

SARATOGA RESOURCES INC /TX

Form S-4

January 11, 2013

As filed with the Securities and Exchange Commission on January 11, 2013

Registration No. 333-[]

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

SARATOGA RESOURCES, INC.

(exact name of registrant as specified in its charter)

Texas

*(State or Other Jurisdiction of
Incorporation or Organization)*

1311

*(Primary Standard Industrial
Classification Code Number)*

76-0314489

*(I.R.S. Employer
Identification No.)*

7500 San Felipe, Suite 675

Houston, Texas 77063

(713) 458-1560

*(Address, Including Zip Code, and Telephone
Number,*

*Including Area Code, of Registrant's
Principal Executive Offices)*

Thomas Cooke

7500 San Felipe, Suite 675

Houston, Texas 77063

(713) 458-1560

*(Name, Address, Including Zip Code, and
Telephone Number,*

Including Area Code, of Agent for Service)

Copies to:

David K. Bowsher

Michael W. Sanders

Adams and Reese LLP

Michael W. Sanders, Attorney at Law

1901 6th Avenue North, Suite 3000

20333 S.H. 249, Suite 600

Birmingham, Alabama 35203

Houston, Texas 77070

(205) 250-5000

(832) 446-2599

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a post effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction.

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐
Exchange Act Rule 13d-1(d) (Cross-Border Third-Party Issuer Tender Offer) ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered⁽¹⁾	Amount to be Registered	Proposed Maximum Offering Price per Note⁽¹⁾	Proposed Maximum Aggregate Offering Price⁽¹⁾	Amount of Registration Fee⁽³⁾
12.5% Senior Secured Notes due 2016	\$ 25,000,000	100%	\$ 25,000,000	\$ 3,410.00
Guarantees ⁽²⁾	N/A	N/A	N/A	
Total	\$ 25,000,000		\$ 25,000,000	\$ 3,410.00

(1)

Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) under the Securities Act of 1933.

(2)

No separate consideration will be received for the guarantees, and no separate fee is payable pursuant to Rule 457(a) under the Securities Act of 1933.

(3)

In accordance with Rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to guarantees of the securities being registered.

Each Registrant hereby amends this Registration Statement on such dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

	Primary		
	Standard		
	State or Other	Industrial	IRS
	Jurisdiction of	Classification	Employer
	Incorporation or	Code	Identification
Exact Name of Registrant Guarantors (1)	Formation	Number	Number
Harvest Oil & Gas, LLC	Louisiana	1311	20-1430003
The Harvest Group LLC	Louisiana	1311	20-1233158
Lobo Resources, Inc.	Texas	1311	74-2697201
Lobo Operating, Inc.	Texas	1311	76-0436990

(1)

The address for each of the Guarantors is 7500 San Felipe, Suite 675, Houston, Texas 77063 and the telephone number for the Registrant Guarantors (713) 458-1560.

The information in this preliminary prospectus is not complete and may be changed without notice. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated January 11, 2013

PROSPECTUS

Saratoga Resources, Inc.

Offer to Exchange

\$25,000,000 of 12.5% Senior Secured Notes due 2016

that have been registered under the Securities Act of 1933

for

\$25,000,000 of 12.5% Senior Secured Notes due 2016

that have not been registered under the Securities Act of 1933

Saratoga Resources, Inc. is offering to exchange registered 12.5% Senior Secured Notes due 2016, or the exchange notes, for any and all of its unregistered 12.5% Senior Secured Notes due 2016, or the outstanding notes, that were issued pursuant to a private placement on December 4, 2012. We previously issued \$127.5 million aggregate principal amount of notes on July 12, 2011, referred to herein, together with the registered 12.5% Senior Secured Notes due 2016 for which they were exchanged, as the original issuance notes. We refer to the outstanding notes, the exchange notes and the original issuance notes together in this prospectus as the notes. We refer to this exchange as the exchange offer. The exchange notes are substantially identical to the outstanding notes, except the exchange notes are registered under the Securities Act of 1933, as amended (the Securities Act), and the transfer restrictions and registration rights, and related additional interest provisions, applicable to the outstanding notes will not apply to the exchange notes. The exchange notes will represent the same debt as the outstanding notes and we will issue the exchange notes under the same indenture used in issuing the outstanding notes.

