GeoMet, Inc. Form 10-Q May 13, 2014 Table of Contents

# **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 March 31, 2014

OR

# 0 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. x Yes o 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). x Yes o 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 o

Non-accelerated filer o

Accelerated filer o

Smaller reporting company x

## Edgar Filing: GeoMet, Inc. - Form 10-Q

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

As of May 1, 2014, 40,649,440 shares and 6,188,032 shares, respectively, of the registrant s common stock and preferred stock, par value \$0.001 per share, were outstanding.

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#### Part I. FINANCIAL INFORMATION

Item 1.

**Financial Statements** 

#### GEOMET, INC. AND SUBSIDIARIES

#### CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS      Current Assets:      Cash and cash equivalents    \$ 7,559,114 \$ 8,108,272      Assets held for sale    46,451,620      Accounts receivable, net of allowance of \$14,744 at March 31, 2014 and December 31, 2013    10,018    2,900,807      Other current assets    54,122,661    11,701,819      Natural gas properties    333,109,974    3,158,701      Other property and equipment    336,268,675    336,268,675      Less accumulated depreciation, depletion, amortization and impairment of gas properties    (233,939,624)      Other moneurrent assets:			March 31, 2014	December 31, 2013
Cash and cash equivalents    \$ 7,559,114 \$ 4,8108,272      Assets held for sale    46,511,620      Accounts receivable, net of allowance of \$14,744 at March 31, 2014 and December 31, 2013    10,018    2,900,807      Other current assets    101,909    692,740      Total current assets    101,909    692,740      Natural gas properties    11,701,819      Natural gas properties    33,109,974      Other property and equipment    3,158,701      Total property and equipment    3,6268,675      Less accumulated depreciation, depletion, amortization and impairment of gas properties    (293,939,624)      Other noncurrent assets    47,409    769,384      Total other noncurrent assets    47,409    769,384      Total ASETS    \$ 54,170,070 \$ 54,800,254    1,480,254      LABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT    3,656,272    Accrued liabilities    3,554,170      Current Liabilities    \$ 511,263 \$ 3,541,770    3,541,770    1,073,653      Liabilities    \$ 512,63 \$ 3,5541,770    3,566,672    3,566,672      Current Liabilities    \$ 7,782,243 \$ 80,921,316    3,566,723    3,561,772	ASSETS			
Assets held for sale  46,451,620    Accounts receivable, net of allowance of \$14,744 at March 31, 2014 and December 31, 2013  100,109  6,20,00,007    Other current assets  54,122,661  11,70,1819    Natural gas properties utilizing the full cost method of accounting:  333,109,974    Other property and equipment  3,158,701    Total property and equipment  336,268,675    Less accumulated depreciation, depletion, amortization and impairment of gas properties  (293,939,624)    Property and equipment net  42,320,011    Other noncurrent assets  47,409  769,384    Total ASSETS  \$ 54,170,070 \$  54,800,254    Urrent Liabilities:  47,409  769,384    Current Liabilities:  47,409  70,550,027	Current Assets:			
Accounts receivable, net of allowance of \$14,744 at March 31, 2014 and December 31, 2013    10,018    2,900,807      Other current assets    101,909    692,740      Total current assets    54,122,661    11,701,819      Natural gas properties    333,109,974    0      Other property and equipment    336,268,675    336,268,675      Less accumulated depreciation, depletion, amortization and impairment of gas properties    (293,939,624)      Property and equipment net    42,220,051      Other noncurrent assets:    47,409    769,384      Total other noncurrent assets    47,409    769,384      Total other noncurrent assets    47,409    769,384      TOTAL ASSETS    \$ 54,170,070    \$ 54,800,254      LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT    333,163    \$ 3,541,770      Current Liabilities:    \$ 511,263    \$ 34,151      Accounts payable    \$ 521,263    \$ 3,441,770      Royalties payable    \$ 3656,272    \$ 54,700      Current Liabilities    \$ 8,910    1,073,653      Liabilities held for sale    \$ 7,82,243    \$ 89,913      Derivative li	Cash and cash equivalents	\$	7,559,114 \$	8,108,272
Other current assets101,909692,740Total current assets54,122,66111,701,819Natural gas properties utilizing the full cost method of accounting:333,109,974Other property and equipment3,158,701Total property and equipment336,268,675Less accumulated depreciation, depletion, amortization and impairment of gas properties(293,939,624)Property and equipment net42,329,051Other noncurrent assets:47,409769,384Total other noncurrent assets47,409769,384Total ASSETS\$ 54,170,07854,800,254Current Liabilities:47,409769,384Current Liabilities:\$ 531,263\$ 3,541,770Royable\$ 531,263\$ 9,510Current payable\$ 531,263\$ 9,510Accrued liabilities\$ 26,570\$ 26,570Liabilities held for sale\$ 2,220,701\$ 2,250,001Derivative liability natural gas contracts\$ 2,657,51Asset retirement obligations\$ 1,350,001\$ 2,557,51Asset retirement o	Assets held for sale		46,451,620	
