

PETROHAWK ENERGY CORP
Form S-4
May 18, 2006

As filed with the Securities and Exchange Commission on May 18, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PETROHAWK ENERGY CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

1311
(Primary Standard Industrial
Classification Code Number)
1100 Louisiana, Suite 4400

86-0876964
(I.R.S. Employer
Identification Number)

Houston, Texas 77002

(832) 204-2700

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Floyd C. Wilson

Chairman, President and Chief Executive Officer

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Petrohawk Energy Corporation

1100 Louisiana, Suite 4400

Houston, Texas 77002

(832) 204-2700

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this Registration Statement and the effective time of the merger as described in the Amended and Restated Agreement and Plan of Merger, effective as of April 20, 2006, included as Annex A to the joint proxy statement/prospectus forming a part of this Registration Statement.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
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		Offering Price	
		Per Share	
Common Stock, par value \$0.001	88,000,000	\$ 1,115,023,324	\$ 119,308

- (1) Represents the number of shares of the common stock of the registrant that may be issued to former stockholders of KCS Energy, Inc. (KCS) pursuant to the merger described herein.
- (2) Pursuant to Securities Act Rule 457(c), (f)(1) and (f)(3), and estimated solely for purposes of calculating the registration fee, the proposed maximum aggregate offering price is \$1,115,023,324, which equals (1) the product of (a) the average of the high and low prices of the common stock of KCS of \$29.065, as reported on the New York Stock Exchange on May 16, 2006 and (b) the maximum total number of shares of common stock of KCS to be canceled (which is 53,845,633 shares), less (2) the maximum amount of cash to be paid by the Registrant in exchange for shares of KCS common stock (which equals \$450,000,000).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this document is not complete and may be changed. Petrohawk may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 18, 2006

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Petrohawk Energy Corporation (Petrohawk) and KCS Energy, Inc. (KCS) have entered into an amended and restated agreement and plan of merger effective as of April 20, 2006 (the merger agreement). Under the merger agreement, Petrohawk will combine with KCS through a merger of KCS with and into Petrohawk (the merger). The merger agreement is attached as *Annex A* to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference. In the merger, each issued and outstanding share of KCS common stock will be converted into the right to receive \$9.00 in cash and 1.65 shares of Petrohawk common stock, other than issued and outstanding shares of KCS restricted stock issued to employees under KCS stock plans. Issued and outstanding shares of restricted common stock of KCS will be converted into issued and outstanding shares of restricted common stock of Petrohawk, outstanding options to purchase KCS common stock will be converted into options to purchase Petrohawk common stock and outstanding performance share awards of KCS will be converted into performance share awards to earn shares of Petrohawk common stock, in each case in such amounts and on such terms as set forth in the merger agreement. In total, Petrohawk will issue approximately 83.7 million shares of common stock and will pay approximately \$450 million in cash based on the shares of KCS common stock outstanding on April 20, 2006.

Your vote is important. We cannot complete the merger unless the KCS stockholders and Petrohawk stockholders approve and adopt the merger agreement and the Petrohawk stockholders approve an amendment to Petrohawk s certificate of incorporation increasing its authorized shares of common stock at their respective stockholder meetings. The obligations of Petrohawk and KCS to complete the merger are also subject to the satisfaction or waiver of certain other conditions to the merger. The places, dates and times of the respective stockholder meetings of Petrohawk and KCS are as follows:

For Petrohawk stockholders:

a.m., Houston, Texas time,

, 2006

[Address]

Houston, Texas

This joint proxy statement/prospectus gives you detailed information about the respective stockholder meetings of Petrohawk and KCS and the proposed merger. **We urge you to read this joint proxy statement/prospectus carefully, including Risk Factors on page 17 for a discussion of the risks relating to the merger.** Whether or not you plan to attend your meeting, to ensure your shares are represented at the meeting, please vote as soon as possible by either completing and submitting the enclosed proxy card or voting using the telephone or Internet voting procedures described on your proxy card.

Each of our boards of directors recommends that you vote **FOR** the approval and adoption of the merger agreement, the amendment to Petrohawk s certificate of incorporation and the other matters contemplated to be voted upon at the annual meeting of Petrohawk and the special meeting of KCS.

Petrohawk common stock is quoted on the Nasdaq National Market under the symbol **HAWK**. KCS common stock is traded on the New York Stock Exchange under the symbol **KCS**.

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Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated _____, 2006 and is first being mailed to Petrohawk stockholders and KCS stockholders on or about _____, 2006.

PETROHAWK ENERGY CORPORATION

1100 Louisiana, Suite 4400

Houston, Texas 77002

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on _____, 2006

TO THE STOCKHOLDERS OF PETROHAWK ENERGY CORPORATION:

We will hold the annual meeting of stockholders of Petrohawk Energy Corporation (Petrohawk) at _____, Houston, Texas, on _____, 2006, at _____ a.m. local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger effective as of April 20, 2006 by and between Petrohawk and KCS Energy, Inc. and the transactions contemplated therein, including the issuance of shares of common stock, par value \$0.001 per share, of Petrohawk in the merger.
2. To consider and vote upon a proposal to amend Petrohawk s certificate of incorporation to increase the number of authorized shares of common stock from 125 million shares to 300 million shares.
3. To elect three nominees to the board of directors to serve as Class II directors until their successors are duly elected or until their earlier death, resignation, or removal.
4. To consider and vote upon a proposal to amend Petrohawk s Second Amended and Restated 2004 Employee Incentive Plan to increase the number of authorized shares of common stock under the plan from 4.25 million shares to 7.05 million shares.
5. To consider and vote upon a proposal to amend Petrohawk s Second Amended and Restated 2004 Non-Employee Director Incentive Plan to increase the number of authorized shares of common stock under the plan from 400,000 shares to 600,000 shares.
6. To transact any other business as may properly be brought before the annual meeting or any adjournment or postponement of the annual meeting.

