PETROHAWK ENERGY CORP
Form 424B5
May 09, 2008

Table of Contents

Filed Pursuant to Rule No. 424(b)(5)
Registration Statement No. 333-137347

CALCULATION OF REGISTRATION FEE

Class of Securities Registered	Shares Registered	Proposed Offering Price Per Share	Proposed Aggregate Offering Price	Amount of Registration Fee(3)
Common Stock, par value $0.001 per share	28,750,000(1)	$23.10(2)	$664,125,000	$26,101(4)

(1) Includes 3,750,000 shares that the underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c). Such price is based upon the average of the high and low prices of the registrant s common stock as reported on the New York Stock Exchange on May 2, 2008.

(3) The registration fee is being paid on a deferred basis in reliance upon Rules 456(b) and 457(r).

(4) Previously, in connection with filing a preliminary prospectus supplement dated May 6, 2008 filed under Rule 424(b)(5), the registrant paid a filing fee of $21,592 pursuant to Rule 457(c). Based on the increase in the Offering and for the registration of the additional 4,600,000 shares, the registrant hereby is paying an additional filing fee of $4,509.

Prospectus Supplement
(To Prospectus dated September 15, 2006)

25,000,000 Shares

Common Stock

We are selling 25,000,000 shares of our common stock. Our common stock is listed on the New York Stock Exchange under the symbol HK. On May 8, 2008, the last sale price of our common stock as reported on the New York Stock Exchange was $26.64 per share.

Concurrently with this offering of our common stock, we are offering an aggregate of $500,000,000 of our senior notes due 2015 pursuant to Rule 144A under the Securities Act of 1933. The completion of this offering is not conditioned on the completion of the senior notes offering.

Investing in our common stock involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement.

	Per Share	Total

Public offering price	$ 26.39	$ 659,750,000
Underwriting discounts	$ 1.055	$ 26,375,000
Proceeds to Petrohawk Energy Corporation (before expenses)	$ 25.335	$ 633,375,000

We have granted the underwriters a 30-day option to purchase up to an additional 3,750,000 shares of our common stock from us on the same terms and conditions as set forth above if the underwriters sell more than 25,000,000 shares of common stock in this offering.

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares on or about May 13, 2008.

Joint Book-Running Managers

Lehman Brothers **Merrill Lynch & Co.**

JPMorgan

BMO Capital Markets

Jefferies & Company

RBC Capital Markets

UBS Investment Bank

May 8, 2008.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement and the documents incorporated by reference herein, which, among other things, describes the specific terms of this offering. The second part, the accompanying prospectus and the documents incorporated by reference therein, gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus. We have not authorized anyone to provide you with different information. We are not and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

All references in this prospectus supplement to we, our, us, the Company, or Petrohawk are to Petrohawk Energ Corporation, a Delaware corporation.

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference. This summary is not complete and does not contain all of the information that you should consider before deciding whether or not to invest in our common stock. For a more complete understanding of our Company and this offering, we encourage you to read this entire document, including Risk Factors, the financial and other information incorporated by reference in this prospectus supplement and the other documents to which we have referred you.

PETROHAWK ENERGY CORPORATION

Overview

We are an independent oil and natural gas company engaged in the acquisition, development, production and exploration of oil and natural gas properties located onshore in the United States. We focus on properties within our core operating areas which we believe have significant development and exploration opportunities. Our properties are primarily located in the Mid-Continent region, including North Louisiana and the Fayetteville Shale in the Arkoma basin of Arkansas, and in the Western region, including the Permian Basin of West Texas and southeastern New Mexico.

At December 31, 2007, our estimated total proved oil and natural gas reserves, as prepared by our independent reserve engineering firm, Netherland, Sewell & Associates, Inc., were approximately 1,062 billion cubic feet of natural gas equivalents (Bcfe), consisting of 18 million barrels of oil (MMBbl), and 955 billion cubic feet (Bcf) of natural gas and natural gas liquids. Approximately 57% of our proved reserves were classified as proved developed, and 90% were natural gas. For the first quarter of 2008, our average daily net production was approximately 261 million cubic feet of natural gas equivalents per day (MMcfe/d).

We focus on maintaining a portfolio of long-lived, lower risk properties in resource-style plays, which typically are characterized by lower geological risk and a large inventory of identified drilling opportunities. We believe the steps we have taken during 2007 and to-date in 2008 will help us grow production and reserves in resource-style, tight-gas areas in North Louisiana and Arkansas. Our current drilling inventory consists of approximately 13,000 identified locations, 11,500 of which are resource-style.

