream gathering and processing expenses for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019 is primarily related to Utica Shale production volumes falling below a minimum volume commitment and the resulting deficiency payments during the three months ended June 30, 2020.

Depreciation, Depletion and Amortization

	Three months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Depreciation, depletion and amortization	$ 64,790	$ 124,951	(48)%
Depreciation, depletion and amortization per Mcfe	$ 0.69	$ 1.01	(32)%

Depreciation, depletion and amortization ("DD&A") expense consisted of $62.2 million in depletion of oil and natural gas properties and$2.6 million in depreciation of other property and equipment, compared to $122.5 million in depletion of oil and natural gas properties and $2.5 million in depreciation of other property and equipment for the three months ended June 30, 2019. The decrease in DD&A was due to both a decrease in our depletion rate as a result of a decrease in our amortization base from full cost ceiling test impairments recorded during 2019 and the first quarter of 2020, as well as a decrease in our production.

Impairment of Oil and Gas Properties. During the three months ended June 30, 2020, we incurred a$532.9 million oil and natural gas properties impairment charge related primarily to the decline in the twelve month trailing first of month average price for natural gas, oil and NGL, compared to no impairment charge of oil and gas properties during the three months ended June 30, 2019.

Based on prices for the last nine months and the short-term pricing outlook for the third quarter of 2020, we expect to recognize an additional full cost impairment in the third quarter of 2020. The amount of any future impairments is difficult to predict as it depends on changes in commodity prices, production rates, proved reserves, evaluation of costs excluded from amortization, future development costs and production costs.

Equity Investments

	Three months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Loss from equity method investments, net	$ 45	$ 125,582	(100)%

The decrease in loss from equity method investments is primarily related to a $125.4 million impairment charge recorded during the three months ended June 30, 2019. As the value of our investment in Mammoth was reduced to zero during the first quarter of 2020, we did not record any similar impairment charges during the three months ended June 30, 2020. See Note 4 to our consolidated financial statements for further discussion on our equity investments.

General and Administrative Expenses

	Three months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
General and administrative expenses, gross	$ 21,655	$ 23,539	(8)%
Reimbursed from third parties	$ (3,023)	$ (2,978)	2 %
Capitalized general and administrative expenses	$ (8,162)	$ (8,834)	(8)%
General and administrative expenses, net	$ 10,470	$ 11,727	(11)%
General and administrative expenses, net per Mcfe	$ 0.11	$ 0.09	22 %

The decrease in general and administrative expenses, gross was due primarily due to lower employee costs resulting from the reduction in workforce that was completed in the fourth quarter of 2019. Additionally, in June 2020, in response to the continued depressed commodity price environment, we announced several G&A initiatives to reduce our corporate cost structure. This decrease was partially offset by an increase in non-recurring legal and consulting expenses.

Interest Expense

	Three months ended June 30,	
	2020	2019
	($ In thousands, except per unit)	
Interest expense on senior notes	28,179	32,281
Interest expense on revolving credit agreement	2,860	3,224
Interest expense on construction loan and other	310	312
Capitalized interest	(523)	(1,005)
Amortization of loan costs	1,540	1,606
Total interest expense	$ 32,366	$ 36,418
Interest expense per Mcfe	$ 0.35	$ 0.29
Weighted average debt outstanding under revolving credit facility	$ 132,077	$ 168,791

The decrease in interest expense for three months ended June 30, 2020 as compared to the three months ended June 30, 2019 was primarily due to repurchases of our senior notes in the second half of 2019 and the first half of 2020.

Income Taxes. We recorded no income tax expense for three months ended June 30, 2020 compared to income tax benefit of $179.3 million for the three months ended June 30, 2019. As of June 30, 2020, we had a federal net operating loss carryforward of approximately $1.5 billion, in addition to numerous temporary differences, which gave rise to a net deferred tax asset. Quarterly, management performs a forecast of our taxable income and analyzes other relevant factors 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 than not that some portion will not be realized. At June 30, 2020, a valuation allowance of $879.3 million has been maintained against the full net deferred tax asset. The tax benefit recorded during the three months ended June 30, 2019 was a result of management's determination there was sufficient positive evidence that it was more likely than not that the federal and some state net operating loss carryforwards would be realized.

On April 30, 2020, our Board of Directors approved the adoption of a tax benefits preservation plan that is intended to protect value by preserving our ability to use our tax attributes, such as NOLs, to offset potential future income taxes for federal income tax purposes. See Note 14 of the notes to our consolidated financial statements for more information.

Comparison of the Six Month Periods Ended June 30, 2020 and 2019

We reported net loss of $1.1 billion for the six months ended June 30, 2020 as compared to net income of $297.2 million for the six months ended June 30, 2019. Included in the loss for the six months ended June 30, 2020 was a $1.1 billion non-cash impairment of our oil and natural gas properties which primarily resulted from a significant decrease in the trailing twelve month first of month prices of natural gas, oil and NGL, and was the main driver of the change in our net (loss) income during the period. Additionally, pricing for all of our commodities decreased significantly, resulting in a $374.4 million decrease in natural gas, oil and NGL sales and a $25.9 million decrease in gain on natural gas, oil and NGL derivatives. The remaining variance related to a $4.9 million increase in general and administrative expenses, partially offset by a $110.5 million decrease in loss from equity method investments, including a $125.4 million impairment related to our investment in Mammoth Energy, a $100.6 million decrease in DD&A, a $49.6 million gain on debt extinguishment, a $24.4 million decrease in midstream gathering and processing expenses, a $10.5 million decrease in lease operating expenses and a $7.6 million decrease in production taxes for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

Natural Gas, Oil and NGL Sales

	Six months ended June 30,		
	2020	**2019**	**change**
	($ In thousands)		
Natural gas	195,344	501,273	(61)%
Oil and condensate	31,541	69,392	(55)%
NGL	27,165	57,812	(53)%
Natural gas, oil and NGL sales	$ 254,050	$ 628,477	(60)%

The decrease in natural gas sales without the impact of derivatives was due toa 51% decrease in realized natural gas prices and a 20% decrease in natural gas sales volumes.

The decrease in oil and condensate sales without the impact of derivatives was due to an 40% decrease in realized oil and condensate prices and a 25% decrease in oil and condensate sales volumes.

The decrease in NGL sales without the impact of derivatives was due toa 40% decrease in realized NGL prices and a 22% decrease in NGL sales volumes.

Natural Gas, Oil and NGL Derivatives

	Six months ended June 30, 2020	Six months ended June 30, 2019
	($ In thousands)	
Natural gas derivatives - fair value (losses) gains	$ (63,271)	$ 142,098
Natural gas derivatives - settlement gains (losses)	144,813	(6,054)
Total gains on natural gas derivatives	81,542	136,044
Oil and condensate derivatives - fair value (losses) gains	(5,012)	11,027
Oil and condensate derivatives - settlement gains	49,949	390
Total gains on oil and condensate derivatives	44,937	11,417
NGL derivatives - fair value losses	(332)	(536)
NGL derivatives - settlement gains	471	4,170
Total gains on NGL derivatives	139	3,634
Contingent consideration arrangement - fair value losses	(1,381)	—
Total gains on natural gas, oil and NGL derivatives	$ 125,237	$ 151,095

See Note 10 to our consolidated financial statements for further discussion of our derivative activity.

Natural Gas, Oil and NGL Production and Pricing

The following table summarizes our oil and condensate, natural gas and NGL production and related pricing for the six months ended June 30, 2020, as compared to such data for the six months ended June 30, 2019:

	Six months ended June 30,	
	2020	2019
	($ In thousands)	
Natural gas sales		
Natural gas production volumes (MMcf)	171,047	213,682
Total natural gas sales	$ 195,344	$ 501,273
Natural gas sales without the impact of derivatives ($/Mcf)	$ 1.14	$ 2.35
Impact from settled derivatives ($/Mcf)	$ 0.85	$ (0.03)
Average natural gas sales price, including settled derivatives ($/Mcf)	$ 1.99	$ 2.32
Oil and condensate sales		
Oil and condensate production volumes (MBbls)	948	1,261
Total oil and condensate sales	$ 31,541	$ 69,392
Oil and condensate sales without the impact of derivatives ($/Bbl)	$ 33.26	$ 55.03
Impact from settled derivatives ($/Bbl)	$ 52.67	$ 0.31
Average oil and condensate sales price, including settled derivatives ($/Bbl)	$ 85.93	$ 55.34
NGL sales		
NGL production volumes (MGal)	88,346	113,019
Total NGL sales	$ 27,165	$ 57,812
NGL sales without the impact of derivatives ($/Gal)	$ 0.31	$ 0.51
Impact from settled derivatives ($/Gal)	$ —	$ 0.04
Average NGL sales price, including settled derivatives ($/Gal)	$ 0.31	$ 0.55
Natural gas, oil and condensate and NGL sales		
Natural gas equivalents (MMcfe)	189,359	237,394
Total natural gas, oil and condensate and NGL sales	$ 254,050	$ 628,477
Natural gas, oil and condensate and NGL sales without the impact of derivatives ($/Mcfe)	$ 1.34	$ 2.65
Impact from settled derivatives ($/Mcfe)	$ 1.03	$ (0.01)
Average natural gas, oil and condensate and NGL sales price, including settled derivatives ($/Mcfe)	$ 2.37	$ 2.64
Production Costs:		
Average lease operating expenses ($/Mcfe)	$ 0.17	$ 0.18
Average production taxes ($/Mcfe)	$ 0.04	$ 0.07
Average midstream gathering and processing ($/Mcfe)	$ 0.62	$ 0.60
Total lease operating expenses, midstream costs and production taxes ($/Mcfe)	$ 0.83	$ 0.85

Lease Operating Expenses

	Six months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Lease operating expenses			
Utica	$ 24,180	$ 25,473	(5)%
SCOOP	7,320	7,757	(6)%
Other(1)	172	8,965	(98)%
Total lease operating expenses	$ 31,672	$ 42,195	(25)%
Lease operating expenses per Mcfe			
Utica	$ 0.17	$ 0.14	21 %
SCOOP	0.17	0.15	9 %
Other(1)	1.77	4.96	(64)%
Total lease operating expenses per Mcfe	$ 0.17	$ 0.18	(6)%

(1) Includes WCBB, Hackberry, Niobrara and Bakken.

The decrease in total LOE for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 was primarily the result of our 21% decrease in production. Per unit LOE was relatively flat for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

Production Taxes

	Six months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Production taxes	$ 8,404	$ 16,019	(48)%
Production taxes per Mcfe	$ 0.04	$ 0.07	(34)%

The decrease in production taxes was primarily related to a decrease in realized prices and production for the six months ended June 30, 2020.

	Six months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Midstream gathering and processing expenses	$ 117,870	$ 142,297	(17)%
Midstream gathering and processing expenses per Mcfe	$ 0.62	$ 0.60	4 %

The decrease in midstream gathering and processing expenses was primarily related to our 21% decrease in our production for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. Per unit midstream gathering and processing expenses was relatively flat for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

Depreciation, Depletion and Amortization

	Six months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Depreciation, depletion and amortization	$ 142,818	$ 243,384	(41)%
Depreciation, depletion and amortization per Mcfe	$ 0.75	$ 1.03	(26)%

Depreciation, depletion and amortization ("DD&A") expense consisted of $137.6 million in depletion of oil and natural gas properties and $5.2 million in depreciation of other property and equipment, compared to $237.7 million in depletion of oil and natural gas properties and $5.7 million in depreciation of other property and equipment for the six months ended June 30, 2019. The decrease in DD&A was due to both a decrease in our depletion rate as a result of a decrease in our amortization base from full cost ceiling test impairments recorded during 2019 and the first quarter of 2019 as well as a decrease in our production.

Impairment of Oil and Gas Properties. During the six months ended June 30, 2020, we incurred $1.1 billion of oil and natural gas properties impairment charges related primarily to the decline in the twelve month trailing first of month average price for natural gas, oil and NGL compared to no impairment charge of oil and gas properties during the six months ended June 30, 2019.

Equity Investments

	Six months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
Loss from equity method investments, net	$ 10,834	$ 121,309	(91)%

The decrease in loss from equity method investments is primarily related to a $125.4 million impairment charge recorded during the six months ended June 30, 2019. The value of our investment in Mammoth was reduced to zero during the first quarter of 2020, and we did not record any similar impairment charges during the six months ended June 30, 2020. See Note 4 to our consolidated financial statements for further discussion on our equity investments.