Terms of the exchange offer:

The exchange offer expires at 5:00 p.m., New York City time, on _____, 2013, unless we extend it.

The exchange offer is subject to customary conditions, which we may waive.

We will exchange all outstanding notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer for an equal principal amount of exchange notes. All interest due and payable on the outstanding notes will become due and payable on the same terms under the exchange notes.

You may withdraw your tender of outstanding notes at any time prior to the expiration of the exchange offer.

If you fail to tender your outstanding notes, you will continue to hold unregistered, restricted securities, and your ability to transfer them could be adversely affected.

We believe that the exchange of exchange notes for outstanding notes will not be a taxable transaction for U.S. federal income tax purposes, but you should see the discussion under the caption **Material U.S. Federal Income and Estate Tax Considerations** for more information.

We will not receive any proceeds from the exchange offer.

Please read **Risk Factors** beginning on page 8 for a discussion of factors you should consider before deciding whether to participate in the exchange offer.

Each broker-dealer that receives the exchange notes for its own account pursuant to this exchange offer must acknowledge by way of the letter of transmittal that it will deliver a prospectus in connection with any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, such broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of the exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Until _____, 2013 all dealers that effect transactions in the exchange notes, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters with respect to their unsold allotments or subscriptions. We have agreed that, until _____, 2013, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

YOU SHOULD READ THIS ENTIRE DOCUMENT AND THE ACCOMPANYING LETTER OF TRANSMITTAL AND RELATED DOCUMENTS AND ANY AMENDMENTS OR SUPPLEMENTS CAREFULLY BEFORE MAKING YOUR DECISION TO PARTICIPATE IN THE EXCHANGE OFFER.

The date of this prospectus is _____, 2013.

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This prospectus is part of a registration statement we filed with the SEC. In making your decision whether to participate in this exchange offer, you should rely only on the information contained in or incorporated by reference into this prospectus and in the letter of transmittal accompanying this prospectus. We have not authorized any other person to provide you with additional or different information. If you receive any unauthorized information, you must not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus or in the documents incorporated by reference into this prospectus is accurate as of any date other than the date on the front cover of this prospectus or the date of such incorporated documents, as the case may be.

This prospectus incorporates by reference business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge upon written or oral request directed to: Saratoga Resources, Inc., Attention: Investor Relations, 7500 San Felipe, Suite 675, Houston, Texas 77063; telephone number: (713) 458-1560.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements give our current expectations or forecasts of future events. These statements can be identified by the use of forward-looking words, including may, expect, anticipate, plan, project, believe, estimate, intend, will

similar words. Forward-looking statements may include statements that relate to, among other things, our:

forward-looking reserve estimates;

financial position;

business strategy and budgets;

anticipated capital expenditures;

drilling of wells;

oil and natural gas reserves;

timing and amount of future production of oil and natural gas;

operating costs and other expenses;

cash flow and anticipated liquidity;

prospect development; and

property acquisitions and sales.

Although we believe the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will occur. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results expressed or implied by the forward-looking statements. These factors include among others:

general economic conditions;

our inability to prevent significant net losses;

recovery of proved undeveloped reserves;

our ability to generate sufficient cash flow to service our debt obligations;

our ability to finance capital expenditures;

price volatility and low and/or declining prices for oil and natural gas;

regulation of derivatives and our ability to successfully hedge our commodity risk;

changes in favorable tax legislation;

operating hazards attendant to the oil and natural gas business, such as natural conditions affecting the geographic region and mechanical failures;

uncertainties in the estimation of proved reserves and in the projection of future rates of production;

ability to find, acquire, market, develop and produce new oil and natural gas properties;

strength and financial resources of competitors;

availability and cost of material and equipment;

our ability to achieve and manage our growth;

actions or inactions of third-party operators of our properties;

down hole drilling and completion risks that are generally not recoverable from third parties or insurance;

federal and state regulatory developments and approvals;

environmental risks;

ability to find and retain skilled personnel;

work stoppages and other personnel-related issues;

risks associated with decommissioning wells; and

our ability to acquire or renew permits and approvals for operations.