Recent Developments

Haynesville Shale

During the first quarter of 2008, we initiated leasing and acquisition efforts in order to supplement our existing Elm Grove/Caspiana field leasehold position of approximately 30,000 net acres that we believe is prospective for the Haynesville Shale, which is found at a depth of approximately 10,500 to 13,000 feet, or approximately 1,500 feet deeper than the deepest productive Cotton Valley sand in the area. We spud our initial operated Haynesville Shale horizontal well late in the first quarter of 2008. We have acquired or entered into agreements to acquire approximately 108,000 net acres in Northwest Louisiana that we believe have Haynesville Shale potential. In total, we currently own or have entered into agreements to acquire over 150,000 net acres in the Haynesville Shale play.

Fayetteville Shale

During the last six months of 2007, we increased our position in the Fayetteville Shale by acquiring approximately 90,000 net acres that we believe to be strategically located, the vast majority of which represent undeveloped properties. These acquisitions were completed in three separate transactions which closed in July, August and December for total cash consideration of approximately $409 million. In addition, we added approximately 20,000 net acres in the Fayetteville Shale for approximately $20 million through our ongoing leasing activities.

On February 8, 2008, we completed an acquisition of additional properties located in the Fayetteville Shale for approximately $231 million after customary closing adjustments. These properties included interests

Table of Contents

primarily in Van Buren and Cleburne Counties, Arkansas. These properties included approximately 18,500 net acres and are substantially undeveloped.

Elm Grove Field

On January 22, 2008, we completed an acquisition of interests in the Elm Grove Field, located primarily in Bossier and Caddo Parishes of North Louisiana, for approximately $169 million. We internally estimated that as of December 31, 2007, the purchase included approximately 78 Bcfe of proved reserves, of which 35% were proved developed and 90% were operated.

Gulf Coast Properties

On November 30, 2007, we completed the sale of our Gulf Coast properties for $825 million, consisting of $700 million in cash and a $125 million five-year note from the purchaser. Proceeds from the sale were recorded as a decrease to our full cost pool. Pursuant to the terms of this note, on or before April 28, 2008 the purchaser was eligible to redeem and did redeem the note for $100 million. The proceeds from this redemption were used to pay down indebtedness under our senior revolving credit facility.

2008 Capital Budget Update

We recently announced an increase of our 2008 capital budget from $800 million to $1.3 billion, which is described below by primary operating area. Approximately 90% of our budgeted capital expenditures are expected to be controlled by us as the operator. As of March 31, 2008, we had spent approximately $150 million of our 2008 capital budget.

Area	Estimated Gross Drilling Locations (Risked)	Total Expenditures (In millions)	% of Total Expenditures	Total 2008 Wells Budgeted
Haynesville Shale	2,500	$ 384	30%	10
Fayetteville Shale	6,600	318	24	270
Elm Grove/Caspiana	1,500	293	23	190
Terryville	900	121	9	75
Western Region	1,500	184	14	140
Total	13,000	$ 1,300	100%	685

Description of Core Operating Areas

Mid-Continent Region

In the Mid-Continent region, we concentrate our drilling program primarily in North Louisiana and in the Fayetteville Shale of the Arkoma Basin. We believe our Mid-Continent region operations provide us with a solid base for future production and reserve growth. During 2007, we drilled 267 wells in this region with a success rate of 98%. In 2008, we plan to drill 545 wells in this region, the majority of which will be operated by us. In 2007, we produced 53 Bcfe in this region, or an average of 146 MMcfe/d. As of December 31, 2007, approximately 69% of our proved reserves, or 737 Bcfe, were located in our Mid-Continent region.

Haynesville Shale In the last several months, the Haynesville Shale has become one of the most active natural gas plays in the United States. This area is defined by a shale formation located approximately 1,500 feet below the Cotton Valley formation at depths ranging from approximately 10,500 to 13,000 feet. The formation is as much as 300 feet thick and is composed of an organic rich black shale. It is located across numerous parishes in Northwest Louisiana, primarily in Caddo, Bossier, Red River, DeSoto, Webster and Bienville parishes and also in East Texas, primarily in Harrison, Panola and Shelby counties. Our Elm Grove/Caspiana acreage position is located near what we believe is the center of the play. We believe our acreage in those fields is prospective for Haynesville Shale natural

Table of Contents

gas production based, in part, on a vertical test well we drilled in 2006 in which over 200 feet of Haynesville Shale was found to be present. We have a total of approximately 30,000 net acres of Haynesville Shale rights that are held by shallower production in Elm Grove/Caspiana. In addition, we have acquired or have the right to acquire approximately 108,000 additional net acres throughout the prospective area of the play. We are currently drilling our first horizontal well and expect to spud two additional horizontal wells during the second quarter of this year. We plan to drill a total of 10 wells in 2008 and anticipate increasing that activity significantly in 2009, subject to drilling results.