General and Administrative Expenses

	Six months ended June 30,		
	2020	2019	change
	($ In thousands, except per unit)		
General and administrative expenses, gross	$ 46,306	$ 43,980	5 %
Reimbursed from third parties	$ (6,075)	$ (5,667)	7 %
Capitalized general and administrative expenses	$ (13,592)	$ (16,529)	(18)%
General and administrative expenses, net	$ 26,639	$ 21,784	22 %
General and administrative expenses, net per Mcfe	$ 0.14	$ 0.09	53 %

The increase in general and administrative expenses, gross was due primarily due to an increase in non-recurring legal and consulting charges for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. This increase was partially offset by lower employee costs resulting from the reduction in workforce that was completed in the fourth quarter of 2019. Additionally, in June 2020, in response to the continued depressed commodity price environment, we announced several G&A initiatives to reduce our corporate cost structure. The decrease in capitalized general and administrative expenses was due to lower development activities for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

Interest Expense

	Six months ended June 30, 2020	2019
	($ In thousands, except per unit)	
Interest expense on senior notes	57,299	64,562
Interest expense on revolving credit agreement	5,025	5,479
Interest expense on construction loan and other	650	578
Capitalized interest	(710)	(1,771)
Amortization of loan costs	3,092	3,191
Total interest expense	$ 65,356	$ 72,039
Interest expense per Mcfe	$ 0.35	$ 0.30
Weighted average debt outstanding under revolving credit facility	$ 107,027	$ 123,287

The decrease in interest expense for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 was primarily due to continued repurchases of our senior notes.

Income Taxes. We recorded income tax expense of 7.3 million for the six months ended June 30, 2020 compared to income tax benefit of 179.3 million for the six months ended June 30, 2019. As of June 30, 2020, we had a federal net operating loss carryforward of approximately $1.5 billion from prior years, in addition to numerous temporary differences, which gave rise to a net deferred tax asset. Quarterly, management performs a forecast of our taxable income and analyzes other relevant factors 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 than not that some portion will not be realized. At June 30, 2020, a valuation allowance of $879.3 million has been maintained against the full net deferred tax asset. Income tax expense recorded during the six months ended June 30, 2020 is related to the recognition of a valuation allowance against a state deferred tax asset during the first quarter of 2020. The tax benefit recorded during the six months ended June 30, 2019 was a result of management's determination there was sufficient positive evidence that it was more likely than not that the federal and some state net operating loss carryforwards would be realized.

Liquidity and Capital Resources

Overview. Historically, our primary sources of capital funding and liquidity have been our operating cash flow, borrowings under our revolving credit facility and issuances of equity and debt securities. Our ability to access these sources of funds can be significantly impacted by changes in capital markets, decreases in commodity prices and decreases in our production levels.

In 2020, decreased demand for oil and natural gas as a result of the COVID-19 pandemic and the accompanying decrease in commodity prices has significantly reduced our ability to access capital markets and to refinance our existing indebtedness. Further, these conditions have made amendments or waivers to our revolving credit facility more difficult to obtain and available on terms less favorable to us. If depressed commodity prices persist or decline further, the borrowing base under our revolving credit facility could be further reduced at our next scheduled redetermination date in November 2020. Any such reduction would constrain our liquidity and may impair our ability to fund our planned capital expenditures and meet our obligations under our existing indebtedness. Further, a reduction in our capital expenditures would decrease our production, revenues, operating cash flow and EBITDA, which could limit our ability to comply with the restrictive covenants in our revolving credit facility and other existing indebtedness. Finally, our existing revolving credit facility matures in December 2021 and therefore will become a current liability at year end 2020 unless we are able to refinance the credit facility with a new credit facility or other financing. Considering the current state of the first lien market and our elevated leverage profile, there is substantial risk that a refinancing will not be available to us on reasonable terms. A current liability under the revolving credit facility at year end 2020 may result in a qualified audit opinion which could result in a default under the terms of the current revolving credit facility. As a result of these uncertainties and other factors, management has concluded that there is substantial doubt about our ability to continue as a going concern. Failure to meet our obligations under our existing indebtedness or failure to comply with any of our covenants, if not waived, would result in an event of default under such indebtedness and result in the potential acceleration of outstanding indebtedness thereunder and, with respect to the revolving credit facility, the potential foreclosure on the collateral securing such debt, and could cause a cross-default under our other outstanding indebtedness.

As of June 30, 2020, we had a cash balance of $2.8 million compared to $6.1 million as of December 31, 2019, and a net working capital deficit of $176.2 million as of June 30, 2020, compared to a net working capital deficit of $145.3 million as of December 31, 2019. As of June 30, 2020, our working capital deficit includes $0.6 million of debt due in the next 12 months. Our total principal debt as of June 30, 2020 was $1.9 billion compared to $2.0 billion as of December 31, 2019. As of June 30, 2020, we had $252.9 million of borrowing capacity available under the revolving credit facility, with outstanding borrowings of $123.0 million and $324.1 million utilized for various letters of credit. See Note 5 of the notes to our consolidated financial statements for further discussion of our debt obligations, including principal and carrying amounts of our notes.

Derivatives and Hedging Activities. Our results of operations and cash flows are impacted by changes in market prices for natural gas, oil and NGL. To mitigate a portion of the exposure to adverse market changes, we have entered into various derivative instruments. Our natural gas, oil and NGL derivative activities, when combined with our sales of natural gas, oil and NGL, allow us to predict with greater certainty the total revenue we will receive.

As of June 30, 2020, we had the following open natural gas, oil and NGL derivative instruments:

Natural Gas Derivatives

Year	Type of Derivative Instrument	Index	Daily Volume (MMBtu/day)	Weighted Average Price ($)
2020	Swaps	NYMEX Henry Hub	357,000	2.86
2020	Basis Swaps	Various	70,000	(0.12)
2021	Costless Collars	NYMEX Henry Hub	250,000	2.46/2.81
2022	Sold Call Options	NYMEX Henry Hub	628,000	2.90
2023	Sold Call Options	NYMEX Henry Hub	628,000	2.90

Oil Derivatives

Year	Type of Derivative Instrument	Index	Daily Volume (Bbls/day)	Weighted Average Price ($)
2020	Swaps	NYMEX WTI	3,000	35.49

NGL Derivatives

Year	Type of Derivative Instrument	Index	Daily Volume (Bbls/day)	Weighted Average Price ($)
2020	Swaps	Mont Belvieu C3	1,500	20.27

See Note 10 of the notes to our consolidated financial statements for further discussion of derivatives and hedging activities. Additionally, as discussed in Note 16, we brought forward the value of our oil swaps by monetizing our remaining position in April 2020 and entered into additional contracts to hedge our remaining 2020 and 2021 production in April and May 2020.

Credit Facility. We have entered into a senior secured revolving credit facility, as amended, with The Bank of Nova Scotia, as the lead arranger and administrative agent and other lenders. The credit agreement provides for a maximum facility amount of $1.5 billion and matures on December 13, 2021. As of June 30, 2020, we had a borrowing base and elected commitment of $700.0 million and $123.0 million in borrowings outstanding. Total funds available for borrowing under our revolving credit facility, after giving effect to an aggregate of $324.1 million of outstanding letters of credit, were $252.9 million as of June 30, 2020. This facility is secured by substantially all of our assets. Our wholly owned subsidiaries, excluding Grizzly Holdings Inc. ("Grizzly Holdings") and Mule Sky LLC ("Mule Sky"), guarantee our obligations under our revolving credit facility.

Our revolving credit facility contains customary negative covenants including, but not limited to, restrictions on our and our subsidiaries' ability to: incur indebtedness; grant liens; pay dividends and make other restricted payments; agree to payment restrictions affecting our restricted subsidiaries; make investments; undertake fundamental changes including selling all or substantially all of our assets; enter into swap contracts and forward sales contracts; dispose of assets; change the nature of their business; enter into transactions with their affiliates; and engage in certain transactions with restricted subsidiaries. The negative covenants are subject to certain exceptions as specified in our revolving credit facility. Our revolving credit facility also contains certain affirmative covenants, including, but not limited to the following financial covenants: (1) the ratio of Net Secured Debt to EBITDAX (as defined under the revolving credit agreement) may not be greater than 2.00 to 1.00 for the twelve-month period of the end of each fiscal quarter; and (2) the ratio of EBITDAX to interest expense for the twelve-month period at the end of each fiscal quarter may not be less than 3.00 to 1.00. On May 1, 2020, we entered into a fifteenth amendment to our Amended and Restated Credit Agreement. As part of the amendment, our borrowing base and elected commitment were reduced from $1.2 billion and $1.0 billion, respectively, to $700.0 million. Additionally, the amendment added the requirement to maintain a ratio of Net Secured Debt to EBITDAX as described above, deferred the requirement to maintain a ratio of Net Funded Debt to EBITDAX of 4.00 to 1.00 until September 30, 2021, and added a limitation on the repurchase of unsecured notes, among other amendments. We were in compliance with these financial covenants at June 30, 2020.

On July 27, 2020, we entered into the sixteenth amendment to the Amended and Restated Credit Agreement. The sixteenth amendment allows us to issue up to $750 million in second lien debt subject to certain conditions.

Senior Notes. We used borrowings under our revolving credit facility to repurchase in the open market approximately$47.5 million and $73.3 million aggregate principal amount of our outstanding Notes for $12.6 million and $22.8 million during the three and six months ended June 30, 2020, respectively. For the three months ended June 30, 2020, this included approximately $4.9 million principal amount of the 2023 Notes, $16.3 million principal amount of the 2024 Notes, $13.5 million principal amount of the 2025 Notes, and $12.8 million principal amount of the 2026 Notes. We recognized a $34.3 million and $49.6 million gain on debt extinguishment, which included retirement of unamortized issuance costs and fees associated with the repurchased debt, during the three and six months ended June 30, 2020, respectively.

Subject to restrictions in our own revolving credit facility, we may use a combination of cash and borrowing under our revolving credit facility to retire our outstanding debt, through privately negotiated transactions, open market repurchases, redemptions, tender offers or otherwise, but we are under no obligation to do so.

Capital Expenditures. Our capital commitments have been primarily for the execution of our drilling programs and discounted repurchases of our senior notes. Our capital investment strategy is focused on prudently developing our existing properties to generate sustainable cash flow considering current and forecasted commodity prices while also selectively pursuing mergers or acquisitions in our current operating regions in an effort to gain scale and deepen our drilling inventory.

Our capital expenditures for 2020 are currently estimated to be in the range of $265.0 million to $285.0 million for drilling and completion expenditures. In addition, we currently expect to spend $20.0 million to $25.0 million in 2020 for non-drilling and completion expenditures, which includes acreage expenses, primarily lease extensions in the Utica Shale. The midpoint of the 2020 range of capital expenditures is more than 50% lower than the $602.5 million spent in 2019, primarily due to our decision to reduce capital activity in response to lower commodity prices, specifically natural gas prices, and our desire to fund our capital development program primarily with cash flow from operations. As a result of our decreased capital spending program for 2020 and the impact of our 2019 property divestitures, we expect our production volumes in 2020 to be approximately 22% to 27% lower than 2019. Coupled with forecasted lower commodity prices, we expect 2020 revenues, operating cash flows and EBITDA to be significantly lower in 2020 as compared to 2019.

We continually monitor market conditions and are prepared to adjust our drilling program if commodity prices dictate. Currently, we believe that our cash flow from operations, cash on hand and borrowing base availability under our revolving credit agreement will be sufficient to meet our normal recurring operating needs and capital requirements for the next twelve months. We have the ability to react quickly to changing commodity prices and accelerate or decelerate our activity within our operating areas as market conditions warrant. Notwithstanding the foregoing, in the event commodity prices decline from current levels or our capital or other costs increase we may be required to obtain additional funds which we would seek to do through borrowings, offerings of debt or equity securities or other means, including the sale of assets. To the extent that access to capital and other financial markets is adversely affected by the effects of COVID-19, the Company may need to consider alternative sources of funding for some of its operations and for working capital, which may increase the cost of, as well as adversely impact access to, capital. We regularly evaluate merger, acquisition and divestiture opportunities. Capital may not be available to us on acceptable terms or at all in the future. Further, if we are unable to obtain funds when needed or on acceptable terms, we may be required to delay or curtail implementation of our business plan or not be able to complete acquisitions that may be favorable to us. If the current low commodity price environment worsens, our revenues, cash flows, results of operations, liquidity and reserves may be materially and adversely affected.

Cash Flow from Operating Activities. Net cash flow provided by operating activities was $247.2 million for the six months ended June 30, 2020 as compared to $399.8 million for the same period in 2019. This decrease was primarily the result of a significant decrease in our realized gas prices as well as decreases in our production volumes.

Divestitures. During the six months ended June 30, 2020, we divested our SCOOP water infrastructure assets and received $50.0 million in cash upon closing and have an opportunity to earn additional incentive payments over the next 15 years, subject to our ability to meet certain thresholds which will be driven by, among other things, our future development program and future water production levels. Proceeds from the divestiture were used to reduce our outstanding revolver balance. See Note 3 of the notes to our consolidated financial statements for further discussion.

