

US ENERGY CORP
Form S-3
July 27, 2018

As filed with the Securities and Exchange Commission on July 27, 2018

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form S-3

**Registration Statement
UNDER
THE SECURITIES ACT OF 1933**

U.S. ENERGY CORP.
(Exact name of registrant as specified in its charter)

Wyoming **83-0205516**
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

**950 S. Cherry St., Unit 1515
Denver, Colorado 80246
(303) 993-3200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**David Veltri
950 S. Cherry St., Unit 1515
Denver, Colorado 80246
(303) 993-3200**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

**Kenneth Witt
Kutak Rock LLP
1801 California Street, Suite 3000
Denver, Colorado 80202
(303) 297-2400**

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: [X]

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

If this Form is a post-effective amendment filed pursuant to Rule 462(c) 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. []

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. []

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. []

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 []

(Do not check if a smaller reporting

Non-accelerated filer [] company)

Smaller reporting
company [X]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, \$0.01 par value		
Preferred Stock, \$0.01 par value		

Depository Shares	
Debt Securities	
Warrants	
Units	
Rights	
Total	\$ 100,000,000 \$ 12,450 (4)

(1) Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. The securities which may be offered pursuant to this Registration Statement include, pursuant to Rule 416 of the Securities Act of 1933, as amended (the "Securities Act"), such additional number of securities that may become issuable as a result of any stock split, stock dividends or similar event. In the event the registrant elects to offer to the public fractional interests in its shares of preferred stock registered hereunder, depository shares, evidenced by depository receipts issued pursuant to a deposit agreement, will be distributed to those persons purchasing fractional interests and the shares of preferred stock will be issued to the depository under any such agreement.

(2) An indeterminate aggregate offering price and number or amount of the securities of each identified class is being registered as may from time to time be sold at indeterminate prices, with a maximum aggregate offering price not to exceed \$100 million. Separate consideration may or may not be received for securities that are issuable upon conversion of, or in exchange for, or upon exercise of, convertible or exchangeable securities.

(3) Pursuant to Rule 457(o) under the Securities Act, the registration fee has been calculated on the basis of the maximum aggregate offering price.

(4) Pursuant to Rule 415(a)(6), this Registration Statement includes [\$96,340,000] of unsold securities that previously were registered pursuant to the registration statement on Form S-3 (File No. 333-204350), initially effective on 07/29/2015 with respect to which the Registrant paid filing fees of \$11,620. The filing fees previously paid with respect to shares being carried forward to this Registration Statement reduce the filing fees currently due to [\$830].

Pursuant to Rule 429 under the Securities Act of 1933, as amended, the prospectus included in this registration statement is a combined prospectus and relates to Registration Statement No. 333-204350, previously filed by the registrant and initially declared effective on July 29, 2015. Upon effectiveness, this registration statement, which is a new registration statement, will also constitute a post-effective amendment to Registration Statement No. 333-204350.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR 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 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PROSPECTUS

SUBJECT TO COMPLETION, DATED JULY 27, 2018

DEPOSITARY SHARES

DEBT SECURITIES

WARRANTS

UNITS

RIGHTS

We may offer and sell, from time to time in one or more offerings, any combination of debt and equity securities that we describe in this prospectus with a maximum aggregate offering price of \$100 million.

This prospectus provides a general description of the securities we may offer for sale from time to time. Each time we sell securities under this prospectus, we will provide specific terms of the securities offered in a supplement to this prospectus. The prospectus supplement may also add, update or change information contained in this prospectus. Any statement contained in this prospectus is deemed modified or superseded by any inconsistent statement contained in an accompanying prospectus supplement. You should read this prospectus and any prospectus supplement, as well as the documents incorporated by reference into this prospectus, carefully before you invest.

We may offer and sell these securities, or any combination of these securities, from time to time, to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis, at prices and on other terms to be determined at the time of offering.

Our common stock is listed on The NASDAQ Capital Market® under the symbol “USEG.” Any common stock sold pursuant to a prospectus supplement will be listed on The NASDAQ Capital Market® subject to official notice of issuance to the extent required. We may elect to list any of the other securities on any exchange, but are not obligated to do so, and, unless stated otherwise in the applicable prospectus supplement, such other securities will not be listed on any securities exchange.

Investing in our securities involves risks. You should carefully read and evaluate the risks described under “Risk Factors” on page 2 of this prospectus as well as the risk factors and other information contained or incorporated by reference in this prospectus and the applicable prospectus supplement before investing in our securities.