The Petrohawk board of directors has fixed the close of business on May 30, 2006 as the record date for determining those Petrohawk stockholders entitled to vote at the annual meeting and any adjournment or postponement thereof. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the annual meeting. A complete list of the Petrohawk stockholders will be available for examination at the offices of Petrohawk in Houston, Texas during ordinary business hours for a period of 10 days prior to the annual meeting.

The board of directors of Petrohawk recommends that Petrohawk stockholders vote FOR each of the proposals to be voted on at the annual meeting.

To ensure your representation at the annual meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If your shares are held in street name by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the matters to be voted on at the meeting.

By Order of the Board of Directors

of Petrohawk Energy Corporation

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Floyd C. Wilson

Chairman, President and Chief Executive Officer

Houston, Texas

, 2006

KCS ENERGY, INC.

5555 San Felipe Road, Suite 1200

Houston, Texas 77056

(713) 877-8006

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on _____, 2006

TO THE STOCKHOLDERS OF KCS ENERGY, INC.:

We will hold a special meeting of stockholders of KCS Energy, Inc. (KCS) at _____ Houston, Texas, on _____, 2006, at _____ a.m. local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger effective as of April 20, 2006 by and between Petrohawk Energy Corporation (Petrohawk) and KCS.

2. To transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

The KCS board of directors has fixed the close of business on May 30, 2006 as the record date for determining those KCS stockholders entitled to vote at the special meeting and any adjournment or postponement thereof. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting. A complete list of the KCS stockholders will be available for examination at the offices of KCS in Houston, Texas during ordinary business hours for a period of 10 days prior to the special meeting.

The board of directors of KCS recommends that KCS stockholders vote **FOR** the proposal to be voted on at the special meeting.

Under Delaware law, if the merger is completed, holders of KCS common stock who do not vote in favor of, or consent in writing to, approval and adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and they comply with the other Delaware law procedures and requirements explained in the accompanying joint proxy statement/prospectus.

To ensure your representation at the special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If your shares are held in _____ street name by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and the special meeting.

By Order of the Board of Directors

of KCS Energy, Inc.

James W. Christmas

Chairman and Chief Executive Officer

Houston, Texas

, 2006

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about Petrohawk and KCS from documents that are not included in or delivered with this joint proxy statement/prospectus. See *Where You Can Find More Information* on page 141. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from Petrohawk or KCS at the following addresses:

Petrohawk Energy Corporation
1100 Louisiana, Suite 4400
Houston, Texas 77002
(832) 204-2700
Attention: Investor Relations

KCS Energy, Inc.
5555 San Felipe Road, Suite 1200
Houston, Texas 77056
(713) 877-8006
Attention: Secretary

You also may obtain these documents at the Securities and Exchange Commission's website, *www.sec.gov*, and you may obtain certain of these documents at Petrohawk's website, *www.petrohawk.com*, by selecting *Investor Relations* and then selecting *SEC Filings*, and at KCS's website, *www.kcsenergy.com*, by selecting *Investor Relations* and then selecting *SEC Filings*. Information contained on the Petrohawk and KCS websites is expressly not incorporated by reference into this joint proxy statement/prospectus. To receive timely delivery of the documents in advance of the Petrohawk annual meeting of stockholders or the KCS special meeting of stockholders, your request should be received no later than _____, 2006.

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QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES

FOR THE ANNUAL AND SPECIAL MEETINGS

Q: What am I voting on?

A: Petrohawk and KCS are proposing to combine the two companies. You are being asked to vote to approve and adopt the merger agreement and, in the case of Petrohawk, to approve an amendment to its certificate of incorporation to increase its authorized shares of common stock in connection with the merger. In the proposed merger, KCS will merge into Petrohawk, Petrohawk will be the surviving entity and KCS will no longer be a separate company.

If you are a Petrohawk stockholder, you are also being asked to approve certain other proposals described in this joint proxy statement/prospectus.

Q: Why is my vote important?

A: Under the Delaware General Corporation Law (the DGCL), which governs KCS, the merger agreement must be approved and adopted by the holders of a majority of the outstanding shares of KCS common stock entitled to vote. Accordingly, if a KCS stockholder fails to vote, or if a KCS stockholder abstains, that will have the same effect as a vote against approval and adoption of the merger agreement.

In addition, under the DGCL, which also governs Petrohawk, approval and adoption of the merger agreement and the proposed amendment to Petrohawk's certificate of incorporation to increase the number of authorized shares of common stock from 125 million shares to 300 million shares must be approved by the holders of a majority of the outstanding shares of Petrohawk common stock and preferred stock entitled to vote. Accordingly, if a Petrohawk stockholder fails to vote, or if a Petrohawk stockholder abstains, that will have the same effect as a vote against these proposals. Approval of the amendment to the Petrohawk certificate of incorporation is a condition to the merger.

Under the rules of the Nasdaq National Market, the amendments to increase the shares available for issuance under Petrohawk's Second Amended and Restated 2004 Employee Incentive Plan (the 2004 Employee Incentive Plan) and Second Amended and Restated 2004 Non-Employee Director Incentive Plan (the 2004 Non-Employee Director Incentive Plan) require the affirmative vote of a majority of the shares of common stock voted at the Petrohawk annual meeting so long as the shares voted represent over 50% of the shares entitled to vote at the meeting. Accordingly, assuming that a quorum is present and that the total votes cast at the Petrohawk annual meeting represent more than 50% of all Petrohawk common stock entitled to vote, the failure of a Petrohawk stockholder to vote or a decision by a Petrohawk stockholder to abstain will have no effect in determining whether these proposals are approved.