Use of Funds. The following table presents the uses of our cash and cash equivalents for the six months ended June 30, 2020 and 2019:

	Six months ended June 30,			
	2020		2019	
	(In thousands)			
Oil and Natural Gas Property Cash Expenditures:				
Drilling and completion costs		255,904		435,583
Leasehold acquisitions		10,098		25,778
Other		8,849		46,954
Total oil and natural gas property expenditures	$	274,851	$	508,315
Other Uses of Cash and Cash Equivalents				
Cash paid to repurchase senior notes		22,827		—
Cash paid to repurchase common stock under approved stock repurchase program		—		30,000
Other		801		5,444
Total other uses of cash and cash equivalents	$	23,628	$	35,444
Total uses of cash and cash equivalents	$	298,479	$	543,759

Drilling and Completion Costs. During six months ended June 30, 2020, we spud 12 gross (11.1 net) and commenced sales from 13 gross and net operated wells in the Utica Shale for a total cost of approximately $141.5 million. During the six months ended June 30, 2020, we spud six gross (5.2 net) and commenced sales from four gross (3.8 net) operated wells in the SCOOP for a total cost of approximately $42.2 million.

During the six months ended June 30, 2020, we did not participate in any wells that were spud or turned to sales by other operators on our Utica Shale acreage. In addition, 5.00 gross (0.03 net) wells were spud and 5.00 gross (3.5 net) wells were turned to sales by other operators on our SCOOP acreage during the six months ended June 30, 2020.

Contractual and Commercial Obligations

We have various contractual obligations in the normal course of our operations and financing activities. See Note 9 and Note 13 of the notes to our consolidated financial statements for further discussion of the termination of our Master Services Agreement with Stingray Pressure Pumping LLC, a subsidiary of Mammoth Energy Services, Inc. and a related party. There have been no other material changes to our contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Off-balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of June 30, 2020, our material off-balance sheet arrangements and transactions include $324.1 million in letters of credit outstanding against our revolving credit facility and $119.5 million in surety bonds issued. Both the letters of credit and surety bonds are being used as financial assurance, primarily on certain firm transportation agreements. Management believes these items will expire without being funded. There are no other transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect our liquidity or availability of our capital resources. See Note 9 to our consolidated financial statements for further discussion of the various financial guarantees we have issued.

Critical Accounting Policies and Estimates

As of June 30, 2020, there have been no significant changes in our critical accounting policies from those disclosed in our 2019 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Natural Gas, Oil and Natural Gas Liquids Derivative Instruments. Our results of operations and cash flows are impacted by changes in market prices for natural gas, oil and NGL. To mitigate a portion of our exposure to adverse price changes, we have entered into various derivative instruments. Our natural gas, oil and NGL derivative activities, when combined with our sales of natural gas, oil and NGL, allow us to predict with greater certainty the revenue we will receive. We believe our derivative instruments continue to be highly effective in achieving our risk management objectives.

Our general strategy for protecting short-term cash flow and attempting to mitigate exposure to adverse natural gas, oil and NGL price changes is to hedge into strengthening natural gas, oil and NGL futures markets when prices reach levels that management believes are unsustainable for the long term, have material downside risk in the short term or provide reasonable rates of return on our invested capital. Information we consider in forming an opinion about future prices includes general economic conditions, industrial output levels and expectations, producer breakeven cost structures, liquefied natural gas trends, oil and natural gas storage inventory levels, industry decline rates for base production and weather trends. Executive management is involved in all risk management activities and the Board of Directors reviews our derivative program at its quarterly board meetings. We believe we have sufficient internal controls to prevent unauthorized trading.

We use derivative instruments to achieve our risk management objectives, including swaps, options and costless collars. All of these are described in more detail below. We typically use swaps for a large portion of the oil and natural gas price risk we hedge. We have also sold calls, taking advantage of premiums associated with market price volatility.

We determine the notional volume potentially subject to derivative contracts by reviewing our overall estimated future production levels, which are derived from extensive examination of existing producing reserve estimates and estimates of likely production from new drilling. Production forecasts are updated at least monthly and adjusted if necessary to actual results and activity levels. We do not enter into derivative contracts for volumes in excess of our share of forecasted production, and if production estimates were lowered for future periods and derivative instruments are already executed for some volume above the new production forecasts, the positions would be reversed. The actual fixed price on our derivative instruments is derived from the reference NYMEX price, as reflected in current NYMEX trading. The pricing dates of our derivative contracts follow NYMEX futures. All of our commodity derivative instruments are net settled based on the difference between the fixed price as stated in the contract and the floating-price, resulting in a net amount due to or from the counterparty.

We review our derivative positions continuously and if future market conditions change and prices are at levels we believe could jeopardize the effectiveness of a position, we will mitigate this risk by either negotiating a cash settlement with our counterparty, restructuring the position or entering a new trade that effectively reverses the current position. The factors we consider in closing or restructuring a position before the settlement date are identical to those we review when deciding to enter the original derivative position. Gains or losses related to closed positions will be recognized in the month specified in the original contract.

We have determined the fair value of our derivative instruments utilizing established index prices, volatility curves and discount factors. These estimates are compared to counterparty valuations for reasonableness. Derivative transactions are also subject to the risk that counterparties will be unable to meet their obligations. This non-performance risk is considered in the valuation of our derivative instruments, but to date has not had a material impact on the values of our derivatives. Future risk related to counterparties not being able to meet their obligations has been partially mitigated under our commodity hedging arrangements that require counterparties to post collateral if their obligations to us are in excess of defined thresholds. The values we report in our financial statements are as of a point in time and subsequently change as these estimates are revised to reflect actual results, changes in market conditions and other factors. See Note 10 of the notes to our consolidated financial statements for further discussion of the fair value measurements associated with our derivatives.

As of June 30, 2020, our natural gas, oil and NGL derivative instruments consisted of the following types of instruments:

- *Swaps*: We receive a fixed price and pay a floating market price to the counterparty for the hedged commodity. In exchange for higher fixed prices on certain of our swap trades, we may sell call options.

- *Basis Swaps*: These instruments are arrangements that guarantee a fixed price differential to NYMEX from a specified delivery point. We receive the fixed price differential and pay the floating market price differential to the counterparty for the hedged commodity.

- *Options*: We sell, and occasionally buy, call options in exchange for a premium. At the time of settlement, if the market price exceeds the fixed price of the call option, we pay the counterparty the excess on sold call options, and we receive the excess on bought call options. If the market price settles below the fixed price of the call option, no payment is due from either party.

- *Costless Collars*: These instruments have a set floor and ceiling price for the hedged production. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, we will cash-settle the difference with the counterparty.

To mitigate the effects of commodity price fluctuations on our oil and natural gas production, we had the following open fixed price swap positions at June 30, 2020:

	Location	Daily Volume (MMBtu/day)	Weighted Average Price
Remaining 2020	NYMEX Henry Hub	357,000	$ 2.86

	Location	Daily Volume (Bbls/day)	Weighted Average Price
Remaining 2020	NYMEX WTI	3,000	$ 35.49

	Location	Daily Volume (Bbls/day)	Weighted Average Price
Remaining 2020	Mont Belvieu C3	1,500	$ 20.27

We sold call options in exchange for a premium, and used the associated premiums to enhance the fixed price for a portion of the fixed price natural gas swaps primarily for 2020 listed above. We had the following open sold call option positions at June 30, 2020:

	Location	Daily Volume (MMBtu/day)	Weighted Average Price
2022	NYMEX Henry Hub	628,000	$ 2.90
2023	NYMEX Henry Hub	628,000	$ 2.90

We had the following open costless collar positions at June 30, 2020:

	Location	Daily Volume (MMBtu/day)	Weighted Average Floor Price	Weighted Average Ceiling Price
2021	NYMEX Henry Hub	250,000	$ 2.46	$ 2.81

As of June 30, 2020, the Company had the following natural gas basis swap positions open:

	Gulfport Pays	Gulfport Receives	Daily Volume (MMBtu/day)	Weighted Average Fixed Spread
Remaining 2020	Transco Zone 4	NYMEX Plus Fixed Spread	60,000	$ (0.05)
Remaining 2020	Fixed Spread	ONEOK Minus NYMEX	10,000	$ (0.54)

During the three months ended June 30, 2020, we early terminated oil fixed price swaps which represented approximately 6,000 BBls of oil per day for the remainder of 2020. The early termination resulted in a cash settlement of approximately $40.5 million.

In August 2020, we entered into natural gas fixed price swap contracts for the fourth quarter of 2020 covering approximately 100,000 MMBtu of natural gas per day at an average swap price of $2.38 per MMBtu.

Our fixed price swap contracts are tied to the commodity prices on NYMEX Henry Hub for natural gas and Mont Belvieu for propane, pentane and ethane. We will receive the fixed priced amount stated in the contract and pay to its counterparty the current market price as listed on NYMEX Henry Hub for natural gas or Mont Belvieu for propane, pentane and ethane.

Under our 2020 contracts, we have hedged approximately 59% to 63% of our estimated 2020 production. Such arrangements may expose us to risk of financial loss in certain circumstances, including instances where production is less than expected or commodity prices increase. At June 30, 2020, we had a net asset derivative position of $3.3 million as compared to a net asset derivative position of $139.5 million as of June 30, 2019, related to our hedging portfolio. Utilizing actual derivative contractual volumes, a 10% increase in underlying commodity prices would have reduced the fair value of these instruments by approximately $48.8 million, while a 10% decrease in underlying commodity prices would have increased the fair value of these instruments by approximately $43.1 million. However, any realized derivative gain or loss would be substantially offset by a decrease or increase, respectively, in the actual sales value of production covered by the derivative instrument.

Interest Rate Risk. Our revolving amended and restated credit agreement is structured under floating rate terms, as advances under this facility may be in the form of either base rate loans or eurodollar loans. As such, our interest expense is sensitive to fluctuations in the prime rates in the United States, or, if the eurodollar rates are elected, the eurodollar rates. At June 30, 2020, we had $123.0 million in borrowings outstanding under our revolving credit facility which bore interest at a weighted average rate of2.44%. As of June 30, 2020, we did not have any interest rate swaps to hedge our interest risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures. Under the direction of our Chief Executive Officer and President and our Chief Financial Officer, we have established disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act 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 management, including our Chief Executive Officer and President and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

As of June 30, 2020, an evaluation was performed under the supervision and with the participation of management, including our Chief Executive Officer and President and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act. Based upon our evaluation, our Chief Executive Officer and President and our Chief Financial Officer have concluded that, as of June 30, 2020, our disclosure controls and procedures were not effective because of the material weakness in our internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2019.

Remediation Plan for the Material Weakness. Our management is actively engaged in the implementation of remediation efforts to address the material weakness identified in the fourth quarter of 2019. Specifically, our management is in the process of implementing new controls and processes over the evaluation and transfer of unevaluated costs to the amortizable base. Our management believes that these actions will remediate the material weakness in internal control over financial reporting.

Changes in Internal Control over Financial Reporting. There have not been any changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

Litigation and Regulatory Proceedings

We are involved in a number of litigation and regulatory proceedings including those described below. Many of these proceedings are in early stages, and many of them seek or may seek damages and penalties, the amount of which is indeterminate. Our total accrued liabilities in respect of litigation and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case or proceeding, its experience and the experience of others in similar cases or proceedings, and the opinions and views of legal counsel. Significant judgment is required in making these estimates and their final liabilities may ultimately be materially different.

We, along with a number of other oil and gas companies, have been named as a defendant in two separate complaints, one filed by the State of Louisiana and the Parish of Cameron in the 38th Judicial District Court for the Parish of Cameron on February 9, 2016 and the other filed by the State of Louisiana and the District Attorney for the 15th Judicial District of the State of Louisiana in the 15th Judicial District Court for the Parish of Vermilion on July 29, 2016 (together, the "Complaints"). The Complaints allege that certain of the defendants' operations violated the State and Local Coastal Resources Management Act of 1978, as amended, and the rules, regulations, orders and ordinances adopted thereunder (the "CZM Laws") by causing substantial damage to land and waterbodies located in the coastal zone of the relevant Parish. The plaintiffs seek damages and other appropriate relief under the CZM Laws, including the payment of costs necessary to clear, re-vegetate, detoxify and otherwise restore the affected coastal zone of the relevant Parish to its original condition, actual restoration of such coastal zone to its original condition, and the payment of reasonable attorney fees and legal expenses and interest. The United States District Court for the Western District of Louisiana issued orders remanding the cases to their respective state court, and the defendants have appealed the remand orders to the 5th Circuit Court of Appeals.

In July 2019, Pigeon Land Company, Inc., a successor in interest to certain of our legacy Louisiana properties, filed an action against us and many other oil and gas companies in the 16th Judicial District Court for the Parish of Iberia in Louisiana. The suit alleges negligence, strict liability and various violations of Louisiana statutes relating to property damage in connection with the historic development of our Louisiana properties and seeks unspecified damages (including punitive damages), an injunction to return the affected property to its original condition, and the payment of reasonable attorney fees and legal expenses and interest.