You should carefully read this prospectus and any applicable prospectus supplement and free writing prospectus, together with any additional information described under the heading “Where You Can Find More Information,” before you invest in our securities.

Neither the Securities and Exchange Commission 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.

The date of this prospectus is _____, 2018.

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PROSPECTUS SUMMARY

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the “SEC” or the “Commission”, using a “shelf” registration process. Under the shelf registration, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$100 million. This prospectus provides you with a general description of the securities that we may offer. Each time that we sell securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement also may add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement, together with the additional information incorporated by reference in this prospectus, before making an investment in our securities. See “Where You Can Find More Information.” We may use this prospectus to sell securities only if it is accompanied by a prospectus supplement.

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement to this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus, any accompanying prospectus supplement, or any document incorporated by reference, is accurate as of any date other than the date of such document.

This prospectus does not contain all of the information included in the registration statement. For a more complete understanding of the offering, you should refer to the registration statement, including its exhibits.

In this prospectus, references to “U.S. Energy,” “the Company,” “the Registrant,” “we,” “us” or “our” refer to U.S. Energy Corp and its subsidiaries, unless the context suggests otherwise.

THE COMPANY

U.S. Energy is a Wyoming corporation organized in 1966. We are an independent energy company focused on the acquisition and development of oil and gas producing properties and other mineral properties in the continental United States. Our oil and gas business is currently focused in South Texas and the Williston Basin in North Dakota. Our principal offices are located at 950 S. Cherry Street, Suite 1515, Denver, Colorado 80246. Our telephone number is 303-993-3200.

We have historically explored for and produced oil and gas through a non-operator business model. As a non-operator, we rely on our operating partners to propose, permit, drill, complete and produce oil and gas wells. Before a well is drilled, the operator provides all oil and gas interest owners in the designated well the opportunity to participate in the drilling and completion costs and revenues of the well on a pro-rata basis. Our operating partners also produce, transport, market and account for all oil and gas production.

We believe that additional value can be generated if we have the ability to operate oil and gas properties because operatorship will allow us to control drilling and production timing, capital costs and future planning of operations. We plan to look for opportunities to operate our own wells in the future through acquisition of new oil and gas properties and/or by consolidating ownership in and around the areas in which we currently participate. We believe the current price climate will make opportunities available for us to acquire and/or develop operated properties, and our objective is to eventually operate the properties which comprise the majority of our production.

RISK FACTORS

Investing in our securities involves risks. Before you make a decision to buy our securities, in addition to the risks and uncertainties discussed below under “Cautionary Statement Regarding Forward-Looking Statements,” you should carefully read and consider the risks and uncertainties and the risk factors set forth under the caption “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference in this prospectus, and under the caption “Risk Factors” or any similar caption in the other documents and reports that we file with the SEC after the date of this prospectus that are incorporated or deemed to be incorporated by reference in this prospectus as well as any risks described in any applicable prospectus supplement or free writing prospectus that we provide you in connection with an offering of securities pursuant to this prospectus. Additionally, the risks and uncertainties discussed in this prospectus or in any document incorporated by reference into this prospectus are not the only risks and uncertainties that we face, and our business, financial condition, liquidity and results of operations and the market price of any securities we may sell could be materially adversely affected by additional factors that apply to all companies generally, as well as other risks that are not known to us or that we currently do not consider to be material.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus, any prospectus supplement and any free writing prospectus that we may provide to you in connection with an offering of our securities, including information incorporated by reference, may contain “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. The use of any of the words “may,” “will,” “should,” “could,” “believe,” “expect,” “anticipate,” “project,” “plan,” “schedule,” “expect,” “estimate,” “objective,” “forecast,” “goal,” “potential,” “opportunity,” “f,” “committed,” “continue,” “will likely result” or “will continue” and similar expressions that concern our strategy, plans, intentions or beliefs about future occurrences or results may constitute forward-looking statements. For example, forward-looking statements may include statements relating to estimated and projected expenditures, cash flows, results of operations, financial condition and liquidity; plans and objectives for future operations, growth or initiatives; and the expected outcome or effect of pending or threatened litigation are forward-looking statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, those expectations may prove to be incorrect. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are discussed under the heading “Risk Factors” and in documents incorporated in this prospectus by reference and may be so included in any prospectus supplement, including, without limitation, in conjunction with the forward-looking statements. All forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which they were made. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these and other cautionary statements that we make from time to time in our other SEC filings and public communications.