Q: Should I send in my proxy card even if I plan to attend the stockholder meeting?

A: Yes. Although you are invited to attend the stockholder meeting and vote your shares in person rather than by signing and returning your proxy card, you can help ensure that your shares will be represented at the meeting by submitting your proxy card as soon as possible.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or, if available, by submitting your proxy or voting instruction by telephone or through the Internet as soon as possible so that your shares will be represented and voted at your stockholders' meeting.

Q: What do I do if I want to change my vote after I have delivered my proxy card?

A: You may change your vote at any time before your proxy is voted at your meeting. You can do this in any of the three following ways:

by sending a written notice to the Secretary of Petrohawk or KCS, as appropriate, in time to be received before your meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before your stockholders' meeting or, if you submitted your proxy through the Internet or by telephone, you can change your vote by submitting a proxy card at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, by attending your stockholders' meeting and voting in person.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q: If my shares are held in street name by my broker or other nominee, will my broker or other nominee vote my shares for me?

A: If you are a KCS stockholder, your broker will NOT vote your shares held in street name unless you instruct your broker how to vote. The failure to vote will have the same effect as a vote AGAINST approval and adoption of the merger agreement.

If you are a Petrohawk stockholder, your broker will NOT vote your shares held in street name on the approval and adoption of the merger agreement, the amendment of the certificate of incorporation to increase the number of authorized shares of common stock, or the amendments to Petrohawk's incentive plans to increase the shares of common stock available thereunder unless you instruct your broker how to vote. Accordingly, the failure to vote will have the same effect as a vote AGAINST approval and adoption of the merger agreement and the amendment of the certificate of incorporation and will make it more difficult for Petrohawk to satisfy the NASDAQ requirement that more than 50% of the Petrohawk common stock cast votes on the proposals to amend Petrohawk's incentive plans. You should therefore provide your broker or other nominee with instructions as to how to vote your shares.

Q: What will I receive in exchange for my KCS shares?

A: Upon completion of the merger, you will receive a combination of 1.65 shares of Petrohawk common stock and \$9.00 in cash, without interest, for each share of KCS common stock that you own, unless you hold KCS restricted shares issued under a KCS stock plan. In that case, you will receive restricted shares of Petrohawk common stock for each restricted share of KCS you hold determined by adding the exchange ratio (1.65) to the result obtained by dividing the cash consideration (\$9.00) by the average closing price of Petrohawk common stock for the five trading days preceding the date on which the merger occurs.

Q: Do I have the option to receive all cash consideration or all stock consideration for my KCS shares?

A: No. KCS stockholders will receive the fixed combination of \$9.00 in cash and 1.65 shares of Petrohawk common stock for each share of KCS common stock that they own. Holders of KCS restricted shares issued to employees under KCS stock plans will receive Petrohawk restricted shares as described above.

Q: If I am a KCS stockholder, should I send in my stock certificates with my proxy card?

A: No. Please DO NOT send your KCS stock certificates with your proxy card. After the merger is completed, you will receive written instructions informing you how to send in your stock certificates to receive the merger consideration. In the event the merger agreement is terminated, any KCS stock certificates you previously sent to the exchange agent will be promptly returned to you without charge.

Q: Do I have dissenters rights?

A: Under the DGCL, if the merger is completed, holders of KCS common stock who do not vote in favor of, or consent in writing to, the approval and adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and they comply with the other Delaware law procedures and requirements explained in the accompanying joint proxy statement/prospectus.

Q: Who can I call with questions about the stockholders meetings, the merger and the other matters to be voted upon?

A: If you have any questions about these matters or how to submit your proxy or voting instruction card, or if you need additional copies of this document or the enclosed proxy card or voting instruction card, you should contact:

if you are a Petrohawk stockholder:
Petrohawk Energy Corporation

1100 Louisiana, Suite 4400

Houston, Texas 77002

(832) 204-2700

Attention: Investor Relations

if you are a KCS stockholder:
KCS Energy, Inc.

5555 San Felipe Road, Suite 1200

Houston, Texas 77056

(713) 877-8006

Attention: Secretary

SUMMARY

This brief summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents to which this joint proxy statement/prospectus refers you to fully understand the merger and the other matters discussed in this joint proxy statement/prospectus. See **Where You Can Find More Information** on page 141. Each item in this summary refers to the page where that subject is discussed in more detail. We have defined certain oil and gas industry terms used in this document in the **Glossary of Oil and Gas Terms** beginning on page 144.

Information about Petrohawk and KCS (Pages 28 and 30)

Petrohawk Energy Corporation

1100 Louisiana, Suite 4400

Houston, Texas 77002

(832) 204-2700

Petrohawk is a Delaware corporation. Petrohawk's common stock is quoted on the Nasdaq National Market under the symbol **HAWK**. Petrohawk is an independent oil and gas company engaged in the acquisition, development, production and exploration of natural gas and oil properties located in North America. Petrohawk's properties are concentrated in the East Texas/North Louisiana, Gulf Coast, South Texas, Permian Basin, Anadarko and Arkoma regions.

KCS Energy, Inc.

5555 San Felipe Road, Suite 1200

Houston, Texas 77056

(713) 877-8006

KCS is a Delaware corporation. KCS's common stock is traded on the New York Stock Exchange under the symbol **KCS**. KCS is an independent oil and gas company engaged in the acquisition, exploration, development and production of natural gas and oil properties primarily located in the Mid-Continent and onshore Gulf Coast regions of the United States. KCS also has interests in producing properties in Michigan, California, Wyoming and offshore Gulf of Mexico.