In September 2019, a stockholder of Mammoth Energy filed a derivative action on behalf of Mammoth Energy against members of Mammoth Energy's board of directors, including a director designated by us, and its significant stockholders, including us, in the United States District Court for the Western District of Oklahoma. The complaint alleges, among other things, that the members of Mammoth Energy's board of directors breached their fiduciary duties and violated the Securities Exchange Act of 1934, as amended, in connection with Mammoth Energy's activities in Puerto Rico following Hurricane Maria. The complaint seeks unspecified damages, the payment of reasonable attorney fees and legal expenses and interest and to force Mammoth Energy and its board of directors to make specified corporate governance reforms.

In October 2019, Kelsie Wagner, in her capacity as trustee of various trusts and on behalf of the trusts and other similarly situated royalty owners, filed an action against us in the District Court of Grady County, Oklahoma. The suit alleges that we underpaid royalty owners and seeks unspecified damages for violations of the Oklahoma Production Revenue Standards Act and fraud.

In March 2020, Robert F. Woodley, individually and on behalf of all others similarly situated, filed a federal securities class action against us, David M. Wood, Keri Crowell and Quentin R. Hicks in the United States District Court for the Southern District of New York. The complaint alleges that we made materially false and misleading statements regarding our business and operations in violation of the federal securities laws and seeks unspecified damages, the payment of reasonable attorneys' fees, expert fees and other costs, pre-judgment and post-judgment interest, and such other and further relief that may be deemed just and proper.

In June 2020, Sam L. Carter, derivatively on behalf of the Company, filed an action against certain of our current and former executive officers and directors in the United States District Court for the District of Delaware. The complaint alleges that the defendants breached their fiduciary duties to the Company in connection with certain alleged materially false and misleading statements regarding our business and operations in violation of the federal securities laws. The complaint seeks to recover unspecified damages from the defendants, the implementation of specified corporate governance reforms, reasonable attorneys' and experts' fees, costs and expenses, and such other relief as may be deemed just and proper.

In December 2019, we filed a lawsuit against Stingray Pressure Pumping LLC, a subsidiary of Mammoth Energy ("Stingray"), for breach of contract and to terminate the Master Services Agreement for pressure pumping services, effective as of October 1, 2014, as amended (the "Master Services Agreement"), between Stingray and us. In March 2020, Stingray filed a counterclaim against us in the Superior Court of the State of Delaware. The counterclaim alleges that we have breached the Master Services Agreement. The counterclaim seeks actual damages, which the complaint calculates to be approximately 28 million as of June 2020 (such amount to increase each month), the payment of reasonable attorney fees and legal expenses and pre- and post-judgment interest as allowed, and such other and further relief which it may be justly entitled.

In April 2020, Bryon Lefort, individually and on behalf of similarly situated individuals, filed an action against us in the United States District Court for the Southern District of Ohio Eastern Division. The complaint alleges that we violated the Fair Labor Standards Act ("FLSA"), the Ohio Wage Act and the Ohio Prompt Pay Act by classifying the plaintiffs as independent contractors and paying them a daily rate with no overtime compensation for hours worked in excess of 40 hours per week. The complaint seeks to recover unpaid regular and overtime wages, liquidated damages in an amount equal to six percent of all unpaid overtime compensation, the payment of reasonable attorney fees and legal expenses and pre-judgment and post-judgment interest, and such other damages that may be owed to the workers.

These cases are still in their early stages. As a result, we have not had the opportunity to evaluate the allegations made in the plaintiffs' complaints and intend to vigorously defend the suits.

SEC Investigation

The SEC has commenced an investigation with respect to certain actions by our former management, including alleged improper personal use of company assets, and potential violations by our former management and the company of the Sarbanes-Oxley Act of 2002 in connection with such actions. We have fully cooperated and intend to continue to cooperate fully with the SEC's investigation. Although it is not possible to predict the ultimate resolution or financial liability with respect to this matter, we believe that the outcome of this matter will not have a material effect on our business, financial condition or results of operations.

Business Operations

We are involved in various lawsuits and disputes incidental to our business operations, including commercial disputes, personal injury claims, royalty claims, property damage claims and contract actions.

Environmental Contingencies

The nature of the oil and gas business carries with it certain environmental risks for Gulfport and its subsidiaries. They have implemented various policies, programs, procedures, training and audits to reduce and mitigate environmental risks. They conduct periodic reviews, on a company-wide basis, to assess changes in their environmental risk profile. Environmental reserves are established for environmental liabilities for which economic losses are probable and reasonably estimable. We manage our exposure to environmental liabilities in acquisitions by using an evaluation process that seeks to identify pre-existing contamination or compliance concerns and address the potential liability. Depending on the extent of an identified environmental concern, they may, among other things, exclude a property from the transaction, require the seller to remediate the property to their satisfaction in an acquisition or agree to assume liability for the remediation of the property.

We received several Finding of Violation ("FOVs") from the United States Environmental Protection Agency ("USEPA") alleging violations of the Clean Air Act at approximately 17 locations in Ohio. The first FOV for one site was dated December 11, 2013. Two subsequent FOVs incorporated and expanded the scope on January 4, 2017 and April 15, 2019. We have exchanged information with the USEPA and are engaged in discussions aimed at resolving the allegations. Resolution of the matter resulted in monetary sanctions of approximately $1.7 million.

In October 2018, we submitted a Voluntary Disclosure document to the Oklahoma Department of Environmental Quality (ODEQ) stemming from improper air permitting at several sites in Midcon between 2014 and 2017. The sites were permitted by Vitruvian prior to our purchase of those assets. The sites were permitted utilizing the "permit by rule" regulation but actually required Title V air permits. We have agreed in a draft Consent Order to obtain the proper permits and to pay the costs from not having the proper permits in place in the amount of $180,000 to the ODEQ. The Order received final approval at the ODEQ and expects to be finalized in the third quarter of 2020.

Other Matters

Based on management's current assessment, they are of the opinion that no pending or threatened lawsuit or dispute relating to its business operations is likely to have a material adverse effect on their future consolidated financial position, results of operations or cash flows. The final resolution of such matters could exceed amounts accrued, however, and actual results could differ materially from management's estimates.

ITEM 1A. RISK FACTORS

Our business has many risks. Factors that could materially adversely affect our business, financial condition, operating results or liquidity and the trading price of our common stock or senior notes are described under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019. The risk factors below updates our risk factors previously discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Any significant reduction in our borrowing base under our revolving credit facility as a result of periodic borrowing base redeterminations or otherwise or an inability to refinance our revolving credit facility prior to its maturity may negatively impact our ability to fund our operations, and we may not have sufficient funds to repay borrowings under our revolving credit facility if required as a result of a borrowing base redetermination.

In 2020, decreased demand for oil and natural gas as a result of the COVID-19 pandemic and the accompanying decrease in commodity prices has significantly reduced our ability to access capital markets and to refinance our existing indebtedness. Further, these conditions have made amendments or waivers to our revolving credit facility more difficult to obtain and available on terms less favorable to us. If depressed commodity prices persist or decline further, the borrowing base under our revolving credit facility could be further reduced at our next scheduled redetermination date in November 2020. Any such reduction would constrain our liquidity and may impair our ability to fund our planned capital expenditures and meet our obligations under our existing indebtedness. Further, a reduction in our capital expenditures would decrease our production, revenues, operating cash flow and EBITDA, which could limit our ability to comply with the restrictive covenants in our revolving credit facility and other existing indebtedness. Finally, our existing revolving credit facility matures in December 2021 and therefore will become a current liability at year end 2020 unless we are able to refinance the credit facility with a new credit facility or other financing. Considering the current state of the first lien market and our elevated leverage profile, there is substantial risk that a refinancing will not be available to us on reasonable terms. A current liability under the revolving credit facility at year end 2020 may result in a qualified audit opinion which could result in a default under the terms of the current revolving credit facility. As a result of these uncertainties, management has concluded that there is substantial doubt about our ability to continue as a going concern. Failure to meet our obligations under our existing indebtedness or failure to comply with any of our covenants, if not waived, would result in an event of default under such indebtedness and result in the potential acceleration of outstanding indebtedness thereunder and, with respect to the revolving credit facility, the potential foreclosure on the collateral securing such debt, and could cause a cross-default under our other outstanding indebtedness. Further, if the outstanding borrowings under our revolving credit facility were to exceed the borrowing base as a result of any such redetermination, we would be required to repay the excess. We may not have sufficient funds to make such repayments. If we do not have sufficient funds and we are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results.

The outbreak of the novel coronavirus, or COVID-19, has affected and may materially adversely affect, and any future outbreak of any other highly infectious or contagious diseases may materially adversely affect, our operations, financial performance and condition, operating results and cash flows.

The recent outbreak of COVID-19 has affected, and may materially adversely affect, our business and financial and operating results. The severity, magnitude and duration of the current COVID-19 outbreak is uncertain, rapidly changing and hard to predict. Thus far in 2020, the outbreak has significantly impacted economic activity and markets around the world, and COVID-19 or another similar outbreak could negatively impact our business in numerous ways, including, but not limited to, the following:

- our revenue may be reduced if the outbreak results in an economic downturn or recession, as many experts predict, to the extent it leads to a prolonged decrease in the demand for natural gas and, to a lesser extent, NGL and oil;

- our operations may be disrupted or impaired, thus lowering our production level, if a significant portion of our employees or contractors are unable to work due to illness or if our field operations are suspended or temporarily shut-down or restricted due to control measures designed to contain the outbreak;

- the operations of our midstream service providers, on whom we rely for the transmission, gathering and processing of a significant portion of our produced natural gas, oil and NGL, may be disrupted or suspended in response to containing the outbreak, and/or the difficult economic environment may lead to the bankruptcy or closing of the facilities and infrastructure of our midstream service providers, which may result in substantial discounts in the prices we receive for our produced natural gas, oil and NGL or result in the shut-in of producing wells or the delay or discontinuance of development plans for our properties; and

- the disruption and instability in the financial markets and the uncertainty in the general business environment may affect our ability to execute on our business strategy, including our focus on reducing our leverage profile. If we are not able to successfully execute our plan to reduce our leverage profile, our high level of indebtedness could make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under any of our debt instruments, including their restrictive covenants, could result in a default under our revolving credit facility or the indentures governing our senior notes. Additionally, our credit ratings may be lowered, we may reduce or delay our planned capital expenditures or investments, and we may revise or delay our strategic plans.

We expect that the principal areas of operational risk for us are availability of service providers and supply chain disruption. Active development operations, including drilling and fracking operations, represent the greatest risk for transmission given the number of personnel and contractors on site. While we believe that we are following best practices under COVID-19 guidance, the potential for transmission still exists. In certain instances, it may be necessary or determined advisable for us to delay development operations.

In addition, the COVID-19 pandemic has increased volatility and caused negative pressure in the capital and credit markets. As a result, we may experience difficulty accessing the capital or financing needed to fund our exploration and production operations, which have substantial capital requirements, or refinance our upcoming maturities on satisfactory terms or at all. We typically fund our capital expenditures with existing cash and cash generated by operations (which is subject to a number of variables, including many beyond our control) and, to the extent our capital expenditures exceed our cash resources, from borrowings under our revolving credit facility and other external sources of capital. If our cash flows from operations or the borrowing capacity under our revolving credit facility are insufficient to fund our capital expenditures and we are unable to obtain the capital necessary for our planned capital budget or our operations, we could be required to curtail our operations and the development of our properties, which in turn could lead to a decline in our reserves and production, and could adversely affect our business, results of operations and financial position.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks set forth in Item 1A., “Risk Factors” in our Annual Report on Form 10-K, such as those relating to our financial performance and debt obligations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on our business, which will depend on numerous evolving factors and future developments that we are not able to predict, including the length of time that the pandemic continues, its effect on the demand for natural gas, NGL and oil, the response of the overall economy and the financial markets as well as the effect of governmental actions taken in response to the pandemic.

We expect that we will be unable to meet our firm commitment delivery obligations under our firm transportation contracts relating to our Utica Shale or SCOOP acreage due to decreased developmental activities, which will result in fees and may have a material adverse effect on our operations.

As of June 30, 2020, we had entered into firm transportation contracts to deliver approximately 1,455,000 MMBtu per day for the remainder of 2020 and 2021, respectively. Under these firm transportation contracts, we are obligated to deliver minimum daily volumes or pay fees for any deficiencies in deliveries. As a result of the reduced production from our Utica Shale or SCOOP acreage due to decreased developmental activities, taking into consideration the current low commodity price environment, we expect that we will be unable to meet our obligations under the existing firm transportation contracts, resulting in fees, which may be significant and may have a material adverse effect on our operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

Our common stock repurchase activity for the three months ended June 30, 2020 was as follows:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate maximum dollar value of shares that may yet be purchased under the plans or programs (2)
April 2020	18,338	$ 0.72	—	$ 370,000,000
May 2020	—	$ —	—	$ 370,000,000
June 2020	8,956	$ 1.69	—	$ 370,000,000
Total	27,294	$ 1.04	—	

(1) During the three months ended June 30, 2020, we repurchased and canceled 27,294 shares of our common stock at a weighted average price of $1.04 to satisfy tax withholding requirements incurred upon the vesting of restricted stock unit awards.