Other factors described herein or incorporated by reference, or factors that are unknown or unpredictable, could also have a material adverse effect on future results. Please read **Risk Factors** beginning on page 8 of this prospectus.

For these and other reasons, actual results may differ materially from those projected or implied. We believe it is important to communicate our expectations of future performance to our investors. However, events may occur in the future that we are unable to accurately predict, or over which we have no control. We caution you against putting undue reliance on forward-looking statements or projecting any future results based on such statements.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and any other cautionary statements that may accompany such forward-looking statements. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, unless the securities laws require us to do so.

SUMMARY

*This summary highlights selected information about us, but does not contain all the information that may be important to you. This prospectus includes specific information about the exchange offer and incorporates by reference information about our business and financial data. You should read this prospectus carefully, including the matters set forth under the caption **Risk Factors** and the information incorporated by reference in this prospectus before making a decision whether to participate in the exchange offer.*

*In this prospectus, except under the caption **Description of the Exchange Notes** and unless the context indicates otherwise, references to **Saratoga**, **the Company**, **we**, **our** and **us** refer to Saratoga Resources, Inc. and its subsidiaries. For more information about the industry terms used in this prospectus, please read **Glossary of Oil and Natural Gas Terms** in our Current Report on Form 8-K filed September 23, 2011.*

Our Company

We are an independent oil and natural gas company engaged in the production, development, acquisition and exploitation of crude oil and natural gas properties. Our properties are located exclusively in the transitional coastline in protected in-bay environments on parish and state leases in south Louisiana. The properties span 12 fields which are characterized by over 30 years of development drilling and production history, including Grand Bay field which has over 70 years of production history and over 258 MMBoe produced to date, yet remains virtually unexplored at depths greater than 15,000 feet. We believe the quality and location of our properties reduce our development risk and promote operating efficiencies which help to reduce our lifting costs. Our properties, the majority of which were acquired in July 2008, cover an estimated 32,185 gross/net acres and substantially all are held by production (**HBP**) without near-term lease expirations. We do not hold, nor do we conduct operations in, any properties in the Gulf of Mexico that are subject to the oversight of the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement (**BOEMRE**). Instead, our properties are subject to regulation by the Louisiana Department of Natural Resources and other state and parish governmental bodies.

Corporate Information

Our principal executive offices are located at 7500 San Felipe, Suite 675, Houston, Texas 77063. We can be reached at (713) 458-1560, and our website address is www.saratogaresources.com. Information on our website is not part of this prospectus.

The Exchange Offer

On December 4, 2012, we completed a private offering of \$25.0 million aggregate principal amount of the outstanding notes. As part of this private offering, we entered into a registration rights agreement with the initial purchaser of the outstanding notes in which we agreed, among other things, to use our commercially reasonable efforts to complete the exchange offer no later than 150 days after December 4, 2012. The following is a summary of the exchange offer.

Outstanding Notes

On December 4, 2012, we issued \$25.0 million aggregate principal amount of 12.5% Senior Secured Notes due 2016. We previously issued \$127.5 million aggregate principal amount of notes on July 12, 2011, referred to herein as the "original issuance notes". The original issuance notes and the notes issued in December 2012 will be treated as a single class for all purposes under the indenture governing the same, including without limitation, waivers, amendments, redemptions and offers to purchase. Following the December 2012 offering, the aggregate principal amount of our 12½% Senior Secured Notes due 2016 was \$152.5 million.

Exchange Notes

12.5% Senior Secured Notes due 2016. The terms of the exchange notes are identical to the terms of the outstanding notes, except that the transfer restrictions, registration rights and provisions for additional interest relating to the outstanding notes will not apply to the exchange notes.

Exchange Offer

We are offering to exchange up to \$25.0 million principal amount of our 12.5% Senior Secured Notes due 2016 that have been registered under the Securities Act of 1933, or the Securities Act, for an equal amount of our outstanding 12.5% Senior Secured Notes due 2016 issued on December 4, 2012 to satisfy our obligations under the registration rights agreement that we entered into when we issued the outstanding notes in a transaction exempt from registration under the Securities Act.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2013, unless we extend it.

