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ULTRA PETROLEUM CORP

Form 8-K

July 30, 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

July 29, 2004

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

Yukon Territory, Canada	0-29370	N/A
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

(363 North Sam Houston Pkwy, E., Suite 1200., Houston, TX 77060)

(281-876-0120)

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Item 12. 2nd Quarter Earnings Release July 28th, 2004

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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.

[July 29, 2004]

By: /s/ David Russell

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David Russell

July 27, 2004

ULTRA PETROLEUM REPORTS 143% EARNINGS GROWTH IN 2ND QUARTER

Houston, TX - Ultra Petroleum Corp. (AMEX-UPL) today reported earnings increased  
143% to \$18.5 million or \$0.23 per diluted share for the quarter ended June 30,  
2004 compared to \$7.6 million or \$0.10 per diluted share for the same period in

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2003. Cash flow (1) for the quarter ended June 30, 2004 increased 113% to \$34.7 million or \$0.43 per diluted share, compared to \$16.3 million or \$0.21 per diluted share for the same period in 2003.

For the six-month period ended June 30, 2004 earnings increased 142% to \$38.3 million or \$0.48 per diluted share compared to \$15.8 million or \$0.20 per diluted share for the same period in 2003. Cash flow (1) for the six-month period increased 110% to \$70.9 million or \$0.89 per diluted share, compared to \$33.8 million or \$0.43 per diluted share for the same period in 2003.

Production for the quarter increased 63% to 9.6 Bcfe, averaging 106 MMcfe/d compared to 5.9 Bcfe or 65 MMcfe/d for the same period in 2003. Including the effects of hedging, average natural gas prices for the second quarter increased to \$4.73 per Mcf compared to \$3.93 per Mcf during the same period in 2003 while average oil prices increased to \$36.41 compared to \$30.84 in 2003.

Production for the six-month period ended June 30, 2004 increased 57% to 19.3 Bcfe, or 106 MMcfe/d, compared to 12.3 Bcfe or 68 MMcfe/d for the same period in 2003. Including the effects of hedging, average natural gas prices for the six-month period increased to \$4.84 compared to \$3.86 while average oil prices increased to \$36.77 compared to \$29.90 in 2003.

"Growing second quarter production by 63% with an \$0.80 increase in natural gas prices while controlling costs enabled us to more than double earnings and cash flow. Following on our several years of industry leading reserve and production growth, this again confirms my past comments that earnings and cash flow would follow our growth in reserves and production, as second quarter 2004 earnings more than doubled that of the entire year 2002. With first oil production in Bohai Bay, China and the continued success of our Wyoming drilling program, we remain firmly committed to providing earnings and cash flow growth as impressively as we have with reserves and production. In fact, with China now on production, we are increasing our year-end 2004 production target to 44 Bcfe, a 50% increase over 2003's production level," stated Michael D. Watford, Ultra's Chairman, President and CEO.

	For the Three-Month Period Ended	
	30-Jun-04	30-Jun-03
Production		
Oil Production-bbbls	80,643	47,479
Natural Gas - (Mcf)	9,120,627	5,592,979
	9,604,485	5,877,853
Gas Equivalent Production - Mcfe		
Realized Product Prices		
Oil Price - \$/bbl	\$ 36.41	\$ 30.84
Gas Price - \$/mcf	\$ 4.73	\$ 3.93
Revenues		
Oil Revenue	\$ 2,936,082	\$ 1,464,430
Gas Revenue	\$43,174,208	\$22,001,224
	\$46,110,290	\$23,465,654
Total Revenues		
Operating costs and expenses		
Operating expenses	1,246,745	667,134
Severance/Production/Taxes	5,430,719	2,603,589

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Gathering	2,746,937	1,702,938
Depreciation, depletion and amortization	5,415,985	3,451,894
General and administrative	1,190,350	1,503,772
Stock compensation	523,500	405,720
Interest and debt expense	848,742	750,834
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Total direct expenses	17,402,978	11,085,881
Interest and other income	9,910	11,191
Income Tax - deferred	10,194,720	4,770,909
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Net Income	\$18,522,502	\$ 7,620,055
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Per common share - basic	\$ 0.25	\$ 0.10
Per common share - fully diluted	\$ 0.23	\$ 0.10
Cash flow from operations (1)	\$34,656,707	\$16,248,578
Per common share - basic	\$ 0.46	\$ 0.22
Per common share - diluted	\$ 0.43	\$ 0.21
Shares outstanding at period end	75,020,368	74,226,168
Weighted Average shares outstanding - Basic	74,964,830	74,172,652
Weighted Average shares outstanding - Diluted	79,945,429	78,303,218
Costs per Mcfe		
Operating Expenses	\$ 0.13	\$ 0.11
Severance/Production Taxes	0.57	0.44
Gathering	0.29	0.29
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Total Lease Operating	\$ 0.98	\$ 0.85
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Depreciation, depletion and amortization	\$ 0.56	\$ 0.59
General and administrative	\$ 0.12	\$ 0.26

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

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

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

Three Months Ended June 30

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2004

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2003

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Net cash provided by operating activities	\$ 39,487,083	\$ 18,675,646
Accounts payable and accrued liabilities	(6,826,821)	(203,320)
Prepaid expenses and other current assets	4,895,094	1,889,436
Accounts receivable	(970,498)	(2,003,492)
Inventory	(2,945,186)	--
Restricted cash	315	364
Other long-term obligations	1,016,720	(2,110,056)
Cash flow from operations before net changes in working capital	\$ 34,656,707	\$ 16,248,578

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 75,020,368 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 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.

For more information contact:

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