Factors that could cause actual results to differ materially from our expectations include, among others, such things as:

uncertainty regarding our future operating results;

risks related to the failure to obtain adequate financing on a timely basis and on acceptable terms;

oil, natural gas liquids (“NGLs”) and natural gas prices;

overall United States and global economic and financial markets conditions;

domestic and foreign demand and supply for oil, NGLs, natural gas and the products derived from these hydrocarbons;

the willingness and ability of the Organization of Petroleum Exporting Countries to set and maintain oil price and production controls;

our ability to maintain a sound financial position;

our cash flow and liquidity;

the effects of government regulation and permitting and other legal requirements, including law or regulations that could restrict or prohibit hydraulic fracturing;

disruption to credit and capital markets;

disruptions to capacity constraints in or limitations on the pipeline systems that deliver our oil, NGLs and natural gas and other processing and transportation considerations;

our ability to successfully market oil, NGLs and natural gas;

high costs, shortages, delivery delays or unavailability of drilling and completion equipment, material, labor or other services;

profitability of drilling locations;

interpretation of 3-D seismic data;

our ability to replace our oil, NGL and natural gas reserves;

our ability to retain and attract key personnel;

our business strategy;

development of our current asset base or property acquisitions; and

future oil and gas production rates and/or the ultimate recoverability of reserves falling below estimates.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we intend to use the net proceeds we receive from the sale of securities for general corporate purposes.

DESCRIPTION OF CAPITAL STOCK

General

This prospectus describes the general terms of our capital stock. The following description is not complete and may not contain all the information you should consider before investing in our capital stock. For a more detailed description of these securities, you should read the applicable provisions of Wyoming law and our articles of incorporation and bylaws, and the documents incorporated herein by reference. To the extent the information contained in the prospectus supplement differs from this summary description, you should rely on the information in the prospectus supplement.

Our authorized capital stock consists of:

An unlimited number of shares of common stock, par value \$0.01 per share, of which [12,590,815] shares were issued and outstanding as of March 31, 2018; and

100,000 shares of preferred stock, par value \$0.01 per share, are authorized, of which 50,000 shares of Series A Convertible Preferred Stock were issued and outstanding as of March 31, 2018.

The Company is authorized to issue 50,000 shares of Series P Preferred stock in connection with a shareholder rights plan that expired in 2011, of which no shares of Series P Preferred are outstanding.

Common Stock

Shares of common stock may be issued for such consideration and on such terms as determined by the board of directors, without stockholder approval. Holders are entitled to receive dividends when and as declared by the board of directors out of funds legally available therefor. We may declare dividends in the future but we expect to retain

most or all of our earnings and cash to fund investments and business development. Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, except that cumulative voting in the election of directors is permitted. Directors are elected by a plurality of the votes cast.

Listing

Shares of our common stock are listed for trading on the NASDAQ Capital Market under the trading symbol "USEG."

Preferred Stock

Our articles of incorporation authorize our board of directors to establish one or more series of preferred stock. We currently have 50,000 outstanding shares of Series A Convertible Preferred Stock, approved by the Board of Directors in February 2016 in connection with the disposition of the Company's mining segment. Prior to the issuance of shares of each series, the board of directors is required to adopt resolutions providing for the issuance of such preferred stock. Each series of preferred stock is to be appropriately designated prior to the issue of any shares thereof by some distinguishable letter, number or title. All shares of preferred stock shall be of equal rank and have the same powers, preferences and rights, and shall be subject to the same qualifications, limitation and restrictions, without distinction between the shares of different series thereof, except in regard to the following particulars, which may be different in different series:

The rate of dividends;

The price at the terms and conditions on which shares may be redeemed and any restrictions regarding such redemption;

The amount payable upon shares in the event of voluntary or involuntary liquidation;

Sinking fund provisions for the redemption or purchaser of shares;

The terms and conditions on which shares may be converted if the shares of any series are issued with the privilege of conversion; and

Voting rights, preemptive rights, and/or restrictions on alienability, if any.

The board of directors may, from time to time, increase the number of shares of any series of preferred stock already created by providing that any unissued shares of preferred stock shall constitute part of such series, or may decrease (but not below the number of shares thereof then outstanding) the number of shares of any series of any preferred stock already created providing that any unissued shares previously assigned to such series shall no longer constitute a part thereof. The board of directors is empowered to classify or reclassify any unissued preferred stock by fixing or altering the terms thereof in respect to the above-mentioned particulars and by assigning the same to an existing or newly-created series from time to time before the issuance of such stock.