The Merger

KCS Will Merge with Petrohawk, and Petrohawk will be the Surviving Entity (Page 31)

We propose a merger of KCS with and into Petrohawk, and Petrohawk will be the surviving entity. We have attached the merger agreement to this joint proxy statement/prospectus as *Annex A*. Please read the merger agreement carefully. It is the legal document that governs the merger. **Subject to satisfaction of other conditions to the merger, we anticipate that the closing of the merger will occur within five days after the approval and adoption of the merger agreement by the requisite votes of the KCS stockholders and the Petrohawk stockholders and, in the case of Petrohawk, the approval of the amendment of the certificate of incorporation of Petrohawk to increase the authorized shares of common stock of Petrohawk by the requisite vote of the Petrohawk stockholders.**

Ownership of Petrohawk After the Merger

KCS stockholders will receive a total of approximately 83.7 million shares of Petrohawk common stock and approximately \$450 million in cash in the merger. The shares of Petrohawk to be received by KCS stockholders

in the merger will represent approximately 50% of the outstanding shares of Petrohawk common stock after the merger. Upon completion of the merger, Petrohawk will have approximately 167 million shares of common stock outstanding. This information is based upon the number of Petrohawk and KCS shares outstanding on April 20, 2006 and does not take into account the exercise of appraisal rights, adjustments for fractional shares, or the issuance of shares pursuant to stock options or other equity-based awards or other issuances before the merger as permitted by the merger agreement.

Governance

The merger agreement provides that immediately following the effective time, Petrohawk will take all corporate action necessary or advisable to cause the election to Petrohawk's board of directors a total of nine persons, five individuals to be designated by Petrohawk (one of which to be Mr. Wilson) and four individuals to be designated by KCS (one of which to be Mr. Christmas). All individuals to be designated, other than Mr. Wilson and Mr. Christmas, must be outside, independent members of Petrohawk's or KCS's current board or must have been approved by the other party. The merger agreement further provides that the persons designated by KCS must be appointed or elected in such a manner as to cause each class of Petrohawk's board of directors to include at least one of KCS's designees and that Mr. Christmas must be appointed or elected to the class having the longest term. In addition, Petrohawk must also cause the Petrohawk board of directors to appoint to each of its committees at least one of its members who is a KCS designee and at least one member who is a Petrohawk designee.

The four individuals (including Mr. Christmas) designated by KCS to serve on the Petrohawk board of directors will not be nominated for election to the Petrohawk board at the annual meeting. When the merger is consummated, it is anticipated that four members of Petrohawk's board of directors will resign and the remaining Petrohawk board members will appoint Mr. Christmas and three other persons designated by KCS to the Petrohawk board. Petrohawk expects that Messrs. Miller, Brown, Williamson and Rioux will resign from the Petrohawk board and KCS expects to designate four of its current directors, Messrs. Christmas, Merriman, Reynolds and Viggiano, for appointment to the Petrohawk board of directors.

Market Prices and Share Information

The following table shows the closing sale prices of Petrohawk and KCS common stock as reported on the Nasdaq and the New York Stock Exchange, or NYSE, respectively, on April 20, 2006, the last business day preceding the press release announcing the merger agreement, and on May 1, 2006, the last practicable day before the distribution of this joint proxy statement/prospectus. This table also shows the merger consideration equivalent proposed for each non-restricted share of KCS common stock, which we calculated by multiplying the closing price of Petrohawk common stock on those dates by the exchange ratio of 1.65 and adding the cash consideration of \$9.00.

	Closing Price per Share	
	April 20, 2006	May 1, 2006
Petrohawk common stock	\$ 13.58	\$
KCS common stock	\$ 28.66	\$
KCS merger consideration equivalent	\$ 31.41	\$

Because the 1.65 exchange ratio is fixed and will not be adjusted as a result of changes in the market price of Petrohawk common stock, the merger consideration equivalent will fluctuate with the market price of Petrohawk common stock. The merger agreement does not include a price-based termination right or provisions that would limit the impact of increases or decreases in the market price of Petrohawk common stock. You should obtain current market quotations for the shares of both companies from a newspaper, the Internet or your broker prior to voting on the merger agreement.

1
Holders of restricted shares of KCS common stock issued under KCS stock plans will receive restricted shares of Petrohawk common stock having a value equivalent to the merger consideration. The number of shares of Petrohawk restricted stock to be issued for each restricted share of KCS will be determined by adding the exchange ratio (1.65) to the result obtained by dividing the cash amount (\$9.00) by the average closing price of Petrohawk common stock for the five trading days preceding the date on which the merger occurs.

Dividend Policy of Petrohawk (Page 97)

Petrohawk has never paid any cash dividends on its common stock. Petrohawk does not expect to declare or pay any cash or other dividends in the foreseeable future on its common stock. Holders of Petrohawk's 8% cumulative convertible preferred stock are entitled to receive cumulative dividends at the annual rate of \$0.74 per share when and as declared by the board of directors of Petrohawk. No dividends may be paid on Petrohawk's common stock unless all cumulative dividends due on all of the 8% cumulative convertible preferred stock have been declared and paid. Petrohawk's existing revolving credit facility restricts the payment of cash dividends on common stock and preferred stock (other than the 8% cumulative convertible preferred stock). Petrohawk's current senior note indenture restricts the payment of dividends, and Petrohawk may also enter into credit agreements or other borrowing arrangements in the future that restrict the ability to declare and pay cash dividends. Upon consummation of the merger, the KCS indenture will become binding on Petrohawk and will restrict Petrohawk's ability to declare and pay cash dividends.