Fayetteville Shale We have assembled a position of approximately 150,000 net acres in the Fayetteville Shale, which we believe holds significant potential for production and reserve growth. The Fayetteville Shale is an unconventional gas reservoir located in the Arkoma Basin in Arkansas, at a depth of approximately 1,500 to 6,500 feet and ranging in thickness from 100 to 500 feet. The formation is a Mississippian-age shale that has similar geologic characteristics to the Barnett Shale in the Ft. Worth Basin of North Texas. Drilling in the play began in 2004 and has accelerated rapidly during the past two years, with over 400 wells drilled during 2007. To date, the best results have been obtained by drilling horizontal wells with lateral lengths of 2,500 to 3,000 feet and utilizing slickwater fracture stimulation completions. Due to the high degree of industry drilling success to date across portions of five counties, acquisition of acreage in the play has become extremely competitive. We own varying working and net revenue interests in this field. As of December 31, 2007, proved reserves for this field were approximately 54 Bcfe. During 2007, we drilled 70 wells, and in 2008, we plan to drill 270 wells in this area. We have taken steps to build gathering systems to ensure that we have adequate pipeline capacity to support our expanded activities in this area.

Elm Grove/Caspiana Field Our largest field, located primarily in Bossier and Caddo Parishes of North Louisiana, currently produces primarily from the Hosston and Cotton Valley formations. These zones are composed of low permeability sandstones that require fracture stimulation treatments to produce. We currently own interests in 123 sections with over 30,500 net acres. We own varying working and net revenue interests in this field. We produced 34 Bcfe in 2007 in this field. As of December 31, 2007, proved reserves for the Elm Grove/Caspiana field were approximately 542 Bcfe, of which approximately 50% were classified as proved undeveloped and approximately 19% proved developed non-producing.

We have been actively drilling infill wells on 40- and 20-acre spacing at Elm Grove utilizing between four and eight operated drilling rigs. During 2007, we drilled 125 wells, and in 2008, we plan to drill 190 wells, including 20 horizontal wells, that we expect to continue growing production and reserves. Additionally, we have successfully utilized coiled tubing for recompletions to fracture stimulate and commingle the shallower Hosston formation with the existing Lower Cotton Valley formation, increasing the present value of the wells and reducing additional capital expenditures. To date, we have performed over 150 of these procedures and have 53 planned in 2008. We recently completed a horizontal well with an initial production rate of 16.5 MMcfe/d. It was our first operated horizontal well drilled in the Lower Cotton Valley Taylor sand. Based on these results, we have identified and scheduled a 10 well, two rig program targeting the Taylor sand in 2008. The first two wells in this program were completed with initial production rates of 13 MMcfe/d and 6 MMcfe/d.

Our recently closed acquisition in Elm Grove provides a new area of operation which we believe is significantly underdeveloped. The acreage has a large number of remaining 40-acre spacing locations and has not had any 20-acre spacing locations drilled to date. Additionally, the vast majority of the well bores have not been recompleted in the Hosston formation, which we believe will add significantly to our inventory of coiled tubing recompletion opportunities.

Terryville Field Located in Lincoln Parish, Louisiana, this is our second largest producing field. We have acquired a significant acreage position and hold interests in over 100 sections with over 34,000 net acres. The objective formations in this field include the Cotton Valley, Bossier and Gray sands. We own varying working and net revenue interests in this field. As of December 31, 2007, proved reserves for this field were approximately 122 Bcfe. In 2007, we drilled 43 wells, all of which were successful. In

2008, we intend to drill 75 wells, including several extension and exploration wells. During 2007, we began a 20-acre downspacing program, drilling three wells. Based on the success to date of this initiative, we have 15 20-acre wells planned in 2008. We produced 14 Bcfe in 2007 in this field.