(2) In January 2019, our board of directors approved a new stock repurchase program to acquire up to $400.0 million of our outstanding common stock within a 24 month period. The program was suspended in the fourth quarter of 2019, and the May 1, 2020 amendment to our revolving credit facility prohibits further repurchases.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Incentive compensation program

In connection with a comprehensive review of the Company's compensation programs and in consultation with its independent compensation consultant and legal advisors, the Board of Directors has determined that significant changes are appropriate to retain and motivate the Company's employees as a result of the ongoing uncertainty and unprecedented disruption in the oil and gas industry. Accordingly, as of August 4, 2020, the Board has authorized a redesign of the incentive compensation program for the Company's workforce, including for its current named executive officers: David M. Wood, Donnie Moore, Quentin R. Hicks, Patrick K. Craine and Michael Sluiter (the "executives"). Participation by the executives in the new compensation program is contingent upon forfeiture of (i) all unpaid amounts previously awarded pursuant to the 2020 Incentive Plan, (ii) all restricted stock units granted in 2020 and (iii) any award pursuant to the 2019 Executive Annual Incentive Compensation Program for 2020, other than payment of pro-rata bonuses earned for the period from January 1, 2020 through July 31, 2020 at the target level. Under the new compensation program, each executive's target total variable compensation amount for 2020 (target annual bonus and long-term incentive, after adjusting the long-term incentive targets for each of Messrs. Hicks and Craine to 350% in recognition of increased workload), less any amounts previously paid pursuant to the 2020 Incentive Plan, will be paid as soon as practicable. Of this variable compensation amount, 50% will be subject to repayment on an after-tax basis in the event of the executive's resignation without good reason or termination by the Company for cause prior to the earlier of July 31, 2021, a change in control or completion of a restructuring, and the remaining 50% will be subject to repayment on an after-tax basis if performance metrics established by the Board are not met over performance periods from August 1, 2020 through July 31, 2021.

Restricted stock dispositions to satisfy tax withholding obligations for Named Executive Officers

All shares noted below represent vested restricted stock units previously granted under Gulfport's equity incentive plan and were withheld by Gulfport to satisfy tax withholding obligations due upon settlement of the restricted stock units.

On February 26, 2020, the following named executive officers disposed of shares to satisfy tax withholding obligations:

Named Executive Officer	Restricted Stock Units
David M. Wood	43,557
Michael Sluiter	17,060

Additionally, on February 27, 2020, the following named executive officer disposed of shares to satisfy tax withholding obligations:

Named Executive Officer	Restricted Stock Units
Donnie Moore	19,498

ITEM 6. EXHIBITS

INDEX OF EXHIBITS

Exhibit Number	Description	Incorporated by Reference Form	SEC File Number	Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Restated Certificate of Incorporation.	8-K	000-19514	3.1	4/26/2006	
3.2	Certificate of Amendment No. 1 to Restated Certificate of Incorporation.	10-Q	000-19514	3.2	11/6/2009	
3.3	Certificate of Amendment No. 2 to Restated Certificate of Incorporation.	8-K	000-19514	3.1	7/23/2013	
3.4	Second Amended and Restated Bylaws of Gulfport Energy Corporation	8-K	000-19514	3.1	2/27/2020	
3.5	First Amendment to the Second Amended and Restated Bylaws of Gulfport Energy Corporation	8-K	001-19514	3.1	5/29/2020	
3.6	Certificate of Designation of Series B Junior Participating Preferred Stock of Gulfport Energy Corporation	8-A	001-19514	3.1	4/30/2020	
4.1	Form of Common Stock certificate.	SB-2	333-115396	4.1	7/22/2004	
4.2	Indenture, dated as of April 21, 2015, among the Company, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as trustee (including the form of the Company's 6.625% Senior Notes due 2023).	8-K	000-19514	4.1	4/21/2015	
4.3	Indenture, dated as of October 14, 2016, among Gulfport Energy Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as trustee (including the form of Gulfport Energy Corporation's 6.000% Senior Notes due 2024).	8-K	000-19514	4.1	10/19/2016	
4.4	Indenture, dated as of December 21, 2016, among Gulfport Energy Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as trustee (including the form of Gulfport Energy Corporation's 6.375% Senior Notes due 2025).	8-K	000-19514	4.1	12/21/2016	
4.5	Indenture, dated as of October 11, 2017, among Gulfport Energy Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as trustee (including the form of Gulfport Energy Corporation's 6.375% Senior Notes due 2026).	8-K	000-19514	4.1	10/11/2017	
4.6	Tax Benefits Preservation Plan, dated as of April 30, 2020, between Gulfport Energy Corporation and Computershare Trust Company, N.A., as rights agent (which includes the Form of Rights Certificate as Exhibit B thereto)	8-A	001-19514	4.1	4/30/2020	
10.1+	Gulfport Energy Corporation 2020 Incentive Plan.	8-K	000-19514	10.1	3/17/2020	

10.2+	Form of 2020 Cash Award under Gulfport Energy Corporation 2020 Incentive Plan.	8-K	000-19514	10.2	3/17/2020	
10.3	Fifteenth Amendment to the Amended and Restated Credit Agreement, dated as of May 1, 2020, between Gulfport Energy Corporation, as Borrower, the Bank of Nova Scotia, as Administrative Agent and the lenders party thereto					X
10.4	Sixteenth Amendment to the Amended and Restated Credit Agreement, dated as of July 27, 2020, between Gulfport Energy Corporation, as Borrower, the Bank of Nova Scotia, as Administrative Agent and the lenders party thereto	8-K	001-19514	10.1	7/30/2020	
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.					X
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.					X
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.					X
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.					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

\+ Management contract, compensation plan or arrangement.

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.

Date: August 6, 2020

GULFPORT ENERGY CORPORATION

By: /s/ Quentin Hicks

Quentin Hicks
Executive Vice President & Chief Financial Officer

FIFTEENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of May 1, 2020
among

GULFPORT ENERGY CORPORATION,
as Borrower,

THE BANK OF NOVA SCOTIA,
as Administrative Agent

and

The Lenders Party Hereto

THE BANK OF NOVA SCOTIA, KEYBANK NATIONAL ASSOCIATION,
and **PNC BANK, NATIONAL ASSOCIATION,**
as Joint Lead Arrangers and Joint Bookrunners

KEYBANK NATIONAL ASSOCIATION and
PNC BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agents

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
WELLS FARGO BANK, N.A. and

BARCLAYS BANK PLC,
as Co-Documentation Agents

FIFTEENTH AMENDMENT TO AMENDED

AND RESTATED CREDIT AGREEMENT

THIS FIFTEENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this ***"Amendment"***) is entered into as of May 1, 2020, among **GULFPORT ENERGY CORPORATION**, a Delaware corporation (***"Borrower"***), the Guarantors party hereto, **THE BANK OF NOVA SCOTIA,** as Administrative Agent (***"Administrative Agent"***) and L/C Issuer, and the Lenders party hereto.

R E C I T A L S

A. Borrower, the financial institutions signing as Lenders thereto, Administrative Agent and the other agents party thereto are parties to an Amended and Restated Credit Agreement dated as of December 27, 2013, as amended by a First Amendment to Amended and Restated Credit Agreement dated as of April 23, 2014, a Second Amendment to Amended and Restated Credit Agreement dated as of November 26, 2014, a Third Amendment to Amended and Restated Credit Agreement dated as of April 10, 2015, a Fourth Amendment to Amended and Restated Credit Agreement and Limited Consent and Waiver dated as of May 29, 2015, a Fifth Amendment to Amended and Restated Credit Agreement dated as of September 18, 2015, a Sixth Amendment to Amended and Restated Credit Agreement dated as of February 19, 2016, a Seventh Amendment to Amended and Restated Credit Agreement dated as of December 13, 2016, an Eighth Amendment to Amended and Restated Credit Agreement dated as of March 29, 2017, a Ninth Amendment to Amended and Restated Credit Agreement dated as of May 4, 2017, a Tenth Amendment to Amended and Restated Credit Agreement dated as of October 4, 2017, an Eleventh Amendment to Amended and Restated Credit Agreement dated as of November 21, 2017, a Twelfth Amendment to Amended and Restated Credit Agreement dated as of May 21, 2018, a Thirteenth Amendment to Amended and Restated Credit Agreement dated as of November 28, 2018, and a Fourteenth Amendment to Amended and Restated Credit Agreement dated as of June 3, 2019 (collectively, the ***"Original Credit Agreement"***; the Original Credit Agreement as amended by this Amendment is referred to herein as the ***"Credit Agreement"***).

B. The parties desire to amend the Original Credit Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Same Terms**. All terms used herein that are defined in the Original Credit Agreement shall have the same meanings when used herein, unless the context hereof otherwise requires or provides. In addition, from and after the Fifteenth Amendment Effective Date, (a) all references in the Original Credit Agreement and, where appropriate in the context, in the other Loan Documents to the "Agreement" shall mean the Original Credit Agreement, as amended by this Amendment, as the same may hereafter be amended and waived from time to time, and (b) all references in the Loan Documents to the "Loan Documents" shall mean the Loan Documents, as amended by the Modification Papers, as the same may hereafter be amended and waived from time to time. In addition, the following terms have the meanings set forth below:

"Modification Papers" means this Amendment and all of the other documents and agreements executed in connection with the transactions contemplated by this Amendment.

"Fifteenth Amendment Effective Date" has the meaning set forth in Section 2.

2. **Conditions Precedent**. The obligations and agreements of the Lenders as set forth in this Amendment are subject to the satisfaction, unless waived in writing by Administrative Agent and each Lender party hereto, of each of the following conditions (the first day of satisfaction of all such conditions herein, the ***"Fifteenth Amendment Effective Date"***):

(i)**Fifteenth Amendment to Credit Agreement**. This Amendment shall have been duly executed and delivered by the Borrower, the Guarantors and the Required Lenders.

(ii)**Fees and Expenses**. Administrative Agent shall have received payment of all invoiced out-of-pocket fees and expenses (including reasonable attorneys' fees and expenses) incurred by Administrative Agent in connection with the preparation, negotiation and execution of the Modification Papers.

3. **Amendment to Original Credit Agreement.** On the Fifteenth Amendment Effective Date, the Original Credit Agreement shall be deemed to be amended as follows:

(i)The following definitions in Section 1.01 of the Original Credit Agreement are hereby amended and restated in their entirety as follows:

"Applicable Rate" means, from time to time, the following percentages per annum, based upon the Applicable Usage Level:

Applicable Rate

Applicable Usage Level	**Commitment fee**	**Eurodollar Rate Loans and Letters of Credit**	**Base Rate Loans**
Level 1	0.375%	1.75%	0.75%
Level 2	0.375%	2.00%	1.00%
Level 3	0.50%	2.25%	1.25%
Level 4	0.50%	2.50%	1.50%
Level 5	0.50%	2.75%	1.75%

Any increase or decrease in the Applicable Rate resulting from a change in the Applicable Usage Level shall become effective as of the date of the change in the Applicable Usage Level. The Applicable Rate shall be Level 5 during any period that a Borrowing Base Deficiency is being paid back in installments as permitted by Section 4.06.

"***Bail-In Action***" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"***Bail-In Legislation***" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Excluded Accounts" means accounts exclusively used for payroll, payroll taxes or other employee wage and benefit payments, accounts exclusively holding assets subject to an escrow or purchase price adjustment mechanism, and accounts that exclusively hold funds belonging to, or for the benefit of, a Person other than a Loan Party, and accounts having average daily collected balances not greater than $2,500,000 in the aggregate for all such accounts during the most recently completed calendar quarter.

"Net Funded Debt" means, as of any date of determination, for the Borrower and its Restricted Subsidiaries on a consolidated basis, (i) the sum of (a) the outstanding principal amount of all obligations, whether current or longterm, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Indebtedness, (c) all direct obligations arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments, (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (e) Indebtedness in respect of capital leases, (f) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (e) above of Persons other than the Borrower or any Restricted Subsidiary, and (g) all Indebtedness of the types referred to in clauses (a) through (f) above of any partnership or other entity where owners of Equity Interests thereof have liability for the obligations of such entity in which the Borrower or a Restricted Subsidiary is a general partner or owner of such Equity Interests, unless (1) such Indebtedness is expressly made non-recourse to the Borrower or such Restricted Subsidiary, or (2) such Indebtedness is owed by such entity to the owners of the Equity Interests thereof, minus (ii) the amount of cash and short-term investments of Borrower and its Restricted Subsidiaries at the end of the relevant fiscal quarter with respect to which the ratio of Net Funded Debt to EBITDAX is being calculated, not to exceed $35,000,000 in the aggregate. For avoidance of doubt, Net Funded Debt does not include Wexford ULC Obligations.

"***Write-Down and Conversion Powers***" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write- down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

(ii)The definition of "EBITDAX" in Section 1.01 of the Original Credit Agreement is hereby amended by replacing the word "and" after clause (i) with "," and adding the phrase "(iii) all non-recurring or unusual gains, revenues, losses, expenses or charges (other than cash income from the early extinguishment or conversion of Swap Contracts) and (iv) any other non-cash gains or revenues," after clause (ii).