Conditions to the Exchange Offer

The registration rights agreement does not require us to accept outstanding notes for exchange if the exchange offer or the making of any exchange by a holder of the outstanding notes would violate any applicable law or SEC policy. There is no condition to the exchange offer that a minimum aggregate principal amount of outstanding notes be tendered. Please read "The Exchange Offer" "Conditions to the Exchange Offer" for more information about the conditions to the exchange offer.

Procedures for Tendering Outstanding Notes All of the outstanding notes are held in book-entry form through the facilities of The Depository Trust Company, or DTC. To participate in the exchange offer, you must follow the automatic tender offer program, or ATOP, procedures established by DTC for tendering notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the expiration date of the exchange offer, a computer-generated message known as an agent's message that is transmitted through ATOP and that DTC confirm that:

DTC has received instructions to exchange your notes; and

you agree to be bound by the terms of the letter of transmittal in Annex A hereto.

For more details, please read The Exchange Offer Terms of the Exchange Offer and The Exchange Offer Procedures for Tendering.

Guaranteed Delivery Procedures

None.

Withdrawal of Tenders

You may withdraw your tender of outstanding notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read The Exchange Offer Withdrawal of Tenders.

Acceptance of Outstanding Notes and
Delivery of Exchange Notes

If you fulfill all conditions required for proper acceptance of outstanding notes, we will accept any and all outstanding notes that you properly tender in the exchange offer before 5:00 p.m., New York City time, on the expiration date. We will return to you any outstanding note that we do not accept for exchange without expense promptly after the expiration date. We will deliver the exchange notes promptly after the expiration date. Please read The Exchange Offer Terms of the Exchange Offer.

Use of Proceeds

We will not receive any proceeds from the issuance of the exchange notes. We are making the exchange offer solely to satisfy our obligations under the registration rights agreement.

Consequences of Failure to Exchange
Outstanding Notes

If you do not exchange your outstanding notes in the exchange offer, you will no longer be able to require us to register the outstanding notes under the Securities Act, except in the limited circumstances provided under our registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the outstanding notes unless we have registered the outstanding notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.

Material U.S. Federal Income Tax
Considerations

We believe that the exchange of exchange notes for outstanding notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read Material U.S. Federal Income and Estate Tax Considerations.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offer. You should direct questions and requests for assistance and requests for additional copies of this prospectus (including the letter of transmittal) to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A. as Exchange Agent
c/o The Bank of New York Mellon Corporation
Corporate Trust Operations Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attention: Dacia Brown-Jones
Telephone: (315) 414-3349
Facsimile: (732) 667-9408

Terms of the Exchange Notes

The exchange notes will be identical to the outstanding notes, except that the exchange notes will be registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The exchange notes will evidence the same debt as the outstanding notes, and the same indenture will govern the exchange notes and the outstanding notes. We refer to both the exchange notes, the outstanding notes, and the original issuance notes together as the notes.

The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the exchange notes, please read Description of the Exchange Notes.

Issuer	Saratoga Resources, Inc.
Notes Offered	\$25,000,000 aggregate principal amount of 12.5% senior secured notes due 2016.
Maturity Date	July 1, 2016.
Interest Rate	The exchange notes will bear interest at a rate of 12.5% per year.
Interest Payment Dates	January 1 and July 1 of each year to holders of record as of the preceding December 15 and June 15, respectively. The initial interest payment on the exchange notes will include all accrued and unpaid interest on the outstanding notes exchanged therefor. See Description of the Exchange Notes Principal, Maturity and Interest.
Guarantees	The exchange notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by each of our existing and future domestic subsidiaries, which we refer to in this prospectus as the guarantors.
Security Interest	The notes and the guarantees will be secured by liens on substantially all of our and the guarantors' assets, subject to certain exceptions and permitted liens. Pursuant to the terms of an intercreditor agreement that we anticipate entering into should we establish a revolving credit facility in the future, we expect the liens on the collateral securing the notes and the guarantees will be contractually subordinated to the liens on the collateral securing any such revolving credit facility and certain

other permitted indebtedness. Under the terms of such intercreditor agreement, in the event of a foreclosure on the collateral or of insolvency proceedings, we expect that the holders of the notes will receive proceeds from the collateral only after obligations under any such revolving credit facility and certain other permitted indebtedness have been paid in full. See Description of the Exchange Notes Security.