The Meetings and Voting

Petrohawk Annual Meeting of Stockholders (Page 23)

The Petrohawk annual meeting will be held in Houston on _____, 2006 at _____ a.m., local time. At the annual meeting, you will be asked:

1. To consider and vote upon a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger effective as of April 20, 2006 by and between Petrohawk and KCS Energy, Inc. and the transactions contemplated therein, including the issuance of shares of common stock, par value \$0.001 per share, of Petrohawk in the merger.
2. To consider and vote upon a proposal to amend Petrohawk's certificate of incorporation to increase the number of authorized shares of common stock from 125 million shares to 300 million shares.
3. To elect three nominees to the board of directors to serve as Class II directors until their successors are duly elected or until their earlier death, resignation, or removal.
4. To consider and vote upon a proposal to amend Petrohawk's Second Amended and Restated 2004 Employee Incentive Plan to increase the number of authorized shares of common stock under the plan from 4.25 million shares to 7.05 million shares.
5. To consider and vote upon a proposal to amend Petrohawk's Second Amended and Restated 2004 Non-Employee Director Incentive Plan to increase the number of authorized shares of common stock under the plan from 400,000 shares to 600,000 shares.
6. To transact any other business as may properly be brought before the annual meeting or any adjournment or postponement of the annual meeting.

You can vote at the Petrohawk annual meeting if you owned Petrohawk common stock or 8% cumulative convertible preferred stock at the close of business on May 30, 2006. On that date, there were _____ shares of Petrohawk common stock outstanding and entitled to vote, approximately _____ % of which were owned and entitled

to be voted by Petrohawk directors and executive officers and their affiliates. Also on that date, there were 593,271 shares of Petrohawk 8% cumulative convertible preferred stock outstanding and entitled to vote, none of which were owned by Petrohawk directors and executive officers and their affiliates. Additionally, parties owning approximately 4% of Petrohawk common stock have entered into separate voting agreements with Petrohawk and KCS pursuant to which they have agreed, among other things, to vote all shares owned by each of them in favor of the transactions contemplated in the merger agreement. You can cast one vote for each share of Petrohawk common stock you owned on that date. Each holder of Petrohawk's 8% cumulative convertible preferred stock is entitled to one vote for every two shares of 8% cumulative convertible preferred stock owned on that date.

Approval and adoption of the merger agreement and approval of the amendment to the certificate of incorporation by the Petrohawk stockholders requires the affirmative vote of holders of a majority of the outstanding shares of Petrohawk stock entitled to vote. Consequently, broker non-votes and abstentions on these matters have the effect of a vote AGAINST the matter.

Each of the directors nominated to serve on Petrohawk's board of directors as Class II directors are elected by a plurality of the votes of Petrohawk's stockholders present in person or represented by written proxy at the annual meeting. Any shares not voted (whether by withholding the vote, broker non-vote or otherwise) have no impact in the election of directors, except to the extent the failure to vote for an individual results in another candidate receiving a larger number of votes.

Approval of the amendment to the 2004 Employee Incentive Plan and the amendment to the 2004 Non-Employee Director Incentive Plan requires affirmative vote of a majority of the votes cast at the meeting. Broker non-votes and abstentions on these matters have no impact, provided that a quorum is present.

KCS Special Stockholder Meeting (Page 25)

The KCS special meeting will be held in Houston, Texas on _____, 2006 at _____ a.m., local time. At the special meeting, you will be asked:

1. To consider and vote upon a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger effective as of April 20, 2006 by and between Petrohawk Energy Corporation and KCS Energy, Inc.
2. To transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

You can vote at the KCS special meeting if you owned KCS common stock at the close of business on May 30, 2006. On that date, there were _____ shares of KCS common stock outstanding and entitled to vote, approximately _____% of which were owned and entitled to be voted by KCS directors and executive officers and their affiliates. Certain KCS executive officers owning approximately 3% of KCS common stock have entered into separate voting agreements with Petrohawk and KCS pursuant to which they have agreed, among other things, to vote all shares owned by each of them in favor of the merger. You can cast one vote for each share of KCS common stock you owned on that date. Approval and adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of KCS common stock entitled to vote. Consequently, broker non-votes and abstentions on this matter have the effect of a vote AGAINST the matter.

Boards of Directors Recommendations to Stockholders (Page 37)

The Petrohawk board of directors believes that the merger and the transactions contemplated in the merger agreement are fair to and in the best interests of the Petrohawk stockholders, and recommends that Petrohawk

stockholders vote FOR the approval and adoption of the merger agreement and the transactions contemplated therein. In addition, the Petrohawk board of directors believes that the amendment to Petrohawk's certificate of incorporation, which is also a condition of the merger, and the amendment of the 2004 Non-Employee Director Incentive Plan and the 2004 Employee Incentive Plan and the election of the persons nominated as directors to the board of directors are in the best interests of the Petrohawk stockholders and recommends that the Petrohawk stockholders vote FOR each of these proposals.

The KCS board of directors believes that the merger is fair to and in the best interests of the KCS stockholders, and recommends that KCS stockholders vote FOR the approval and adoption of the merger agreement.

To review the background and reasons for the merger in greater detail see The Merger Background of the Merger beginning on page 32 of this document, and to review certain risks related to the merger, see Risk Factors beginning on page 17 of this document, The Merger Recommendation of Petrohawk's Board of Directors and Reasons for the Merger, beginning on page 37 of this document and The Merger Recommendation of KCS's Board of Directors and Reasons for the Merger beginning on page 39 of this document. Please refer to Proposed Amendment to Petrohawk's Certificate of Incorporation beginning on page 106 of this document, Election of Petrohawk Directors beginning on page 108 of this document, Proposed Amendment to Petrohawk's 2004 Employee Incentive Plan beginning on page 125 of this document and Proposed Amendment To Petrohawk's 2004 Non-Employee Director Incentive Plan beginning on page 128 of this document for a more complete discussion of the other Petrohawk proposals.