(iii)The definition of "L/C Sublimit" in Section 1.01 of the Original Credit Agreement is hereby amended by replacing the reference to "the greater of $150,000,000 or 40% of the Aggregate Commitments existing at such time" with a reference to "$450,000,000".

(iv)Section 1.01 of the Original Credit Agreement is hereby amended by adding the following new defined terms in the proper alphabetical order as follows:

"***Affected Financial Institution***" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"*Excess Cash*" means, as of any date of determination, cash and cash equivalents of the Loan Parties other than (a) any cash allocated for, reserved or otherwise set aside to pay royalty obligations, working interest obligations, vendor payments, suspense payments, similar payments as are customary in the oil and gas industry, severance and ad valorem taxes, payroll, payroll taxes, other taxes, and employee wage and benefit payment obligations of the Borrower or any Restricted Subsidiary then due and owing (or to be due and owing within five (5) Business Days of such date) and for which the Borrower or such Restricted Subsidiary either (x) has issued checks or has initiated wires or ACH transfers or (y) reasonably anticipates in good faith that it will issue checks or initiate wires or ACH transfers within five (5) Business Days of such date, (b) any cash allocated for, reserved or otherwise set aside to pay other amounts permitted to be paid by the Borrower or its Restricted Subsidiaries in accordance with this Agreement and other Loan Documents due and owing as of such date (or to be due and owing within five (5) Business Days of such date) to Persons who are not Affiliates of the Loan Parties and for which obligations the Borrower or any of its Restricted Subsidiaries have (x) issued checks or have initiated wires or ACH transfers or (y) reasonably anticipates in good faith that it will issue checks or initiate wires or ACH transfers within five (5) Business Days of such date, as certified by the Borrower in any Loan Notice or in connection with Section 2.04(d) with sufficient detail as is reasonably acceptable to the Agent, (c) any cash of the Borrower and its Restricted Subsidiaries constituting pledges and/or deposits securing any binding and enforceable purchase and sale agreement with any Persons who are not Affiliates of the Loan Parties, in each case to the extent permitted by this Agreement, and (d) cash deposited with the L/C Issuer to cash collateralize Letters of Credit.

"Fifteenth Amendment Effective Date" means May 1, 2020.

"***Net Senior Secured Debt***" means, as of any date of determination, for the Borrower and its Restricted Subsidiaries on a consolidated basis, the amount equal to the sum, without duplication, of (i) (x) the Obligations to the extent described in clause (i) of the definition thereof, (y) the face amount of all Letters of Credit, and (z) any other Net Funded Debt described in clause (i) of the definition thereof that constitutes senior Indebtedness secured by a Lien on assets or property of the Borrower or its Restricted Subsidiaries as of such date, minus, without duplication, (ii) the amount of cash and short-term investments of Borrower and its Restricted Subsidiaries at the end of the relevant fiscal quarter with respect to which the ratio of Net Senior Secured Debt to EBITDAX is being calculated, not to exceed $35,000,000 in the aggregate.

"***Resolution Authority***" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"***Subordinated Obligation***" means any Indebtedness for borrowed money of the Borrower or any Restricted Subsidiary (whether outstanding on the Closing Date or thereafter incurred) (a) which is subordinate or junior in right of payment to, in the case of the Borrower, the Obligations or, in the case of a Guarantor, its Guarantee of the Obligations pursuant to a written agreement to that effect or (b) as to which any Lien on property securing such Indebtedness is contractually subordinated or junior to any Lien on any property securing the Obligations.

"***UK Financial Institution***" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"***UK Resolution Authority***" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

(v)Section 2.04 of the Original Credit Agreement is hereby amended by adding the following new clause (d) to the end thereof as follows:

(d) If the Loan Parties and their Subsidiaries have Excess Cash in excess of $35,000,000 in the aggregate on Thursday of each week, then the Borrower shall immediately prepay on the next Business Day succeeding such Thursday a principal amount of the Loans in the amount of such excess.

(vi)Section 2.13 of the Original Credit Agreement is hereby amended by replacing each reference therein to "85%" with a reference to "90%".

(vii)Section 2.13(a) of the Original Credit Agreement is hereby amended by adding a proviso at the end thereof as follows:

"; *provided* that thirty (30) days following the Fifteenth Amendment Effective Date (or such longer time as determined by Agent in its sole discretion), the coverage required by this subsection (a) shall increase to 95%."

(viii)Section 2.13(b) of the Original Credit Agreement is hereby amended by adding a proviso at the end thereof as follows:

"; *provided* that sixty (60) days following the Fifteenth Amendment Effective Date (or such longer time as determined by Agent in its sole discretion), the coverage required by this subsection (b) shall increase to 85%."

(ix)Section 2.13(e) of the Original Credit Agreement is hereby amended by adding the following parenthetical to the end of subsection (ii) thereof as follows:

"(provided that thirty (30) days following the Fifteenth Amendment Effective Date (or such longer time as determined by Agent in its sole discretion), the coverage required by this clause (ii) shall increase to 95%)"

(x)Section 4.01(b) of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Until next determined or otherwise modified or adjusted as provided herein, the amount of the Borrowing Base as of the Fifteenth Amendment Effective Date shall be $700,000,000."

(xi)Section 4.03(a) of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Special determinations of the Borrowing Base may be requested by Agent at the direction of the Required Lenders or by the Borrower not more than one time per calendar year each. If any special determination is requested by Borrower, it shall be accompanied by internally prepared engineering data for the oil and gas reserves included in the Mortgaged Properties, and such additional properties as Borrower may select, brought forward from the most recent Reserve Report furnished by Borrower to Agent. If any special determination is requested by Agent, Borrower will provide Agent with internally prepared engineering data for the oil and gas reserves included in the Mortgaged Properties, and such additional properties as Borrower may select, updated from the most recent Reserve Report furnished to Agent, as soon as is reasonably practicable following the request. The determination whether to increase or decrease the Borrowing Base and the Monthly Reduction Amount shall then be made in accordance with the standards set forth in Section 4.01 hereof and the procedures set forth in Section 4.04 hereof. In the event of any special determination of the Borrowing Base pursuant to this Section, Agent in the exercise of its discretion may suspend the next regularly scheduled determination of the Borrowing Base."

(xii)Section 4.03(b) of the Original Credit Agreement is hereby amended by adding the following parenthetical after the phrase "prior written notice":

"(or such shorter period as may be acceptable to Agent in its sole discretion)" (xiii)Section 4.04 of the Original Credit Agreement is hereby amended by amending and restating the third and fourth sentences thereof in their entirety as follows:

> "At the end of such fifteen (15) day period, if Required Lenders (or all Lenders, in the event of a proposed increase of the Borrowing Base or decrease of the Monthly Reduction Amount) shall not have communicated their approval or disapproval, such silence shall be deemed a disapproval of a proposed increase of the Borrowing Base or decrease of the Monthly Reduction Amount and an approval of a proposed decrease or reaffirmation of the Borrowing Base or reaffirmation or increase of the Monthly Reduction Amount. If Required Lenders (or each Lender, as applicable) have not approved or have not been deemed to have approved the Borrowing Base or Monthly Reduction Amount, Agent and Required Lenders (or all Lenders, in the event of a proposed increase of the Borrowing Base or decrease of the Monthly Reduction Amount) shall agree on a new Borrowing Base and Monthly Reduction Amount."

(xiv)Section 5.02 of the Original Credit Agreement is hereby amended by renumbering clause (d) to be clause (e), adding the following new clause (d) and by amending and restating the last sentence of Section 5.02 in its entirety to read as follows:

(d) At the time of and immediately after giving effect to such proposed Credit Extension, the Borrower and its Restricted Subsidiaries do not have any Excess Cash in excess of $35,000,000.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) submitted by Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.02(a), (b) and (d) have been satisfied on and as of the date of the applicable Credit Extension.

(xv)Section 7.12 of the Original Credit Agreement is hereby amended by amending and restating Section 7.12(a) and Section 7.12(b) in their entirety, and inserting a new Section 7.12(c) as follows:

(a) Net Funded Debt to EBITDAX Ratio. With respect to each fiscal quarter ending on or after September 30, 2021, maintain on a consolidated basis a ratio of Net Funded Debt to EBITDAX not exceeding 4.00:1.00, calculated as of the last day of each fiscal quarter using the results of the twelve-month period ending with that fiscal quarter.

(b) Interest Coverage Ratio. Maintain on a consolidated basis a ratio of EBITDAX to Interest Expense of at least 3.0 to 1.0, calculated as of the last day of each fiscal quarter using the results of the twelve-month period ending with that fiscal quarter.

(c) Net Senior Secured Debt to EBITDAX Ratio. With respect to each fiscal quarter ending on or after March 31, 2020, maintain on a consolidated basis a ratio of Net Senior Secured Debt to EBITDAX not exceeding 2.00:1.00, calculated as of the last day of each fiscal quarter using the results of the twelve-month period ending with that fiscal quarter.

(xvi)Section 8.02(h) of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

(h) Investments made with cash proceeds received from the sale of Borrower's common Equity Interests so long as such Investments are made within 180 days of the receipt of such cash proceeds or are contractually committed to be used within such 180-day period and are actually used within 365 days of initial receipt;

(xvii)Section 8.02(i) of the Original Credit Agreement is hereby amended by adding the word "cash" before the first instance of "Investments".

(xviii)Section 8.02(k) of the Original Credit Agreement is hereby amended by adding the word "Cash" before the first instance of "Investments".

(xix)Section 8.03(g) of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

(g) Indebtedness associated with bonds or other surety obligations required in connection with the operation of the business of the Loan Parties;

(xx)Section 8.04(a) of the Original Credit Agreement is hereby amended by amending and restating the proviso at the end thereof in its entirety as follows:

"*provided* that when any wholly-owned Domestic Restricted Subsidiary is merging with another Restricted Subsidiary, the wholly-owned Restricted Subsidiary shall be the continuing or surviving Person, and that when any Loan Party is merging with a non-Loan Party, the Loan Party shall be the continuing or surviving Person;"

(xxi)Section 8.06(g) of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

(g) [reserved];

(xxii)Section 8.16(b)(2) of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

(2) in the case of any account other than an Excluded Account opened after such Effective Date, concurrently with the opening of such account.

(xxiii)Article XIII of the Original Credit Agreement is hereby amended by adding the following new Section 8.18 to the end thereof as follows:

8.18. Limitation on Modification and Prepayment of Indebtedness.

(a) Make, directly or indirectly, voluntary prepayments, purchases, repurchases, or redemptions of or in respect of any Senior Notes or any Subordinated Obligations, or any payment or other distribution (whether in cash, securities or other property) prior to its stated maturity, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Senior Notes or any Subordinated Obligations, except prepayments, redemptions, purchases, defeasances and other payments in respect of Senior Notes and Subordinated Obligations prior to their scheduled maturity in an aggregate amount not to exceed $20,000,000 on and after the Fifteenth Amendment Effective Date.

(b) Amend or modify, or permit the amendment or modification of, any provision of any Senior Notes or any Subordinated Obligations or any agreement relating thereto other than amendments or modifications that are not materially adverse to the Lenders and that do not affect the subordination provisions thereof in a manner materially adverse to the Lenders (it being understood that the following, without limitation, are materially adverse to the Lenders: (i) the principal amount (or accreted value, if applicable) of such Indebtedness, after giving effect to such amendment or modification, exceeds the principal amount (or accreted value, if applicable) of the Indebtedness prior to such amendment or modification (plus unpaid accrued interest, breakage costs and premium thereon), (ii) the average life to maturity of such Indebtedness, after giving effect to such amendment or modification, is less than that of such Indebtedness prior to such amendment or modification, (iii) the effect of such amendment or modification is to shorten the final maturity date thereof to a date that is earlier than 91 days after the Maturity Date, (iv) such action adds, amends, changes or otherwise modifies covenants, events of default or other agreements to the extent such covenants, events of default or other agreements are more restrictive, taken as a whole, than those contained in this Agreement or the other Loan Documents, or financial covenants that are more restrictive than those contained in this Agreement, in each case, as reasonably determined by the Borrower in good faith, unless such covenants, events of default or agreements or more restrictive terms are incorporated into this Agreement or are otherwise applicable only after the payment in full of the Loans, (v) the effect of such amendment or modification is to increase the amount of any payment of principal thereof, increase the rate or scheduled recurring fee, add call or pre-payment premiums, shorten any period for payment interest thereon or adds or changes any redemption, put or prepayment provisions, or (vi) such Indebtedness, after giving effect to such amendment or modification, shall have additional obligors, Guarantees or security than such Indebtedness prior to such amendment or modification, unless such obligors, Guarantees, or security also are added to the benefit of the Obligations).