DESCRIPTION OF DEPOSITARY SHARES

The following summarizes some of the general provisions of the deposit agreement and of the depositary shares and depositary receipts, other than pricing and other terms disclosed in a prospectus supplement. You should read the particular terms of any depositary shares and any depositary receipts that are offered by us and any deposit agreement relating to a particular series of preferred stock, which will be described in more detail in a prospectus supplement. The prospectus supplement will also state the name of the depositary and whether any of the generalized provisions summarized below do not apply to the depositary shares or depositary receipts being offered. A form of deposit agreement, including the form of depositary receipt, will be filed as an exhibit to the registration statement of which this prospectus forms a part.

General

We may, at our option, elect to offer fractional shares or multiple shares of preferred stock, rather than whole individual shares of preferred stock. If we decide to do so, we will issue the preferred stock in the form of depositary shares. Each depositary share will represent a fraction or multiple of a share of a particular series of preferred stock

and will be evidenced by depositary receipts issued pursuant to the deposit agreement. Depositary receipts will be distributed to those persons purchasing the fractional or multiple shares of preferred stock in accordance with the terms of the prospectus supplement or other offering materials.

The shares of any series of preferred stock represented by depositary shares will be deposited under a deposit agreement between us and a bank or trust company selected by us having its principal office in the United States, as a preferred stock depositary. Each owner of a depositary share will be entitled to all the rights and preferences of the underlying preferred stock, including dividend, voting, redemption, conversion, and liquidation rights, in proportion to the applicable fraction of a share of preferred stock represented by the depositary share.

Dividends and Other Distributions

The preferred stock depositary will distribute all cash dividends or other cash distributions received in respect of the deposited preferred stock to the record holders of depositary shares relating to the underlying preferred stock in proportion to the number of the depositary shares owned by the holders.

The preferred stock depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled to these distributions. If the preferred stock depositary determines that it is not feasible to make a distribution, it may, with our approval, sell the property and distribute the net proceeds from the sale to the holders of the depositary shares.

Conversion or Exchange of Preferred Stock

If a series of preferred stock represented by depositary shares is subject to conversion or exchange, the applicable prospectus supplement will describe the rights or obligations of each record holder of depositary receipts to convert or exchange the depositary shares.

Redemption of Preferred Stock

If we redeem a series of preferred stock represented by depositary shares, the depositary shares will be redeemed from the proceeds received by the preferred stock depositary resulting from the redemption, in whole or in part, of the applicable series of preferred stock. The depositary shares will be redeemed by the preferred stock depositary at a price per depositary share equal to the applicable fraction of the redemption price per share payable in respect of the shares of preferred stock so redeemed.

Whenever we redeem shares of preferred stock held by the preferred stock depositary, the preferred stock depositary will redeem as of the same date the number of depositary shares representing shares of preferred stock so redeemed. If fewer than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by the preferred stock depositary by lot or ratably or by any other equitable method as the preferred stock depositary decides.

Withdrawal of Preferred Stock

Unless the related depositary shares have previously been called for redemption, any holder of depositary shares may receive the number of whole shares of the related series of preferred stock and any money or other property represented by those depositary shares after surrendering the related depositary receipts at the corporate trust office of the preferred stock depositary. Holders of depositary shares making these withdrawals will be entitled to receive whole shares of preferred stock on the basis set forth in the prospectus supplement or other offering materials for that series of preferred stock.

However, holders of whole shares of preferred stock will not be entitled to deposit that preferred stock under the deposit agreement or to receive depositary shares for that preferred stock after withdrawal. If the depositary shares surrendered by the holder in connection with withdrawal exceed the number of depositary shares that represent the number of whole shares of preferred stock to be withdrawn, the preferred stock depositary will deliver to that holder at the same time new depositary receipts evidencing the excess number of depositary shares.

Voting Deposited Preferred Stock

When the preferred stock depositary receives notice of any meeting at which the holders of any series of deposited preferred stock are entitled to vote, the preferred stock depositary will mail the information contained in the notice to the record holders of the depositary shares relating to the applicable series of preferred stock. Each record holder of the depositary shares on the record date will be entitled to instruct the preferred stock depositary to vote the amount of the preferred stock represented by the holder's depositary shares. To the extent possible, the preferred stock depositary will vote the amount of the series of preferred stock represented by depositary shares in accordance with the instructions it receives.

We will agree to take all reasonable actions that the preferred stock depositary determines are necessary to enable the preferred stock depositary to vote as instructed. The preferred stock depositary will vote all shares of any series of preferred stock held by it proportionately with instructions received if it does not receive specific instructions from the holders of depositary shares representing that series of preferred stock.

Amendment and Termination of the Deposit Agreement