

GEOPETRO RESOURCES CO

Form 10-Q

November 14, 2013

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended September 30, 2013**

**OR**

**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 001-16749**

**GeoPetro Resources Company**

(Exact name of registrant as specified in its charter)

**California**                      **94-3214487**  
(State of incorporation) (IRS Employer Identification Number)

**150 California Street, Suite 600**  
**San Francisco, CA**                      **94111**  
(Address of principal executive offices) (Zip Code)

**(415) 398-8186**  
(Registrant's telephone number, including area code)

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes      No      .

There were 54,541,074 shares of no par value common stock outstanding on November 14, 2013.

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**TABLE OF CONTENTS**

**PART I. FINANCIAL INFORMATION**

Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures about Market Risk	24
Item 4. Controls and Procedures	24

**PART II. OTHER INFORMATION**

Item 1. Legal Proceedings	25
Item 1A. Risk Factors	25
Item 2. Unregistered Sales of Securities and Use of Proceeds	25
Item 3. Defaults Upon Senior Securities	27
Item 4. Mine Safety Disclosures	27
Item 5. Other Information	27
Item 6. Exhibits	28
<b>SIGNATURES</b>	29

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****GEOPETRO RESOURCES COMPANY****UNAUDITED CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 102,230	\$ 59,432
Accounts receivable—other	16,644	5,460
Prepaid expenses	44,524	65,266
Total current assets	163,398	130,158
<b>Oil and gas properties, at cost (full cost method)</b>		
Unproved properties	6,702,941	6,524,819
Proved properties	53,052,668	53,090,943
Gas processing plant, at cost	5,533,910	5,533,910
Less—accumulated depletion, depreciation, and impairment	(41,625,269)	(41,625,269)
Net oil and gas properties	23,664,250	23,524,403
<b>Furniture, fixtures and equipment, at cost, net of depreciation</b>	20,068	28,709
<b>Other assets</b>	36,733	36,733
<b>Total Assets</b>	<b>\$23,884,449</b>	<b>\$23,720,003</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade payables	\$1,960,772	\$1,346,510
Current portion of notes payable	2,829,221	944,950
Notes payable – related party	876,651	565,000
Interest payable	319,743	137,921
Preferred dividends payable	1,115,024	873,791
Other taxes payable	269,043	134,704
Royalty owners payable	327,842	327,850
Total current liabilities	7,698,296	4,330,726

<b>Long Term Notes Payable</b>	143,146	1,644,427
<b>Asset Retirement Obligations</b>	75,000	75,000
<b>Other Long Term Liabilities</b>	56,845	66,548
<b>Total Liabilities</b>	7,973,287	6,116,701
<b>Shareholders' Equity</b>		
Series B preferred stock, no par value; 7,523,000 shares authorized; 5,370,027 and 5,423,000 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively. Liquidation preference of \$4,027,520 and \$4,067,250 at September 30, 2013 and December 31, 2012, respectively.	3,833,872	3,873,602
Common stock, no par value; 100,000,000 shares authorized; 54,541,074 and 46,578,101 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively.	59,611,109	59,117,079
Additional paid-in capital	4,549,130	4,342,234
Accumulated deficit	(52,082,949)	(49,729,613)
Total shareholders' equity	15,911,162	17,603,302
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$23,884,449</b>	<b>\$23,720,003</b>

*See accompanying notes to these unaudited consolidated financial statements*

**GEOPETRO RESOURCES COMPANY****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Natural gas sales	\$—	\$—
<b>Costs and Expenses</b>		
Plant operations	106,459	95,638
Lease operations	32,061	24,177
General and administrative	346,349	443,427
Depreciation and depletion	2,699	82,051
Impairment of oil and gas properties	—	620,656
Total costs and expenses	487,568	1,265,949
<b>Loss from operations</b>	(487,568 )	(1,265,949 )
<b>Other Income (Expense)</b>		
Interest expense	(89,512 )	(77,658 )
Interest income	—	—
Other income	1	20,111
Total other income (expense)	(89,511 )	(57,547 )
<b>Loss Before Taxes</b>	(577,079 )	(1,323,496 )
Income tax expense	—	(8,864 )
<b>Net Loss</b>	(577,079 )	(1,332,360 )
Preferred stock dividend	(81,213 )	(81,789 )
<b>Net Loss Applicable to Common Shareholders</b>	\$(658,292 )	\$(1,414,149 )
<b>Net Loss Per Common Share Basic and Diluted</b>	\$(0.01 )	\$(0.03 )
<b>Weighted average number of common shares outstanding basic and diluted</b>	52,217,161	45,327,277

*See accompanying notes to these unaudited consolidated financial statements.*



**GEOPETRO RESOURCES COMPANY****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Natural gas sales	\$—	\$351,082
<b>Costs and Expenses</b>		
Plant operations	266,922	967,187
Lease operations	126,333	165,402
General and administrative	1,456,442	1,405,590
Depreciation and depletion	8,641	349,029
Impairment of oil and gas properties	—	620,656
Total costs and expenses	1,858,338	3,507,864
<b>Loss from operations</b>	<b>(1,858,338 )</b>	<b>(3,156,782 )</b>
<b>Other Income (Expense)</b>		
Interest expense	(257,754 )	(217,616 )
Interest income	—	176
Other income	5,589	24,315
Total other income (expense)	(252,165 )	(193,125 )
<b>Loss Before Taxes</b>	<b>(2,110,503 )</b>	<b>(3,349,907 )</b>
Income tax expense	(1,600 )	(9,664 )
<b>Net Loss</b>	<b>(2,112,103 )</b>	<b>(3,359,571 )</b>
Preferred stock dividend	(241,233 )	(243,590 )
<b>Net Loss Applicable to Common Shareholders</b>	<b>\$(2,353,336 )</b>	<b>\$(3,603,161 )</b>
<b>Net Loss Per Common Share Basic and Diluted</b>	<b>\$(0.05 )</b>	<b>\$(0.08 )</b>
<b>Weighted average number of common shares outstanding basic and diluted</b>	<b>49,921,060</b>	<b>44,982,116</b>

*See accompanying notes to these unaudited consolidated financial statements.*



**GEOPETRO RESOURCES COMPANY**

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash Flows From Operating Activities</b>		
Net loss	\$(2,112,103)	\$(3,359,571)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and depletion	8,641	349,029
Share-based compensation expense	231,765	