Matters to Be Considered in Deciding How to Vote

Fairness Opinion of Petrie Parkman & Co., Inc. to the Petrohawk Board of Directors (Page 41)

In connection with the merger, Petrohawk engaged Petrie Parkman & Co., Inc. (Petrie Parkman) solely to render an opinion to Petrohawk as to the fairness, from a financial point of view, to Petrohawk of the consideration to be paid by Petrohawk in a potential transaction with KCS. In deciding to approve the merger agreement, the Petrohawk board of directors considered the opinion of Petrie Parkman provided to the Petrohawk board of directors on April 20, 2006, that, based upon and subject to the assumptions made, matters considered, qualifications, and limitations set forth in the written opinion, as of that date, the financial consideration to be paid by Petrohawk in the merger was fair, from a financial point of view, to Petrohawk.

The full text of the written opinion of Petrie Parkman, dated April 20, 2006, which sets forth, among other things, the assumptions made, matters considered, qualifications, and limitations on the review undertaken by Petrie Parkman in connection with the opinion, is attached to this document as *Annex B*. Petrie Parkman provided its opinion for the information and assistance of the Petrohawk board of directors in connection with its consideration of the transactions contemplated in the merger agreement. The Petrie Parkman opinion is not a recommendation as to how any stockholder of Petrohawk or KCS should vote or act with respect to any matter relating to the merger.

Fairness Opinion of Morgan Stanley to the KCS Board of Directors (Page 50)

In connection with the merger, KCS retained Morgan Stanley & Co. Incorporated (Morgan Stanley) to opine on the fairness of the consideration to be received by the holders of shares of KCS common stock pursuant to the merger agreement from a financial point of view to the KCS stockholders. In deciding to approve the merger agreement, the KCS board of directors considered, among other things, the opinion of Morgan Stanley provided to the KCS board of directors on April 20, 2006, that, as of the date of the opinion and based upon and subject to the matters set forth in its opinion, the consideration to be received by holders of KCS common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

The full text of the written opinion of Morgan Stanley, dated April 20, 2006, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this document as *Annex C*. Morgan Stanley provided its opinion for the information and assistance of the KCS board of directors in connection with its consideration of the transaction contemplated in the merger agreement. The Morgan Stanley opinion is not a recommendation as to how any stockholder of KCS or Petrohawk should vote on the merger.

The Merger Generally Will Be Tax-Free to U.S. Holders and Certain Non-U.S. Holders of KCS Common Stock to the Extent They Receive Petrohawk Common Stock (Page 74)

Based on the opinions of Andrews Kurth LLP, outside counsel to KCS, and Thompson & Knight LLP, outside counsel to Petrohawk, we expect that the material U.S. federal income tax consequences of the merger to KCS stockholders that are U.S. persons will be as follows:

You generally will recognize (i.e., take into account for tax purposes) gain (but not loss) equal to the lesser of (1) the excess of the sum of the cash (including cash instead of a fractional share of Petrohawk common stock) and the fair market value of the Petrohawk common stock received over your adjusted tax basis in the KCS stock surrendered, or (2) the amount of cash received.

Your holding period for the Petrohawk common stock received in the merger generally will include your holding period for the KCS common stock exchanged in the merger.

Your aggregate tax basis of the shares of Petrohawk common stock received in exchange for your KCS common stock pursuant to the merger will be the same as the aggregate tax basis of your KCS common stock surrendered in the merger decreased by the amount of cash received in the merger and increased by the amount of gain recognized in the merger.

If you are a non-U.S. person that owns or has owned more than 5% of the outstanding shares of KCS common stock at any time during the shorter of (1) the five-year period ending on the effective time of the merger or (2) the period during which you held such KCS common stock (referred to as the Testing Period), and you exchange your KCS common stock for Petrohawk common stock constituting 5% or less of the outstanding shares of Petrohawk common stock immediately after the merger, we expect the U.S. federal income tax consequences to you to be as follows:

You will recognize gain or loss measured by the difference between (1) the amount of any cash received (including cash instead of a fractional share of Petrohawk common stock) and the fair market value of the Petrohawk common stock received in the merger, and (2) the adjusted tax basis in the KCS common stock you surrender in the merger.

The aggregate tax basis of the Petrohawk common stock received in the merger will equal the fair market value of such Petrohawk common stock as of the effective time of the merger.

The holding period for the Petrohawk common stock received in the merger will begin the day after the effective time of the merger. If you are a non-U.S. person that has owned more than 5% of the outstanding shares of KCS common stock at any time during the Testing Period, and you own more than 5% of the outstanding shares of Petrohawk common stock immediately after the merger, we expect the U.S. federal income tax consequences to you generally to be the same as previously described with respect to a U.S. person.

We expect the tax consequences to a KCS stockholder that is a non-U.S. person and who has not held more than 5% of KCS's outstanding common stock at any time during the Testing Period to be as follows:

You will not be subject to U.S. federal income tax on any gain or loss you realize if you exchange your KCS common stock for cash and Petrohawk common stock in the merger.

The aggregate tax basis of the Petrohawk common stock received in the merger will be equal to the aggregate tax basis of the KCS common stock surrendered, decreased (but not below zero) by the amount of cash received in the merger.

The holding period for shares of Petrohawk common stock received in exchange for shares of KCS common stock in the merger will include the holding period of your KCS common stock exchanged in the merger.

Please refer to *The Merger Material U.S. Federal Income Tax Consequences* beginning on page 74 of this document for a more complete discussion of the U.S. federal income tax consequences of the merger. Determining the actual tax consequences of the merger to you may be complex and will depend on your specific situation. You should consult your tax advisor for a full understanding of the merger's tax consequences for you.

