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ULTRA PETROLEUM CORP

Form 8-K

October 29, 2004

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report

October 28, 2004

ULTRA PETROLEUM CORP.  
(Exact name of registrant as specified in its charter)

Yukon Territory, Canada (State or other jurisdiction of incorporation or organization)	0-29370 (Commission File Number)	N/A (I.R.S. Employer Identification Number)
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(363 North Sam Houston Pkwy, E., Suite 1200., Houston, TX 77060)

(281-876-0120)

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Item 2.02. Second announcement of 3rd Quarter earnings conference call.

SIGNATURES

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

[October 28, 2004]

By: David Russell  
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David Russell

October 26, 2004

Ultra Petroleum Reports 170% Earnings Growth in 3rd Quarter

HOUSTON, Oct. 26 /PRNewswire-FirstCall/ -- Ultra Petroleum Corp.  
(Amex: UPL) today reported earnings increased 170% to \$27.9 million or \$0.35 per diluted share for the quarter ended September 30, 2004 compared to

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\$10.3 million or \$0.13 per diluted share for the same period in 2003. Cash flow (A) for the quarter ended September 30, 2004 increased 146% to \$51.4 million or \$0.64 per diluted share, compared to \$20.9 million or \$0.27 per diluted share for the same period in 2003.

For the nine-month period ended September 30, 2004 earnings increased 153% to \$66.2 million or \$0.83 per diluted share compared to \$26.2 million or \$0.33 per diluted share for the same period in 2003. Cash flow (A) for the nine-month period increased 124% to \$122.4 million or \$1.53 per diluted share, compared to \$54.7 million or \$0.70 per diluted share for the same period in 2003.

Production for the quarter increased 87% to 13 Bcfe, averaging 141 MMcfe/d compared to 7 Bcfe or 75.5 MMcfe/d for the same period in 2003. Including the effects of hedging, average natural gas prices for the third quarter increased to \$4.91 per Mcf compared to \$4.17 per Mcf during the same period in 2003 while average Wyoming oil prices increased to \$42.12 per bbl compared to \$31.37 per bbl in 2003. Oil prices in China averaged \$36.72 per bbl.

Production for the nine-month period ended September 30, 2004 increased 69% to 32.3 Bcfe, or 106 MMcfe/d, compared to 19 Bcfe or 63 MMcfe/d for the same period in 2003. Including the effects of hedging, average natural gas prices for the nine-month period increased to \$4.87 per Mcf compared to \$3.99 per Mcf while average Wyoming oil prices increased to \$38.83 per bbl compared to \$31.04 per bbl in 2003.

"By continuing to bring on new wells from this year's program and delivering first oil in China during the quarter, we increased our production by 87% year over year and 35% sequentially. With 21% stronger commodity prices and a flat cost structure, we established new highs for quarterly earnings and cash flow. With nine-month production at 32.3 Bcfe, already ahead of our entire 2003 production of 28.9 Bcfe, we are well on our way to reaching and exceeding our 2004 year-end production goal of 44 Bcfe. And, as the majority of this year's wells will come on line during the fourth quarter, we expect to see production climb to a new peak, setting us up for continued industry leading growth into 2005," stated Michael D. Watford, Ultra's Chairman, President and CEO.

	For the Three-Month Period Ended		For the Nine-Month Period Ended	
	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03
Production				
Oil Production-bbls				
- WY	92,820	50,327	241,787	147,919
Oil Production-bbls				
- China	210,923	---	210,923	---
Natural Gas - Mcf	11,160,300	6,642,972	29,596,982	18,255,839
Gas Equivalent				
Production - Mcfe	12,982,758	6,944,934	32,313,242	19,143,353
Realized Product Prices				
Oil Price - \$/bbl				
- WY	\$42.12	\$31.37	\$38.83	\$31.04
Oil Price - \$/bbl				
- China	\$36.72	\$ ---	\$36.72	\$ ---
Gas Price - \$/Mcf	\$ 4.91	\$ 4.17	\$ 4.87	\$ 3.99
Revenues				
Oil Revenue - WY	\$3,910,036	\$1,578,976	\$9,387,668	\$4,591,912
Oil Revenue - China	\$7,745,093	\$---	\$7,745,093	\$---

