

CARRIZO OIL & GAS INC  
Form 8-K  
May 04, 2016

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

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): May 4, 2016

CARRIZO OIL & GAS, INC.

(Exact name of registrant as specified in its charter)

Texas	000-29187-87	76-0415919
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

500  
Dallas  
Street  
Suite 7002  
2300  
Houston,  
Texas  
(Address  
of  
principal  
executive  
offices)

Registrant's telephone number, including area code: (713) 328-1000

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 1.01. Entry into a Material Definitive Agreement.

On May 3, 2016, Carrizo Oil & Gas, Inc. (the “Company”) entered into the Eighth Amendment to its senior secured revolving credit facility (the “Amendment”) among the Company, Wells Fargo Bank, National Association, as administrative agent, and the guarantors and lenders party thereto to, among other things (i) replace the Total Debt to EBITDA ratio covenant with a Total Secured Debt to EBITDA ratio covenant that requires such ratio not to exceed 2.00 to 1.00, (ii) add a covenant requiring a minimum EBITDA to Interest Expense ratio of at least 2.50 to 1.00, (iii) reduce the Borrowing Base under the credit facility from \$685.0 million to \$600.0 million until the next redetermination thereof, (iv) increase the required mortgage coverage on the total value of the oil and gas properties included in the Company’s most recent reserve report from 80% to 90%, (v) require that the Company’s deposit accounts and securities accounts (subject to certain exclusions) become subject to control agreements, (vi) limit the amount of additional senior notes that can be issued by the Company to \$400.0 million, (vii) restrict the Company from making borrowings under the credit facility if the Company has or, after giving effect to the borrowing, will have a Consolidated Cash Balance in excess of \$50.0 million, (viii) require mandatory prepayment of borrowings to the extent the Consolidated Cash Balance exceeds \$50.0 million if either (a) the Company’s ratio of Total Debt to EBITDA exceeds 3.50 to 1.00 or (b) the availability under the credit facility is equal to or less than 20% of the then effective Borrowing Base, (ix) increase the margin on all loans by 0.50% and (x) increase the commitment fee from 0.375% to 0.50% when utilization of lender commitments is less than 50%.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, which is filed as Exhibit 10.1 to this Current Report on Form 8-K. Each of the capitalized terms used but not defined in this Item 1.01 shall have the meaning given to such terms in the credit agreement governing the Company’s revolving credit facility.

Item 2.02. Results of Operations and Financial Condition.

The press release dated May 4, 2016 concerning financial results of the Company for the quarter ended March 31, 2016, furnished as Exhibit 99.1 to this report, is incorporated by reference herein.

The press release contains measures which may be deemed “non-GAAP financial measures” as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended. We present Adjusted EBITDA, as defined in the press release, on a total and a per share basis for the quarters ended March 31, 2016 and 2015. We believe Adjusted EBITDA, as defined, may provide investors and analysts useful information relative to the valuation, comparison, rating and investment recommendations of companies in the oil and gas industry. Adjusted EBITDA, as defined, is a financial measure commonly used in the oil and gas industry and should not be considered in isolation or as a substitute for income (loss) from continuing operations or any other measure of a company's financial performance or profitability presented in accordance with U.S. generally accepted accounting principles (“GAAP”). Because Adjusted EBITDA, as defined, excludes some, but not all, items that affect income (loss) from continuing operations, the Adjusted EBITDA, as defined, presented in the press release may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, loss from continuing operations, and information reconciling the GAAP and non-GAAP financial measures were included in the press release.

We present Adjusted Net Income, as defined in the press release, on a total and a per share basis for the quarters ended March 31, 2016 and 2015. We believe that this information will assist investors and analysts to compare results between periods and identify operating trends that would otherwise be masked by the inclusion of certain items typically excluded from published estimates by the investment community. Adjusted Net Income should not be considered in isolation or as a substitute for income (loss) from continuing operations or any other measure of a company's financial performance or profitability presented in accordance with GAAP. Because Adjusted Net Income excludes some, but not all, items that affect income (loss) from continuing operations, the Adjusted Net Income presented in the press release may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, loss from continuing operations, and information reconciling the GAAP and non-GAAP measures were included in the press release.

We present adjusted total revenues, which includes the net cash from derivative settlements for the quarters ended March 31, 2016 and 2015. We believe that this information will assist investors and analysts to understand our actual results, which are impacted by the net cash from derivative settlements. The most comparable GAAP financial

measure, total revenues, and information reconciling the GAAP and non-GAAP measures were included in the press release.

We present discretionary cash flows from continuing operations for the quarters ended March 31, 2016 and 2015. We believe that this information may provide additional information about our ability to meet our future requirements for debt service, capital expenditures and working capital. Discretionary cash flows from continuing operations should not be considered in isolation or as a substitute for net cash provided by operating activities from continuing operations or any other cash flow or liquidity measure under GAAP. Our computation of discretionary cash flows from continuing operations may differ significantly from the computation used by other companies to compute similar measures. As a result, our discretionary

cash flows from continuing operations may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net cash provided by operating activities from continuing operations, and information reconciling the GAAP and non-GAAP measures were included in the press release.

None of the information furnished in this Item 2.02 and the accompanying exhibit will be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor will it be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this Item 2.02 and the accompanying exhibit is not intended to, and does not, constitute a determination or admission by the Company, that the information in this Item 2.02 and the accompanying exhibit is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	Eighth Amendment to Credit Agreement, dated as of May 3, 2016, among Carrizo Oil & Gas, Inc., as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lender parties thereto.
99.1	Press Release dated May 4, 2016 announcing financial results for the first quarter 2016.

**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.

Carrizo Oil & Gas, Inc.

By: /s/ David L. Pitts

Name: David L. Pitts

Title: Vice President and Chief Financial Officer

Date: May 4, 2016



EXHIBIT INDEX

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