Certain KCS Directors and Executive Officers May Have Interests in the Merger that are in Addition to their Interests as Stockholders (Page 82)

In considering the recommendation of the KCS board of directors with respect to approval and adoption of the merger agreement, KCS stockholders should be aware that certain executive officers and directors of KCS may have interests in the merger that are in addition to the interests of other stockholders of KCS generally. Certain executive officers of KCS, for example, are parties to change in control or employment agreements with KCS that, in certain circumstances, and among other benefits, provide for severance payments, accelerated vesting of stock options and performance stock awards and the lapse of restrictions on restricted stock upon a termination of employment following a change in control of KCS.

The Merger is Expected to Occur in the Third Quarter of 2006 (Page 60)

The merger will occur after all the conditions to its completion have been satisfied or, if permissible, waived. Currently, we anticipate that the merger will occur in the third quarter of 2006. However, we cannot assure you when or if the merger will occur. If the merger has not been completed on or before December 31, 2006, either Petrohawk or KCS may terminate the merger agreement unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligations under the merger agreement or a material breach of the merger agreement by such party.

Completion of the Merger is Subject to Certain Conditions (Page 61)

The completion of the merger is subject to a number of customary conditions being met, including approval and adoption of the merger agreement by the stockholders of KCS and Petrohawk, the approval by Petrohawk stockholders of the amendment to the certificate of incorporation of Petrohawk to increase the authorized shares of common stock to 300 million and the approvals of regulatory agencies. Additional conditions to the completion of the merger include the satisfaction by Petrohawk of certain liquidity requirements and the absence of defaults under the Petrohawk and KCS indentures.

Where the law permits, a party to the merger agreement could elect to waive a condition to its obligation to complete the merger, even if that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

Termination of the Merger Agreement; Fees Payable (Page 72)

We may terminate the merger agreement by mutual written consent at any time. Either of us also may terminate the merger agreement if:

the merger is not completed on or before December 31, 2006 (although this termination right is not available to a party whose failure to fulfill any material obligations under, or material breach of, the merger agreement resulted in the failure to complete the merger by that date);

a court or other governmental entity of competent jurisdiction issues a final nonappealable order having the effect of permanently enjoining or otherwise prohibiting the merger;

the stockholders of KCS do not approve and adopt the merger agreement at the KCS stockholders' meeting;

the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach rises to a level that would excuse the terminating party's obligation to complete the merger and is not cured in 30 days or cannot be cured by December 31, 2006;

the stockholders of Petrohawk do not approve and adopt the merger agreement and the amendment of the certificate of incorporation of Petrohawk to increase the authorized shares of common stock to 300 million at the Petrohawk stockholders' meeting; or

the other party has undergone a material adverse effect at any time prior to completion of the merger.

Additionally, Petrohawk may terminate the merger agreement if, prior to obtaining the requisite approval of the KCS stockholders to approve and adopt the merger agreement, there occurs a change in KCS's recommendation that its stockholders approve and adopt the merger agreement. KCS may terminate the merger agreement if, prior to obtaining the requisite approval of the KCS stockholders to approve and adopt the merger agreement, KCS enters into an agreement or its board recommends that KCS enter into an agreement with a third party that would result in the third party owning or controlling 10% or more of KCS's common stock or assets.

The merger agreement provides that in limited circumstances described more fully beginning on page 70 of this document, if there occurs a change in KCS's recommendation that its stockholders approve and adopt the merger agreement, or if the merger agreement is otherwise terminated after KCS shall have received a third party acquisition proposal and KCS enters into an agreement with respect to that proposal within 12 months of termination of the merger agreement, then in either event KCS will be required to pay a termination fee of \$45 million to Petrohawk. The effect of this termination fee could be to discourage other companies from seeking to acquire or merge with KCS prior to completion of the merger, and could cause KCS to reject any acquisition proposal from a third party which does not take into account the termination fee.

We May Amend the Terms of the Merger and Waive Rights Under the Merger Agreement (Page 80)

We may jointly amend the terms of the merger agreement, and either party may waive its right to require the other party to adhere to any of those terms, to the extent legally permissible. However, after the KCS stockholders approve and adopt the merger agreement, they must approve any amendment or waiver that alters or changes the form of the consideration that will be received by them or any alteration or change that adversely affects the KCS stockholders.

Appraisal Rights (Page 82)

Shares of KCS common stock outstanding immediately prior to the effective time of the merger and held by a holder who has not voted in favor of, or consented in writing to, the approval and adoption of the merger agreement and who has delivered a written demand for appraisal of such shares in accordance with Section 262 of the DGCL will not be converted into the right to receive the merger consideration, unless and until the dissenting holder fails to perfect or effectively withdraws or otherwise loses his or her right to appraisal and payment under the DGCL. If, after the effective time of the merger, a dissenting stockholder fails to perfect or effectively withdraws or loses his or her right to appraisal, his or her shares of KCS common stock will be treated as if they had been converted as of the effective time of the merger into the right to receive the merger consideration without interest.

Comparison of the Rights of KCS Stockholders and Petrohawk Stockholders (Page 99)

KCS stockholders will become Petrohawk stockholders upon the effective time of the merger, and their rights as such will be governed by Petrohawk's certificate of incorporation and bylaws. See Comparison of Rights of Holders of Petrohawk Common Stock and KCS Common Stock beginning on page 99 for a description of the material differences between the rights of Petrohawk stockholders and KCS stockholders.