Intercreditor Agreement

Pursuant to the indenture, we have the ability to incur indebtedness under a revolving credit facility. In the event we enter into a revolving credit facility in the future, we expect the administrative agent and the collateral agent under such revolving credit facility, on behalf of the secured parties thereunder and our hedging counterparty, and the collateral agent for the notes offered hereby, on behalf of the secured parties under the indenture governing the notes offered hereby, to enter into an intercreditor agreement, which will, among other things, define the relative priorities of their respective security interests in the assets securing the notes and certain other matters relating to the administration of security interests, exercise of remedies, certain bankruptcy-related provisions and other intercreditor matters. We expect any such intercreditor agreement to also provide that in the event of a foreclosure on the collateral or of insolvency proceedings, the holders of the notes and any other pari passu indebtedness will receive proceeds from the collateral only after obligations under such revolving credit facility and certain other permitted indebtedness have been paid in full. See Description of the Exchange Notes Intercreditor Agreement.

Ranking

The exchange notes will be our and the guarantors' senior secured obligations. The exchange notes will:

rank equal in right of payment with all of our and the guarantors' existing and future senior indebtedness;

rank senior in right of payment to all of our and the guarantors' existing and future subordinated indebtedness;

be effectively senior to all of our and the guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral securing such indebtedness;

be effectively subordinated to our and the guarantors' obligations under any revolving credit facility and any other future pari passu lien obligations to the extent of the value of the collateral securing such indebtedness; and

be structurally junior to all existing and future indebtedness and other liabilities of each of our non-guarantor subsidiaries, if any.

Redemption of the Notes at Our Option

On or after January 1, 2014, we may redeem some or all of the notes at a premium that will decrease over time as set forth in Description of Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption.

Prior to January 1, 2014, we may, at our option, redeem up to 35% of the aggregate principal amount of the notes using the net proceeds of certain equity offerings at a price equal to 112.500% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption; provided that, following any and all such redemptions, at least 65% of the aggregate principal amount of the notes originally issued under the indenture remains outstanding and the redemption occurs within 60 days of the closing of such equity offering.

In addition, at any time prior to January 1, 2014, we may, at our option, redeem all or a part of the notes, upon not less than 30 nor more than 60 days notice, at a redemption price equal to 100% of the principal amount of the notes redeemed plus a specified make-whole premium, plus accrued and unpaid interest, if any, to the applicable date of redemption.

In addition, during each twelve-month period commencing on July 12, 2011 and ending on or prior to January 1, 2014, we may redeem up to 10% of the aggregate principal amount of the notes at a redemption price equal to 106.250% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. See Description of the Exchange Notes Optional

Redemption.

Change of Control

If we experience certain kinds of changes of control (as defined in the indenture governing the notes), the holders of the notes will have the right to require us to purchase all or a portion of their notes at an offer price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Exchange Notes Repurchase at the Option of Holders Change of Control.

Asset Sale

Upon certain asset sales, we may be required to offer to use the net proceeds of an asset sale to purchase the notes at 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Exchange Notes Repurchase at the Option of Holders Asset Sale.

Certain Covenants

The indenture governing the exchange notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

transfer or sell assets or use asset sale proceeds;

pay dividends or make distributions, redeem subordinated debt or make other restricted payments;

make certain investments;

incur or guarantee additional debt or issue preferred equity securities;

issue or sell capital stock of certain subsidiaries;

create or incur certain liens on our assets;

incur dividend or other payment restrictions affecting our restricted subsidiaries;

merge, consolidate or transfer all or substantially all of our assets;

enter into certain transactions with affiliates;

engage in a business other than a business that is the same or similar to our current business and reasonably related businesses; and

take or omit to take any actions that would adversely affect or impair in any material respect the collateral securing the notes.

These covenants are subject to a number of important exceptions and limitations and are described in more detail under [Description of the Exchange Notes](#) [Certain Covenants](#).