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Gas Revenue	\$54,786,316	\$27,711,651	\$144,037,747	\$72,835,464
Total Revenues	\$66,441,445	\$29,290,627	\$161,170,508	\$77,427,376
Operating costs and expenses				
Production Costs				
- WY	1,574,589	872,364	4,104,257	2,484,784
Production Costs				
- China	889,000	---	889,000	---
Severance/Production				
Taxes	6,875,586	3,407,541	17,976,082	8,674,351
Gathering	3,259,412	1,899,519	8,778,545	5,195,693
DD&A - WY	6,676,869	4,033,606	17,573,574	11,091,346
DD&A - China	1,031,413	---	1,031,413	---
General and administrative	1,562,380	1,468,553	4,306,767	4,210,029
Stock compensation	150,050	---	773,573	1,018,220
Interest and debt expense	853,469	747,125	2,802,381	2,151,559
Total direct expenses	22,872,768	12,428,708	58,235,592	34,825,982
Interest and other income	20,054	6,666	42,698	26,431
Income Tax - deferred	15,713,357	6,540,598	36,796,518	16,458,292
Net Income	\$27,875,374	\$10,327,987	\$66,181,096	\$26,169,533
Per common share				
- basic	\$0.37	\$0.14	\$0.88	\$0.35
Per common share				
- fully diluted	\$0.35	\$0.13	\$0.83	\$0.33
Cash flow from operations (A)				
Per common share				
- basic	\$0.69	\$0.28	\$1.63	\$0.74
Per common share				
- diluted	\$0.64	\$0.27	\$1.53	\$0.70
Shares outstanding	75,129,968	74,327,668	75,129,968	74,327,668
Weighted Average				
- Basic	75,063,934	74,279,516	74,929,196	74,170,485
Weighted Average				
- Diluted	80,090,907	78,537,895	79,957,440	78,335,831
Costs per Mcfe				
Production Costs				
- WY	0.13	0.13	0.13	0.13
Production Costs				
- China	0.70	---	0.70	---
Severance/Production				
Taxes	0.53	0.49	0.56	0.45
Gathering	0.25	0.27	0.27	0.27
Total Lease Operating	0.97	0.89	0.98	0.85
DD&A - WY	0.57	0.58	0.57	0.58
DD&A - China	0.81	---	0.81	---
General and administrative	0.12	0.21	0.13	0.22

These statements are unaudited and subject to year-end adjustments.

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(A) "Cash flow" refers to cash flow from operations before net changes in non-cash working capital.

Reconciliation of cash flow from operations before change in net working capital.

	Three Months Ended Sep 30 2004	2003	Nine Months Ended Sep 30 2004	2003
Net cash provided by operating activities	\$59,690,289	\$19,607,671	\$126,039,475	\$52,361,410
Accounts payable and accrued liabilities	\$(13,157,993)	\$(3,865,573)	\$(1,783,174)	\$(3,341,399)
Prepaid expenses and other current assets	\$(846,040)	\$1,139,602	\$2,795,440	\$3,373,345
Accounts receivable	\$13,470,677	\$2,748,564	\$11,882,168	\$3,313,559
Inventory	\$(1,750,098)	\$---	\$(5,823,273)	\$---
Restricted cash	\$ 319	\$318	\$948	\$1,044
Deferred revenue	\$(3,436,624)	\$---	\$(3,436,624)	\$---
Other long-term obligations	\$(2,523,467)	\$1,271,609	\$(7,318,786)	\$(970,569)
Cash flow from operations before net change in net changes in working capital	\$51,447,063	\$20,902,191	\$122,356,174	\$54,737,391

Management believes that the non-GAAP measures of cash flow before changes in working capital is useful information to investors because it is widely used by professional analysts and sophisticated investors in valuing oil and gas companies. Many other investors use research reports of these analysts in making investment decisions.

Ultra Petroleum is an independent, exploration and production company focused on developing its long life natural gas reserves in the Green River Basin of Wyoming, and oil reserves in Bohai Bay, offshore China. Ultra is listed on the American Stock Exchange under the ticker "UPL" with 75,137,968 shares outstanding as of the date of this release.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We may use certain terms in this press release, relating to reserves and/or production that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 10-K available from us at 363 North Sam Houston Parkway E., Suite 1200, Houston, TX 77060. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

This news release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The opinions, forecasts, projections or other statements, other than statements of historical fact, are

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forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to have been correct. Certain risks and uncertainties inherent in the Company's businesses are set forth in their filings with the Securities and Exchange Commission. Full details regarding the selected financial information provided above will be available in the Company's annual report and in the Annual Information form to be filed under the cover of Form 10-K.

SOURCE Ultra Petroleum Corp.

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10/26/2004

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(UPL)

CO: Ultra Petroleum Corp.

ST: Texas

IN: OIL

SU: ERN