PETROHAWK ENERGY CORPORATION

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

Set forth below are highlights from Petrohawk's unaudited consolidated financial data as of and for the quarters ended March 31, 2006 and 2005 derived from the unaudited consolidated financial statements filed on Form 10-Q for each respective period, and audited consolidated financial data for the years ended December 31, 2003 through 2005 derived from the audited consolidated financial statements filed on Form 10-K for each respective period. This information should be read together with Petrohawk's consolidated financial statements and related notes included in Petrohawk's quarterly report on Form 10-Q for the quarter ended March 31, 2006 and Annual Report on Form 10-K, as amended, for the year ended December 31, 2005, which are incorporated by reference in this document and from which this information is derived. The completion of the acquisitions of Winwell Resources, Inc. in January 2006, of Mission Resources Corporation in July 2005 and of Wynn-Crosby Energy, Inc. and certain of its affiliates in November 2004 affects the comparability of financial data for the periods presented.

	Quarter Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003(3)
(In thousands, except per share amounts)					
Income Statement Data:					
Operating revenues:					
Oil and gas sales	\$ 103,006	\$ 32,326	\$ 258,039	\$ 33,577	\$ 12,925
Operating expenses:					
Production expenses	14,140	5,278	36,079	5,860	2,587
Taxes other than income	8,298	2,326	18,497	2,319	875
General and administrative expenses (including stock compensation)	6,688	4,879	25,034	11,331	2,930
Full cost ceiling impairment					129
Depreciation, depletion and amortization	37,450	10,814	74,539	9,368	4,908
Total operating expenses	66,576	23,297	154,149	28,878	11,429
Income from operations:	36,430	9,029	103,890	4,699	1,496
Other income (expenses):					
Net gain (loss) on derivative contracts	24,803	(28,652)	(100,380)	7,441	
Interest expense and other	(9,072)	(3,349)	(29,207)	(2,894)	(506)
Total other income (expenses)	15,731	(32,001)	(129,587)	4,547	(506)
Income before income taxes and cumulative effect of accounting	52,161	(22,972)	(25,697)	9,246	990
Income tax (provision) benefit	(19,222)	8,720	9,063	(1,129)	(24)
Net income (loss) before cumulative effect of accounting change	32,939	(14,252)	(16,634)	8,117	966
Cumulative effect of accounting change, net of tax					2
Net income (loss)	32,939	(14,252)	(16,634)	8,117	968
Preferred dividends	(108)	(109)	(440)	(445)	(447)
Net income (loss) available (applicable) to common shareholders	\$ 32,831	\$ (14,361)	\$ (17,074)	\$ 7,672	\$ 521
Earnings (loss) per common share:					
Basic	\$ 0.40	\$ (0.36)	\$ (0.31)	\$ 0.71	\$ 0.08
Diluted	\$ 0.39	\$ (0.36)	\$ (0.31)	\$ 0.36	\$ 0.08
Other Financial Data:					
Net cash provided by operating activities	53,921	20,557	135,446	17,943	5,793
Capital expenditures(2)	51,560	18,156	123,339	13,747	4,095
Balance Sheet Data (at end of period):					
Total assets	1,688,073	542,610	1,410,174	534,199	46,115
Long-term debt(1)	544,099	213,000	494,484	240,000	13,285
Stockholders' equity	692,858	235,154	526,458	247,091	29,270

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- (1) Includes current portion of long-term debt. Excludes deferred premiums on derivatives.
- (2) Excludes acquisitions.
- (3) Cumulative effect of change in accounting method for 2003 relates to the adoption of SFAS No. 143, Asset Retirement Obligations, on January 1, 2003.

KCS ENERGY, INC.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

Set forth below are highlights derived from KCS's unaudited consolidated financial data as of and for the quarters ended March 31, 2006 and 2005 derived from the unaudited consolidated financial statements filed on Form 10-Q for each respective period, and audited consolidated financial data for the years ended December 31, 2003 through 2005 derived from the audited consolidated financial statements filed on Form 10-K for each respective period. This information should be read together with KCS's consolidated financial statements and related notes included in KCS's quarterly report on Form 10-Q for the quarter ended March 31, 2006 and Annual Report on Form 10-K, as amended, for the year ended December 31, 2005, which are incorporated by reference in this joint proxy statement/prospectus and from which this information is derived.

	Quarter Ended		Year Ended December 31,		
	March 31, 2006	2005	2005	2004(2)	2003(3)
(In thousands, except per share amounts)					
Income Statement Data:					
Operating revenues:					
Oil and gas sales	\$ 102,514	\$ 61,675	\$ 347,552	\$ 197,385	\$ 131,940
Amortization of deferred revenue	1,177	4,607	16,149	21,370	27,886
Other, net	895	(44)	955	(345)	5,033
Total revenue and other	104,586	66,238	364,656	218,410	164,859
Operating expenses:					
Production expenses	10,902	7,516	35,399	28,600	24,596
Taxes other than income	5,292	3,043	21,357	14,208	10,010
General and administrative expenses (including stock compensation)(1)	3,759	3,133	13,493	11,896	11,065
Depreciation, depletion and amortization	28,430	18,018	93,728	58,338	49,001
Total operating expenses	48,383	31,710	163,977	113,042	94,672
Income from operations:	56,203	34,528	200,679	105,368	70,187
Other income (expenses):					
Net gain (loss) on derivative contracts	7,045	(1,396)	(9,679)	(1,121)	(32)
Redemption premium on early extinguishment of debt				(3,698)	
Interest expense and other	(4,676)	(3,301)	(18,442)	(14,019)	(20,858)
Income before income taxes and cumulative effect of accounting	58,572	29,831	172,558	86,530	49,297
Income tax (provision) benefit	(22,729)	(10,411)	(66,698)	13,905	20,229
Net income before cumulative effect of accounting change	35,843	19,420	105,860	100,435	69,526
Cumulative effect of accounting change, net of tax					(934)
Net income	35,843	19,420	105,860	100,435	68,592
Preferred dividends					