

GEOPETRO RESOURCES CO
Form 10-Q
November 09, 2009
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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, 2009

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

(State of incorporation)

94-3214487

(IRS Employer Identification Number)

One Maritime Plaza, Suite 700

San Francisco, CA

(Address of principal executive offices)

94111

(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 .

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There were 34,284,646 shares of no par value common stock outstanding on November 9, 2009.

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	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,645,006	\$ 770,779
Trade accounts receivable - natural gas sales	278,864	4,266
Accounts receivable - other	22,836	35,107
Prepaid expenses	133,855	212,938
Total current assets	2,080,561	1,023,090
Oil and gas properties, at cost (full cost method):		
Unproved properties	9,953,679	10,500,498
Proved properties	49,572,988	48,346,939
Gas processing plant, at cost	10,285,573	10,707,982
Less - accumulated depletion, depreciation, and impairment	(18,611,636)	(16,522,304)
Net oil and gas properties	51,200,604	53,033,115
Furniture, fixtures and equipment, at cost, net of depreciation	2,942	12,364
Other assets - deposits and other noncurrent assets	16,127	7,436
Total Assets	\$ 53,300,234	\$ 54,076,005
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Trade payables	\$ 1,926,008	\$ 1,137,432
Current portion of long term notes payable	1,254,582	600,000
Interest payable	114,851	1,479
Dividends payable	68,583	
Production taxes payable	331,525	311,168
Other taxes payable		20,833
Royalty owners payable	1,101,401	1,103,830
Total current liabilities	4,796,950	3,174,742
Long Term Notes Payable	5,830,507	7,019,449
Asset Retirement Obligations	63,478	59,099
Total Liabilities	10,690,935	10,253,290
Commitments and Contingencies (Notes 2 and 8)		

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Shareholders Equity:

Series B preferred stock, no par value; 6,800,000 shares authorized 4,121,004 shares issued and outstanding at September 30, 2009. Liquidation preference of \$3,159,246 at September 30, 2009.	3,031,710	
Common stock, no par value; 100,000,000 shares authorized; 34,284,646 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	53,397,733	53,397,733
Additional paid-in capital	2,936,739	2,610,596
Accumulated deficit	(16,756,883)	(12,185,614)
Total shareholders equity	42,609,299	43,822,715
Total Liabilities and Shareholders Equity	\$ 53,300,234	\$ 54,076,005

See accompanying notes to these unaudited consolidated financial statements.

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	Three Months Ended September 30,		Nine months Ended September 30,	
	2009	2008	2009	2008
Revenues:				
Natural gas sales	\$ 973,653	\$ 1,313,308	\$ 2,919,923	\$ 6,106,898
Costs and expenses:				
Plant operating expense	1,396,346		3,749,484	
Lease operating expense	93,773	296,927	478,187	1,287,309
General and administrative	561,227	601,757	2,026,821	1,921,270
Net profits interest		112,308		601,237
Impairment expense	939,703		939,703	63,766
Depreciation and depletion expense	432,559	343,364	1,159,050	1,326,099
Total costs and expenses	3,423,608	1,354,356	8,353,245	5,199,681
Income (loss) from operations	(2,449,955)	(41,048)	(5,433,322)	907,217
Other Income and (Expense):				
Interest expense	(163,645)		(563,991)	
Interest income	976	25,741	4,949	73,609
Gain on sale of equipment	1,488,687		1,488,687	
Total other income (expense)	1,326,018	25,741	929,645	73,609
Income (Loss) Before Taxes	(1,123,937)	(15,307)	(4,503,677)	980,826
Income tax (expense) benefit	2,836	(335)	991	(15,630)
Net Income (Loss)	(1,121,101)	(15,642)	(4,502,686)	965,196
Dividend	(43,871)		(68,583)	
Net Income (Loss) Available to Common Shareholders	\$ (1,164,972)	\$ (15,642)	\$ (4,571,269)	\$ 965,196
Earnings (Loss) per Share:				
Basic	\$ (0.03)	\$ (0.00)	\$ (0.13)	\$ 0.03
Diluted	\$ (0.03)	\$ (0.00)	\$ (0.13)	\$ 0.03
Weighted Average Number of Common Shares Outstanding:				
Basic	34,284,646	32,783,736	34,284,646	32,413,979
Diluted	34,284,646	32,783,736	34,284,646	33,045,931

See accompanying notes to these unaudited consolidated financial statements.

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GEOPETRO RESOURCES COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended	
	September 30, 2009	September 30, 2008
Cash Flows From Operating Activities:		
Net income (loss)	\$ (4,502,686)	\$ 965,196
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and depletion	1,159,050	1,326,099
Share-based compensation expense	299,133	165,408
Non-cash interest expense	37,849	
Impairment expense	939,703	63,766
Gain on sales of assets	(1,488,687)	
Accretion of discount on asset retirement obligations	3,503	3,185
Changes in operating assets and liabilities:		
Accounts receivable - natural gas sales	(274,598)	819,125
Other assets	82,663	183,604
Current liabilities	393,236	119,018
Net cash provided by (used in) operating activities	(3,350,834)	3,645,401
Cash Flows from Investing Activities:		
Additions to oil and gas properties	(678,352)	(5,345,519)
Additions to gas treatment plant	(83,097)	
Acquisition of furniture, fixtures & equipment		(4,305)
Dispositions of equipment	2,500,000	
Net cash provided by (used in) investing activities	1,738,551	(5,349,824)
Cash Flows from Financing Activities:		
Proceeds from sale of common shares, option and warrant exercises, net		375,000
Proceeds from sale of preferred stock Series B, net	3,031,710	
Proceeds from prom		