During 2007 we acquired a 50-square mile 3D seismic dataset over the field. Delivered late in the third quarter, the data identified several areas which we believe present significant drilling opportunities. Specifically, the data has been used to identify potential gas bearing Gray sand structures, and an area of Bossier expansion that we feel is indicative of sand development. During the latter part of 2007, we drilled a number of wells in this area of Bossier expansion and have determined that the area does contain Bossier sands that have resulted in production.

In late December 2007, we closed the acquisition of approximately 8,000 net acres immediately west and contiguous to our Terryville leasehold. The area overlies a large untested structure in the Lower Cotton Valley/Bossier/Gray sands. The majority of the production from the field has come from Upper Cotton Valley and Hosston sands. However, these sands appear to be underdeveloped, and numerous developmental drilling opportunities have been identified to exploit these reservoirs. We are currently in the process of acquiring approximately 60-square miles of 3D seismic data over the acreage that will be merged with our existing 3D seismic data over Terryville.

Western Region

The properties in our Western region generally have long production histories and relatively stable production rates. We plan to concentrate our drilling program in fields which we believe generally have relatively low risk profiles. Our Western region includes properties in the Permian, Anadarko, Arkoma and East Texas basins. During 2007, we drilled 75 wells in this region with a success rate of 99%. In 2008, we plan to drill 140 wells in this region. In 2007, we produced 28 Bcfe in this region, or an average of 76 MMcfe/d. As of December 31, 2007, approximately 31% of our proved reserves, or 325 Bcfe, were located in our Western region.

West Edmond Hunton Lime Unit The West Edmond Hunton Lime Unit (WEHLU) is located in central Oklahoma, with the majority of the productive area located in Oklahoma County. We have an interest in approximately 30,000 gross acres in the field. We currently produce approximately 8 MMcfe/d, and at year end 2007, we had approximately 19 Bcfe of proved reserves in this field. Our operations cover approximately 24,300 acres under which we have a 98% working interest. Discovered in 1943, the field has produced in excess of 110 MMBbl of oil and approximately 1 trillion cubic feet of natural gas from the Hunton formation at approximately 7,000 feet. Over the past several years, the field has been redeveloped with a combination of infill vertical and horizontal drilling that has resulted in improved oil and natural gas production. Our most recent operated completion was a horizontal well that had an initial production rate of approximately 3 MMcfe/d, and we have an active program of vertical and horizontal drilling scheduled for 2008. In addition to our operated position, we have an area of mutual interest with Chesapeake Energy Corporation that covers approximately 5,700 acres in which we have a non-operated 40% working interest. This portion of the field is also undergoing an active development program.

Permian Basin The Permian Basin is characterized by oil and natural gas fields with large accumulations of original hydrocarbons in place, long production histories and multiple producing formations. Our principal properties are in the Waddell Ranch field in Crane County, Texas, the TXL field in Ector County, Texas, the Sawyer Canyon field in Sutton County, Texas, and the Jalmat field in Lea County, New Mexico. Our producing properties in the Permian Basin are mature fields with fairly predictable production and with relatively low production decline rates. We intend to pursue relatively low risk development drilling and workover projects designed to partially offset the natural production decline rates in our existing fields. We drilled 23 wells in this area in 2007 with a 100% success rate.

Table of Contents

Other Areas We have meaningful interests in various other areas, including, the Cotton Valley/Travis Peak/James Lime trend in the East Texas Basin and the Woodford Shale in the Arkoma Basin. During 2007, we drilled 72 wells in these areas with a 93% success rate.

Corporate Information

Petrohawk is a Delaware corporation originally organized in Nevada in June 1997 and reincorporated in Delaware during 2004. Our principal offices are located at 1000 Louisiana Street, Suite 5600, Houston, Texas 77002, telephone number (832) 204-2700, fax number (832) 204-2800, and our website can be found at *www.petrohawk.com*. Unless specifically incorporated by reference in this prospectus supplement, information that you may find on our website is not part of this prospectus supplement.

On March 13, 2007, the listing of our common stock was transferred from the NASDAQ Global Select Market (symbol: HAWK) to the New York Stock Exchange (symbol: HK).

