

GeoMet, Inc.
Form 10-Q
August 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-32960

GeoMet, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

76-0662382

(I.R.S. Employer
Identification Number)

909 Fannin, Suite 1850

Houston, Texas 77010

(713) 659-3855

(Address of principal executive offices and telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of August 1, 2013, 40,662,749 shares and 5,642,541 shares, respectively, of the registrant's common stock and preferred stock, par value \$0.001 per share, were outstanding.

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	June 30, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,533,406	\$ 7,234,225
Accounts receivable, net of allowance of \$14,744 and \$17,634 at June 30, 2013 and December 31, 2012, respectively	4,817,473	6,248,819
Inventory	106,974	262,885
Derivative asset natural gas contracts	360,679	3,929,767
Other current assets	847,772	1,437,819
Total current assets	17,666,304	19,113,515
Gas properties utilizing the full cost method of accounting:		
Proved gas properties	333,524,433	539,077,119
Other property and equipment	3,332,394	3,749,621
Total property and equipment	336,856,827	542,826,740
Less accumulated depreciation, depletion, amortization and impairment of gas properties	(292,324,195)	(467,702,053)
Property and equipment net	44,532,632	75,124,687
Other noncurrent assets:		
Deferred income taxes	99,365	1,125,804
Other	840,799	962,451
Total other noncurrent assets	940,164	2,088,255
TOTAL ASSETS	\$ 63,139,100	\$ 96,326,457
LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT		
Current Liabilities:		
Accounts payable	\$ 3,972,380	\$ 5,728,879
Royalties payable	3,621,726	3,830,904
Accrued liabilities	2,870,771	1,793,946
Paid in-kind dividend payable on Series A Convertible Redeemable Preferred Stock	1,367,488	
Deferred income taxes	99,365	1,125,804
Derivative liability natural gas contracts		919,572
Asset retirement obligations	11,983	73,706
Current portion of long-term debt	77,000,000	10,300,000
Total current liabilities	88,943,713	23,772,811
Long-term debt		129,000,000
Asset retirement obligations	9,387,734	13,235,318
Derivative liability natural gas contracts	824,920	1,636,348
Other long-term accrued liabilities	128,558	143,682
TOTAL LIABILITIES	99,284,925	167,788,159
Commitments and contingencies (Note 16)		
Mezzanine equity:		
Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$53,058,650; \$.001 par value; 7,401,832 shares authorized,	37,953,945	35,851,887

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5,471,610 and 5,305,865 shares were issued and outstanding at June 30, 2013 and December 31, 2012, respectively

Stockholders' Deficit:

Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued

Common stock, \$0.001 par value authorized 125,000,000 shares; 40,663,554 and

40,690,077 issued and outstanding at June 30, 2013 and December 31, 2012, respectively

Treasury stock 10,432 shares at June 30, 2013 and December 31, 2012

Paid-in capital

Accumulated other comprehensive loss

Retained deficit

Less notes receivable

Total stockholders' deficit

TOTAL LIABILITIES, MEZZANINE AND STOCKHOLDERS' DEFICIT

40,664	40,690
(94,424)	(94,424)
191,499,298	195,033,585
(102,547)	(53,020)
(265,442,761)	(302,057,496)
	(182,924)
(74,099,770)	(107,313,589)
\$ 63,139,100	\$ 96,326,457

See accompanying Notes to Consolidated Financial Statements (Unaudited)

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GEOMET, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				