Absence of a Public Market for the Notes

The exchange notes generally will be freely transferable, but will also be new securities for which there is currently no established market. We do not intend to make a trading market in the exchange notes after the exchange offer. Accordingly, a market for the exchange notes may not

develop, or if one does develop, it may not provide adequate liquidity.

Global Notes

The exchange notes will be evidenced by one or more global notes deposited with the trustee as custodian for DTC. These global notes will be registered in the name of Cede & Co., as DTC's nominee.

Risk Factors

You should consider carefully all of the information set forth in this prospectus and incorporated by reference and, in particular, you should evaluate the risks described under "Risk Factors" in this prospectus and in our filings with the SEC before making a decision whether to participate in the exchange offer.

No Listing of the Notes

We do not intend to apply to list the notes on any securities exchange.

Trustee and Exchange Agent

The Bank of New York Mellon Trust Company, N.A.

RISK FACTORS

You should consider carefully the risks discussed below as well as those described in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our other filings with the SEC before making a decision whether to participate in the exchange offer. Additional risks and uncertainties described elsewhere in this prospectus or in the documents incorporated by reference in this prospectus may also adversely affect our business, operating results, financial condition and prospects, as well as the value of the exchange notes.

If any of the following risks actually were to occur, our business, financial condition, results of operations or cash flow could be affected materially and adversely. In that case, you could lose all or part of your investment in or fail to achieve the expected return on the notes.

Risks Related to the Exchange Offer

If you fail to exchange outstanding notes, existing transfer restrictions will remain in effect and the market value of outstanding notes may be adversely affected because they may be more difficult to sell.

If you fail to exchange outstanding notes for exchange notes under the exchange offer, you will continue to be subject to the existing transfer restrictions on your outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement, we do not intend to register resales of the outstanding notes.

Any tenders of outstanding notes under the exchange offer will reduce the principal amount of the currently outstanding notes. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any currently outstanding notes that you continue to hold following completion of the exchange offer.

Risks Related to the Notes

The forward-looking production estimates presented in this prospectus will differ from our actual results.

The forward-looking production estimates we have included in this prospectus are based upon a number of assumptions and on information that we believe are reliable as of today. However, these forward-looking production estimates and assumptions are inherently subject to significant business and economic uncertainties, many of which are beyond our control. These forward-looking production estimates are necessarily speculative in nature, and you should expect that some or all of the assumptions will not materialize. Actual results will vary from the forward-looking production estimates and the variations will likely be material and are likely to increase over time. Consequently, the inclusion of these forward-looking production estimates in this prospectus should not be regarded as a representation by us or any other person that the forward-looking production estimates will actually be achieved. Moreover, we do not intend to update or otherwise revise these forward-looking production estimates to reflect events or circumstances after the date of this prospectus to reflect the occurrence of unanticipated events. You are cautioned not to place undue reliance on the forward-looking production estimates.

Our forward-looking production estimates were not prepared with a view toward compliance with published guidelines of the SEC, the American Institute of Certified Public Accountants, the Society of Petroleum Engineers, the World Petroleum Congress or any other regulatory or professional body or generally accepted accounting principles. No independent accountants or independent petroleum engineers compiled or examined the forward-looking production estimates, and accordingly no independent accountant or independent petroleum engineer has expressed an opinion or any other form of assurances with respect thereto or has assumed any responsibility for the forward-looking production estimates. Further, our independent petroleum engineers made different assumptions when calculating our

respective proved reserve estimates. As a result, our forward-looking production estimates may not accurately portray our proved reserves in the future.

Our leverage and debt service obligations may adversely affect our cash flow and our ability to make payments on the notes.

We have a substantial amount of debt currently outstanding. As of September 30, 2012, on an as adjusted basis after giving effect to the issuance of the outstanding notes, we would have had approximately \$152.5 million of debt outstanding.

Our substantial level of indebtedness could have important consequences to you, including the following:

it may make it difficult for us to satisfy our obligations under the notes, our other indebtedness and contractual and commercial commitments;

we must use a substantial portion of our cash flow from operations to pay interest on the notes and our other indebtedness, which will reduce the funds available to us for other purposes;

our ability to obtain additional debt financing in the future for working capital, capital expenditures, acquisitions or general corporate purposes may be limited;