Table of Contents

THE OFFERING

Common stock offered	25,000,000 shares(1)
Common stock outstanding after this offering	218,026,716 shares(1)(2)
Use of proceeds	We intend to use the estimated net proceeds from this offering of approximately $632.4 million and estimated net proceeds from our concurrent senior notes offering of $489.5 million to repay the outstanding borrowings under our senior revolving credit facility, which, together with cash provided by our concurrent senior notes offering, will provide us additional financial flexibility to fund our increased capital budget for the year ending December 31, 2008 and acquisitions. Please see Use of Proceeds. Certain of the underwriters or their affiliates are lenders under our senior revolving credit facility and, accordingly, may receive a portion of the proceeds of this offering. Please see Underwriting Affiliations. If the underwriters exercise their option to purchase additional shares, we intend to use the net proceeds from the sale of additional common shares to fund our increased capital budget and for general corporate purposes.
NYSE symbol	HK

(1) Excludes shares that may be issued to the underwriters pursuant to their option to purchase additional shares. If the underwriters exercise their option to purchase additional shares in full, the total number of shares of common stock offered will be 28,750,000 and the total number of shares of our common stock outstanding after this offering will be 221,776,716 based on a total outstanding shares of common stock of 193,026,716 as of May 8, 2008.

(2) Excludes 3,857,175 shares potentially issuable as of May 8, 2008, under outstanding options to purchase a total of 6,265,663 shares of common stock at a weighted average exercise price of $10.24, calculated as a net issuance using the closing price of our common stock on May 8, 2008 of $26.64 and excludes 1,744,163 shares potentially issuable as of May 8, 2008, under outstanding warrant agreements covering a total of 1,990,768 shares of common stock at a weighted average exercise price of $3.30, calculated as a net issuance using the closing price of our common stock on May 8, 2008 of $26.64. We also have reserved 5,911,376 additional shares as of that date for future equity awards under our existing benefit plans.

CONCURRENT SENIOR NOTES OFFERING

Concurrently with this offering of common stock, we are offering an aggregate of $500,000,000 of our senior notes due 2015 pursuant to Rule 144A under the Securities Act of 1933. The completion of this offering is not conditioned on the completion of the senior notes offering.

RISK FACTORS

In evaluating an investment in our common stock, prospective investors should carefully consider, along with the other information set forth or incorporated by reference in this prospectus supplement (including the risk factors set forth in our annual report on Form 10-K for the year ended December 31, 2007), the specific factors set forth under Risk Factors for risks involved with an investment in our common stock.

Table of Contents

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

Below is a summary of our historical and pro forma financial data derived from:

our audited financial statements for the year ended December 31, 2007;

our unaudited pro forma financial statements for the year ended December 31, 2007 and the three months ended March 31, 2007 showing the effect of the divestiture of the Gulf Coast properties as described in the Summary Recent Developments section above as if it were sold on January 1, 2007; and

our unaudited financial statements for the three months ended March 31, 2008.

Pro forma information does not include adjustments for this offering or our concurrent senior notes offering. We have not included our historical financial data for prior periods as they are not comparable due to various acquisitions and divestitures that have occurred.

	Year Ended December 31, 2007		Three Months Ended March 31, 2007	Three Months Ended March 31, 2008
	Historical	**Pro Forma**	**Pro Forma**	**Historical**
	(In thousands, except per share amounts)			
Operating revenues:				
Oil and natural gas	$ 883,405	$ 622,205	$ 142,447	$ 214,938
Operating expenses:				
Production:				
Lease operating	64,666	42,417	9,679	12,394
Workover and other	7,700	3,972	974	537
Taxes other than income	58,347	39,319	9,172	10,964
Gathering, transportation and other	33,015	25,869	5,274	9,523
General and administrative	73,867	61,982	15,601	16,154
Depletion, depreciation and amortization	395,161	297,501	66,820	83,127
Total operating expenses	632,756	471,060	107,520	132,699
Income from operations	250,649	151,145	34,927	82,239
Other expenses:				
Net loss on derivative contracts	(35,011)	(35,011)	(58,933)	(142,741)
Interest expense and other	(129,603)	(127,870)	(30,317)	(27,537)
Total other expenses	(164,614)	(162,881)	(89,250)	(170,278)
Income (loss) before income taxes	86,035	(11,736)	(54,323)	(88,039)
Income tax (provision) benefit	(33,138)	4,520	20,307	32,427

Net income (loss)	$	52,897	$	(7,216)	$	(34,016)	$	(55,612)
Earnings (loss) per share of common stock:								
Basic	$	0.31	$	(0.04)	$	(0.20)	$	(0.30)
Diluted	$	0.31	$	(0.04)	$	(0.20)	$	(0.30)
Weighted average shares outstanding:								
Basic		168,006		168,006		167,306		183,629
Diluted		171,248		168,006		167,306		183,629

Table of Contents

Summary Capitalization Data(1):

As of March 31, 2008
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