(xxiv) Section 11.25 of the Original Credit Agreement is hereby amended and restated in its entirety to read as follows:

"**11.25** **Acknowledgement and Consent to Bail-In of Affected Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

(xxv)Schedule 2.01 to the Original Credit Agreement is hereby replaced with Schedule 2.01 attached to this Amendment.

(xxvi)The form of Loan Notice attached as Exhibit A to the Original Credit Agreement shall be replaced with the form of Loan Notice attached as Exhibit A to this Amendment.

(xxvii)The form of Compliance Certificate attached as Exhibit C to the Original Credit Agreement shall be replaced with the form of Compliance Certificate attached as Exhibit B to this Amendment.

4. **Redetermination of Borrowing Base**. The Borrowing Base as of the Fifteenth Amendment Effective Date shall be $700,000,000. This redetermination shall constitute the periodic determination scheduled to occur as of April 1, 2020 under Section 4.02 of the Credit Agreement, and the Borrowing Base as redetermined shall remain in effect until next redetermined, adjusted or otherwise modified pursuant to the terms of the Credit Agreement. In accordance with Section 2.05(b)(viii) of the Credit Agreement, the Aggregate Elected Commitment Amount shall be automatically reduced to $700,000,000 as of the Fifteenth Amendment Effective Date (ratably among the Lenders in accordance with each Lender's Applicable Percentage).

5. **Post-Closing Obligations**. Notwithstanding anything to the contrary herein or in any other Loan Document, Borrower shall deliver to Administrative Agent:

(i)within 30 days after the Fifteenth Amendment Effective Date (or such later date to which Administrative Agent shall agree in writing in its sole discretion), Oil and Gas Mortgages executed by one or more Loan Parties covering (i) Proved Mineral Interests sufficient such that the Recognized Value of all Proved Mineral Interests under mortgage constitute at least 95% of the Recognized Value of all Proved Mineral Interests evaluated in the most recent Reserve Report and (ii) all Proved Mineral Interests in the following counties: Belmont, Harrison, Jefferson and Monroe Counties, Ohio; and Grady and Stephens Counties, Oklahoma; and

(ii)within 60 days after the Fifteenth Amendment Effective Date (or such later date to which Administrative Agent shall agree in writing in its sole discretion), title information and data reasonably acceptable to Administrative Agent sufficient such that the Recognized Value of all Proved Mineral Interests for which reasonably acceptable title assurances have been received by Administrative Agent constitute at least 85% of the Recognized Value of all Proved Mineral Interests evaluated in the most recent Reserve Report.

6. **Certain Representations**. Each Loan Party represents and warrants that, as of the Fifteenth Amendment Effective Date: (a) such Loan Party has full power and authority to execute the Modification Papers to which it is a party and such Modification Papers constitute the legal, valid and binding obligation of such Loan Party enforceable in accordance with their terms, except as enforceability may be limited by general principles of equity and applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights generally; (b) no authorization, approval, consent or other action by, notice to, or filing with, any Governmental Authority or other Person is required for the execution, delivery and performance by such Loan Party thereof; and (c) no Default or Event of Default has occurred and is continuing after giving effect to the Amendment, or will result from the consummation of the transactions contemplated by this Amendment. In addition, each Loan Party represents that after giving effect to the Modification Papers, all representations and warranties of the Borrower and each other Loan Party contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (provided that any such representations or warranties that are, by their terms, already qualified by reference to materiality shall be true and correct without regard to such additional materiality qualification) on and as of the Fifteenth Amendment Effective Date as if made on and as of such date except to the extent that any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty is true and correct in all material respects (or true and correct without regard to such additional materiality qualification, as applicable) as of such earlier date.

7. **Reaffirmation**. Each of the Loan Parties hereby (a) acknowledges this Amendment, (b) reaffirms, confirms and ratifies all of its obligations under the Guaranty, each Collateral Document to which it is a party and the other Loan Documents to which it is party, including its respective guarantees, pledges, grants of security interests and other obligations, as applicable, under and subject to the terms of the Guaranty, each Collateral Document to which it is a party and each of the other Loan Documents to which it is party, and (c) agrees that such guarantees, pledges, grants of security interests and other obligations, and the terms of the Guaranty, each Collateral Document to which it is a party and each of the other Loan Documents to which it is a party, are not impaired or affected in any manner whatsoever and shall continue to be in full force and effect and, as applicable, shall guarantee and secure all Obligations under the Credit Agreement, as modified by this Amendment. The parties hereto acknowledge and agree that all references to the "Credit Agreement" (or words of similar import) in the Guaranty, each Collateral Document and the other Loan Documents refer to the Credit Agreement as amended by this Amendment without impairing any such obligations or Liens in any respect.

8. **No Further Amendments**. Except as previously amended or waived in writing and as amended hereby, the Original Credit Agreement shall remain unchanged and all provisions shall remain fully effective between the parties thereto.

9. **Acknowledgments and Agreements**. Borrower acknowledges that on the date hereof all outstanding Obligations, in each case as amended hereby, are payable in accordance with their terms, and Borrower waives any defense, offset, counterclaim or recoupment with respect thereto. Borrower, Administrative Agent, L/C Issuer and each Lender that is a party hereto do hereby adopt, ratify and confirm the Original Credit Agreement, as amended and waived hereby, and acknowledge and agree that the Original Credit Agreement, as amended and waived hereby, is and remains in full force and effect. Borrower acknowledges and agrees that the liabilities and obligations of the Borrower and each other Loan Party under the Original Credit Agreement and under the other Loan Documents, in each case as amended hereby, are not impaired in any respect by this Amendment.

10. **Limitation on Agreements**. The consents, waivers and modifications set forth herein are limited precisely as written and shall not be deemed (a) to be a consent under or a waiver of or an amendment to any other term or condition in the Original Credit Agreement or any of the other Loan Documents, or (b) to prejudice any other right or rights that Administrative Agent or the Lenders now have or may have in the future under or in connection with the Original Credit Agreement and the other Loan Documents, each as amended and waived hereby, or any of the other documents referred to herein or therein. The Modification Papers shall constitute Loan Documents for all purposes.

11. **Confirmation of Security**. Borrower hereby confirms and agrees that all of the Collateral Documents that presently secure the Obligations shall continue to secure, in the same manner and to the same extent provided therein, the payment and performance of the Obligations as described in the Original Credit Agreement as modified by this Amendment.

12. **Counterparts**. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, but all of which constitute one instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

13. **Incorporation of Certain Provisions by Reference**. The provisions of Section 11.15 of the Original Credit Agreement captioned "Governing Law, Jurisdiction; Etc." and Section 11.16 of the Original Credit Agreement captioned "Waiver of Right to Trial by Jury" are incorporated herein by reference for all purposes.

14. **Electronic Execution of Assignments and Certain Other Documents**. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other Request for Credit Extension, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act (as adopted in the State of Texas), or any other similar state laws based on the Uniform Electronic Transactions Act.

15. **Entirety, Etc**. This Amendment, the other Modification Papers and all of the other Loan Documents embody the entire agreement between the parties. THIS AMENDMENT, THE OTHER MODIFICATION PAPERS AND ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY

EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[This space is left intentionally blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the date and year first above written.

BORROWER

GULFPORT ENERGY CORPORATION

By: /s/ Quentin Hicks
Quentin Hicks
Chief Financial Officer

GUARANTORS

GATOR MARINE, INC.
GULFPORT MIDSTREAM HOLDINGS, LLC
GATOR MARINE IVANHOE, INC.
GRIZZLY HOLDINGS, INC.
JAGUAR RESOURCES LLC
PUMA RESOURCES, INC.
WESTHAWK MINERALS LLC
GULFPORT MIDCON, LLC
GULFPORT APPALACHIA, LLC

By: /s/ Quentin Hicks
Quentin Hicks
Chief Financial Officer

ADMINISTRATIVE AGENT:

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,
as Administrative Agent and L/C Issuer

By: /s/ Ryan Knape
Name: Ryan Knape
Title: Director

LENDERS:

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,
as a Lender

By: /s/ Ryan Knape
Name: Ryan Knape
Title: Director

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ George E. McKean
Name: George E. McKean
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ John Engel
Name: John Engel
Title: Vice President

CREDIT SUISSE AG,
CAYMAN ISLANDS BRANCH,
as a Lender

By: /s/ Nupur Kumar
Name: Nupur Kumar
Title: Authorized Signatory

By: /s/ Andrew Griffin
Name: Andrew Griffin
Title: Authorized Signatory

BARCLAYS BANK PLC,
as a Lender

By: /s/ Sydney G. Dennis
Name: Sydney G. Dennis
Title: Director

WELLS FARGO BANK, N.A.,
as a Lender

By: /s/ Max Gilbert
Name: Max Gilbert
Title: Vice President

BBVA USA,
as a Lender

By: /s/ Gabriela Azcarate
Name: Gabriela Azcarate
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Jo Linda Papadakis
Name: Jo Linda Papadakis
Title: Authorized Officer

COMMONWEALTH BANK OF AUSTRALIA,
as a Lender

By: /s/ Scott Easey
Name: Scott Easey
Title: Associate Director

ZIONS BANCORPORATION, N.A. dba AMEGY BANK,
as a Lender

By: /s/ Jill McSorley
Name: Jill McSorley
Title: Senior Vice President – Amegy Bank Division

IBERIABANK,
as a Lender

By: /s/ W. Bryan Chapman
Name: W. Bryan Chapman
Title: Market President-Energy Group

FIFTH THIRD BANK,
as a Lender

By: /s/ Thomas Kleiderer
Name: Thomas Kleiderer
Title: Director

ABN AMRO CAPITAL USA LLC,
as a Lender

By: /s/ Darrell Holley
Name: Darrell Holley
Title: Managing Director

By: /s/ Michaela Braun
Name: Michaela Braun
Title: Executive Director

CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK BRANCH,
as a Lender

By: /s/ Trudy Nelson
Name: Trudy Nelson
Title: Authorized Signatory

By: /s/ Scott W. Danvers
Name: Scott W. Danvers
Title: Authorized Signatory

ASSOCIATED BANK, N.A.,
as a Lender

By: /s/ Brett Stone
Name: Brett Stone
Title: Senior Vice President

SCHEDULE 2.01

Commitments and Applicable Percentages

Lender	Applicable Percentage	Borrowing Base as of Fifteenth Amendment Effective Date	Elected Commitment Amount as of Fifteenth Amendment Effective Date	Maximum Facility Amount
The Bank of Nova Scotia	10.000000000%	$70,000,000	$70,000,000	$150,000,000
KeyBank National Association	8.500000000%	$59,500,000	$59,500,000	$127,500,000
PNC Bank, National Association	8.500000000%	$59,500,000	$59,500,000	$127,500,000
Credit Suisse AG, Cayman Islands Branch	6.500000000%	$45,500,000	$45,500,000	$97,500,000
Barclays Bank PLC	6.500000000%	$45,500,000	$45,500,000	$97,500,000
Wells Fargo Bank, N.A.	6.500000000%	$45,500,000	$45,500,000	$97,500,000
BBVA USA	6.500000000%	$45,500,000	$45,500,000	$97,500,000
U.S. Bank National Association	6.500000000%	$45,500,000	$45,500,000	$97,500,000
JPMorgan Chase Bank, N.A.	6.500000000%	$45,500,000	$45,500,000	$97,500,000
Commonwealth Bank of Australia	5.000000000%	$35,000,000	$35,000,000	$75,000,000
ZB, N.A. dba Amegy Bank	5.000000000%	$35,000,000	$35,000,000	$75,000,000
Canadian Imperial Bank of Commerce, New York Branch	5.000000000%	$35,000,000	$35,000,000	$75,000,000
ABN AMRO Capital USA LLC	3.500000000%	$24,500,000	$24,500,000	$52,500,000
IberiaBank	3.500000000%	$24,500,000	$24,500,000	$52,500,000
BOKF, NA dba Bank of Oklahoma	3.500000000%	$24,500,000	$24,500,000	$52,500,000
Fifth Third Bank	3.500000000%	$24,500,000	$24,500,000	$52,500,000
Associated Bank, N.A.	3.000000000%	$21,000,000	$21,000,000	$45,000,000
Morgan Stanley Senior Funding, Inc.	2.000000000%	$14,000,000	$14,000,000	$30,000,000
TOTAL:	**100.000000000%**	**$700,000,000**	**$700,000,000**	**$1,500,000,000**

Exhibit A

Form of Loan Notice

[see attached]

EXHIBIT A

FORM OF LOAN NOTICE

Date: ____________, ____

To: The Bank of Nova Scotia, as Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of December 27, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the ***"Agreement;"*** the terms defined therein being used herein as therein defined), among Gulfport Energy Corporation, a Delaware corporation (the ***"Borrower"***), the Lenders from time to time party thereto, and The Bank of Nova Scotia, as Administrative Agent and L/C Issuer.

The undersigned hereby requests (select one):

☐ A Borrowing of Loans ☐ A conversion or continuation of Loans

1. On ____ (a Business Day).

2. In the amount of $__________________.

3. Comprised of ______________________________.
[Type of Loans requested]

4. For Eurodollar Rate Loans: with an Interest Period of ________ months.

The undersigned certifies that he/she is the [_] of the Borrower, and that as such he/she is authorized to execute this certificate on behalf of the Borrower, and further certifies, solely in his/her official capacity and not in any personal capacity, the following:

A. The Borrowing, if any, requested herein complies with the provisos to the first sentence of Section 2.01 of the Agreement.

B. At the time of and immediately after giving effect to such Borrowing, the Borrower and its Restricted Subsidiaries do not have any Excess Cash in excess of $35,000,000. [Schedule 1 attached hereto lists the amounts and the use of proceeds of any cash allocated for, reserved or otherwise set aside to pay amounts permitted to be paid by the Borrower or its Restricted Subsidiaries in accordance with the Agreement and the other Loan Documents due and owing as of the date hereof (or to be due and owing within five Business Days of the date hereof) to Persons who are not Affiliates of the Loan Parties and for which obligations the

Borrower or any of its Restricted Subsidiaries reasonably anticipates in good faith that it will issue checks or initial wires or ACH transfers within five days of the date hereof.][1]

C. [The conditions specified in Sections 5.02(a), (b), and (d) of the Agreement have been satisfied on and as of the date of such Borrowing.][2]

GULFPORT ENERGY CORPORATION

By: ______________________________
Name: ________________________
Title: _________________________

1 Include Schedule 1 if any such amounts are excluded from the calculation of Excess Cash in accordance with the Agreement.

2 Certification not required for a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans).

SCHEDULE 1

Excess Cash

Exhibit B

Form of Compliance Certificate

[see attached]

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE
Financial Statement Date: __________,

To: The Bank of Nova Scotia, as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of December 27, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the ***"Agreement;"*** the terms defined therein being used herein as therein defined), among Gulfport Energy Corporation, a _____________ corporation (***"Borrower"***), the Lenders from time to time party thereto, and The Bank of Nova Scotia, as Administrative Agent and L/C Issuer.

The undersigned, solely in his/her official capacity as Responsible Officer on behalf of the Borrower, and not in any personal capacity, hereby certifies as of the date hereof that he/she is the ____________________ of the Borrower, and that, as such, he/she is authorized to execute and deliver this Certificate to Agent on behalf of Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 7.01(a) of the Agreement for the fiscal year of Borrower ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 7.01(b) of the Agreement for the fiscal quarter of Borrower ended as of the above date. Such financial statements fairly present in all material respects the financial condition, results of operations and cash flows of Borrower and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of Borrower during the accounting period covered by the attached financial statements.

3. A review of the activities of Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period Borrower performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, Borrower performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default has occurred and is continuing.]

--or—

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of Borrower contained in Article VI of the Agreement, and/or any representations and warranties of Borrower or any other Loan Party that are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 6.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and information set forth on Schedule 2 attached hereto fairly present in all material respects the financial condition of Borrower and its Subsidiaries on and as of the date of this Certificate.

[Use the following paragraph for all fiscal quarter ends including the fourth fiscal quarter]

6. The hedged production analysis and information on Schedule 3 attached hereto is true and correct in all material respects for fiscal quarter ended as of the above date.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of ______________________, ________________.

GULFPORT ENERGY CORPORATION

By: ________________________________
Name: _________________________
Title: __________________________

For the Quarter/Year ended __________________ (***"Statement Date"***)

SCHEDULE 2
to the Compliance Certificate
($ in 000's)

LEVERAGE RATIO EXHIBIT

Leverage Ratio (on a consolidated basis) [3]

A. Net Funded Debt:

1. all outstanding liabilities for borrowed money and other interest bearing liabilities, plus	$____________
2. purchase money Indebtedness, plus	$____________
3. direct obligations arising under letters of credit, bankers' acceptances, etc., plus	$____________
4. obligations in respect of the deferred purchase price of property or services other than trade accounts, plus	$____________
5. Indebtedness in respect of capital leases, plus	$____________
6. Guarantees with respect to outstanding Indebtedness of the types described above of Persons other than Borrower or any Restricted Subsidiary, plus	$____________
7. Indebtedness of the types referred to above of any partnership or other entity in which Borrower or a Restricted Subsidiary is a general partner or owner of such Equity Interests (unless such Indebtedness (a) is nonrecourse or (b) is owed by such entity to the owners of the Equity Interests thereof), less	$____________
8. cash and short-term investments of Borrower and its Restricted Subsidiaries	($___________)
9. Net Funded Debt ((Line A1 + A2 + A3 + A4 + A5 +A6 + A7) – Line A8)	$____________

B. EBITDAX:

1. net income, [plus or less]	$____________
2. non-cash revenue or expense associated with Swap Contracts resulting from ASC 815, [plus or less]	($___________)
3. cash or non-cash revenue or expense attributable to minority investments, [plus or less]	($___________)
4. non-recurring or unusual gains, revenues, losses, expenses or charges (other than income from the early extinguishment or conversion of Swap Contracts), plus	($___________)
5. Interest Expense, plus[4]	$____________
6. income, franchise, capital or similar tax expense (other than ad valorem taxes), plus	$____________
7. depletion, plus	$____________
8. depreciation, plus	$____________
9. amortization, plus	$____________
10. asset or goodwill impairment or writedown, plus	$____________
11. non-cash charges, plus	$____________
12. exploration costs deducted in determining net income under successful efforts accounting, plus	$____________
13. actual cash distributions received from minority investments (not including proceeds from Dispositions), plus	$____________
14. reimbursed insurance expenses for casualty events or business interruptions, plus	$____________
15. reasonable transaction expenses related to Dispositions and acquisitions of assets, investments and debt and equity offerings by any Loan Party[5]	$____________
16. Total EBITDAX (Line B1 [+/–] B2 [+/–] B3 [+/–] B4 + B5 + B6 + B7 + B8 + B9 + B10 + B11 + B12 + B13 + B14 + B15)	$____________

C. Ratio (Line A9 ÷ Line B16) __ to 1.0

[3] Note: To be included on each Compliance Certificate for each fiscal quarter ending on or after September 30, 2021.

[4] Includes both expensed and capitalized, including interest component of capitalized lease obligations.

[5] Note: Expenses related to unsuccessful Dispositions shall be limited to $3,000,000 in the aggregate for the period from the Closing Date to the Maturity Date.

Maximum Permitted: **4.0 to 1.0**

INTEREST COVERAGE RATIO EXHIBIT

Interest Coverage Ratio (on a consolidated basis)

A. EBITDAX

1.	net income, [plus or less]	$____________
2.	non-cash revenue or expense associated with Swap Contracts resulting from ASC 815, [plus or less]	($___________)
3.	cash or non-cash revenue or expense attributable to minority investments, [plus or less]	($___________)
4.	non-recurring or unusual gains, revenues, losses, expenses or charges (other than income from the early extinguishment or conversion of Swap Contracts), plus	($___________)
5.	Interest Expense, plus[6]	$____________
6.	income, franchise, capital or similar tax expense (other than ad valorem taxes), plus	$____________
7.	depletion, plus	$____________
8.	depreciation, plus	$____________
9.	amortization, plus	$____________
10.	asset or goodwill impairment or writedown, plus	$____________
11.	non-cash charges, plus	$____________
12.	exploration costs deducted in determining net income under successful efforts accounting, plus	$____________
13.	actual cash distributions received from minority investments (not including proceeds from Dispositions), plus	$____________
14.	reimbursed insurance expenses for casualty events or business interruptions, plus	$____________
15.	reasonable transaction expenses related to Dispositions and acquisitions of assets, investments and debt and equity offerings by any Loan Party[7]	$____________
16.	Total EBITDAX (Line B1 [+/–] B2 [+/–] B3 [+/–] B4 + B5 + B6 + B7 + B8 + B9 + B10 + B11 + B12 + B13 + B14 + B15)	$____________

B. Interest Expense[8] $____________

C. Ratio (Line A16 ÷ Line B) _____ to 1.0

Minimum Required: **3.0 to 1.0**

SENIOR SECURED LEVERAGE RATIO EXHIBIT

Senior Secured Leverage Ratio (on a consolidated basis) [9]

A. Net Senior Secured Debt:

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[6] Includes both expensed and capitalized, including interest component of capitalized lease obligations.

[7] Note: Expenses related to unsuccessful Dispositions shall be limited to $3,000,000 in the aggregate for the period from the Closing Date to the Maturity Date.

[8] Includes both expensed and capitalized, including interest component of capitalized lease obligations.

[9] Note: To be included on each Compliance Certificate for each fiscal quarter ending on or after March 31, 2020.

1. the Obligations to the extent described in clause (i) of the definition thereof, plus — $____________

2. face amount of all Letters of Credit, plus — $____________

3. any other Net Funded Debt described in clause (i) of the definition thereof that constitutes senior Indebtedness secured by a Lien on assets or property of the Borrower or its Restricted Subsidiaries, minus — $____________

4. cash and short-term investments of Borrower and its Restricted Subsidiaries — ($___________)

5. Net Senior Secured Debt ((Line A1 + A2 + A3) – Line A4) — $____________

B. EBITDAX:

1. net income, [plus or less] — $____________

2. non-cash revenue or expense associated with Swap Contracts resulting from ASC 815, [plus or less] — ($___________)

3. cash or non-cash revenue or expense attributable to minority investments, [plus or less] — ($___________)

4. non-recurring or unusual gains, revenues, losses, expenses or charges (other than income from the early extinguishment or conversion of Swap Contracts), plus — ($___________)

5. Interest Expense, plus[10] — $____________

6. income, franchise, capital or similar tax expense (other than ad valorem taxes), plus — $____________

7. depletion, plus — $____________

8. depreciation, plus — $____________

9. amortization, plus — $____________

10. asset or goodwill impairment or writedown, plus — $____________

11. non-cash charges, plus — $____________

12. exploration costs deducted in determining net income under successful efforts accounting, plus — $____________

13. actual cash distributions received from minority investments (not including proceeds from Dispositions), plus — $____________

14. reimbursed insurance expenses for casualty events or business interruptions, plus — $____________

15. reasonable transaction expenses related to Dispositions and acquisitions of assets, investments and debt and equity offerings by any Loan Party[11] — $____________

16. Total EBITDAX (Line B1 [+/–] B2 [+/–] B3 [+/–] B4 + B5 + B6 + B7 + B8 + B9 + B10 + B11 + B12 + B13 + B14 + B15) — $____________

C. Ratio (Line A5 ÷ Line B16) __ to 1.0

Maximum Permitted: 2.0 to 1.0

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[10] Includes both expensed and capitalized, including interest component of capitalized lease obligations.

[11] Note: Expenses related to unsuccessful Dispositions shall be limited to $3,000,000 in the aggregate for the period from the Closing Date to the Maturity Date.

SCHEDULE 3

COMPLIANCE WITH SECTION 8.09 EXHIBIT

For quarter ending _____________

A. Hedged Production at Quarter End

A	B	C	D	E
Commodity	**Actual Production for Quarter**	**Avg Daily Production for Two Weeks Ending ___, 201__x Number of Days in Quarter**	**Threshold (greater of Column B and Column C)**	**Aggregate Notional Amount of all Tested Swap Contracts for Quarter**
Oil				
Gas				
NGL				

If Column E exceeds Column D for any Commodity, complete part B of this exhibit for each such Commodity on a separate basis.

B. Excess Hedging for the Quarter

1.	Swap Termination Value of all Tested Swap Contracts in excess of the Threshold at quarter end	$____________
2.	Borrowing Base at quarter end	$____________
3.	Total Outstandings at quarter end	($___________)
4.	Availability under Borrowing Base at quarter end (Line B2 – Line B3)	$____________
5.	Amount on Line B4 x 10%	$____________

If amount on Line B1 exceeds amount on Line B5, complete part C of this exhibit.

C. Liquidity at Quarter End

1.	Cash on hand at quarter end	$____________
2.	Borrowing Base Availability at quarter end (amount on Line B4)	($___________)
3.	Liquidity (Line C1 + Line C2)	($___________)

Exhibit 31.1

CERTIFICATION

I, David M. Wood, Chief Executive Officer and President of Gulfport Energy Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 statements 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 officer 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 the 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 control 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 control over financial reporting.

Date: August 6, 2020

/s/ David M. Wood

David M. Wood
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Quentin Hicks, Chief Financial Officer of Gulfport Energy Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 statements 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 the 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 control 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 control over financial reporting.

Date: August 6, 2020

/s/ Quentin Hicks

Quentin Hicks
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, David M. Wood, Chief Executive Officer and President of Gulfport Energy Corporation (the “Company”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2020 (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.

Dated: August 6, 2020

/s/ David M. Wood

David M. Wood
Chief Executive Officer and President

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, Quentin Hicks, Chief Financial Officer of Gulfport Energy Corporation (the “Company”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2020 (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.

Dated: August 6, 2020

/s/ Quentin Hicks
Quentin Hicks
Chief Financial 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.