Total current assets  54,122,661  11,701,819    Natural gas properties utilizing the full cost method of accounting:  333,109,974    Other property and equipment  31,58,701    Total property and equipment  336,268,675    Less accumulated depreciation, depletion, amortization and impairment of gas properties  (293,939,624)    Property and equipment net  42,329,051    Other noncurrent assets:  47,409  769,384    Total other noncurrent assets  47,409  769,384    TOTAL ASSETS  \$ 54,170,070  \$ 54,800,254    LLABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT	Accounts receivable, net of allowance of \$14,744 at March 31, 2014 and December 31, 2013		10,018	2,900,807
Natural gas properties utilizing the full cost method of accounting:  333,109,974    Proved natural gas properties  333,109,974    Other property and equipment  336,268,675    Less accumulated depreciation, depletion, amortization and impairment of gas properties  (293,939,624)    Property and equipment net  42,20051    Other noncurrent assets:  47,409  769,384    Total ASSETS  \$ 54,170,070  \$ 54,800,254    LIABLITIES, MEZZANINE AND STOCKHOLDERS DEFICIT  Current Liabilities:  3.656,272    Accounts payable  \$ 531,263  \$ 3,541,770    Royalties payable  8,910  1,073,653    Liabilities  \$ 242,070  \$ 54,800,254    Derivative liability natural gas contracts  8,910  1,073,653    Liabilities held for sale  \$ 7,782,243  \$ 8,910  1,073,653    Liabilities  \$ 7,782,243  \$ 80,921,316  \$ 531,607  \$ 531,607    Current Liabilities  \$ 7,782,243  \$ 80,921,316  \$ 534,707  \$ 54,800,21,316  \$ 531,607  \$ 531,607  \$ 534,507    Current Liabilities  \$ 7,782,243  \$ 80,921,316  \$ 54,707  \$ 54,800  \$ 531,607  \$ 536,6	Other current assets		101,909	692,740
Proved natural gas properties 333,109,974 Other property and equipment 3,158,701 Total property and equipment (293,039,624) Property and equipment net 42,329,051 Other noncurrent assets: (293,039,624) TOTAL ASSETS 55,54,800,254 LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT Current Liabilities: (2010,000,000,000,000,000,000,000,000,000	Total current assets		54,122,661	11,701,819
Other property and equipment    3,158,701      Total property and equipment    336,268,675      Less accumulated depreciation, depletion, amortization and impairment of gas properties    (293,393,624)      Property and equipment net    42,329,051      Other noncurrent assets:	Natural gas properties utilizing the full cost method of accounting:			
Total property and equipment336,268,675Less accumulated depreciation, depletion, amortization and impairment of gas properties(293,939,624)Property and equipment net42,329,051Other noncurrent assets:47,409769,384Total other noncurrent assets47,409769,384TOTAL ASSETS\$ 54,170,070\$ 54,800,254LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICT70070\$ 54,800,254Current Liabilities:	Proved natural gas properties			333,109,974
Less accumulated depreciation, depletion, amortization and impairment of gas properties    (293,939,624)      Property and equipment net    42,329,051      Other noncurrent assets:    47,409    769,384      Total other noncurrent assets    47,409    769,384      Total other noncurrent assets    54,170,070    \$54,800,254      ULABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT    \$531,263    \$3,541,770      Rocounts payable    \$531,263    \$3,541,770      Rocounts payable    \$8,910    1,073,653      Labilities    8910    1,073,653      Labilities held for sale    \$7,422,070    \$843,151      Asset retirement obligations    265,470    \$841,151      Asset retirement obligations    1,359,671    \$8,915,407      Derivative liability natural gas contracts    \$7,982,243    \$80,921,316      Asset retirement obligations    1,359,671    \$8,915,407      Derivative liability natural gas contracts    \$7,982,243    \$80,921,316      Asset retirement obligations    1,359,671    \$8,915,407      Derivative liability natural gas contracts    \$7,985,71    \$8,915,407	Other property and equipment			3,158,701
Property and equipment net 42,329,051 Other noncurrent assets: Other 0.2,429,051 Other 0.2,459,051 Other 0.2,459,051 Other 0.2,459,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,450,050 Other 0.2,590,050 Other 0.2,590,050 Oth	Total property and equipment			336,268,675
Other noncurrent assets:    47,409    769,384      Total other noncurrent assets    47,409    769,384      Total other noncurrent assets    47,409    769,384      Total ASSETS    \$ 54,170,070 \$    54,800,254      LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT      Current Liabilities:    3,656,272      Accounts payable    \$ 531,263 \$    3,541,770      Royalties payable    8,910    1,073,653      Liabilities    8,910    1,073,653      Liabilities held for sale    87,242,070      Derivative liability natural gas contracts    265,470      Current portion of long-term debt    71,550,000      Total current liabilities    87,782,243    80,921,316      Asset retirement obligations    1,359,671    8,915,407      Derivative liability natural gas contracts    709,551    70,551      Other long-term debt    70,550,000    70,552,400      Current portion of long-term debt    1,359,671    8,915,407      Derivative liability natural gas contracts    709,511    70,551      Other long-term accrued liabilities    113,434<	Less accumulated depreciation, depletion, amortization and impairment of gas properties			(293,939,624)
Other    47,409    769,384      Total other noncurrent assets    47,409    769,384      TOTAL ASSETS    \$ 54,170,070    \$ 54,800,254      LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT	Property and equipment net			42,329,051
Total other noncurrent assets  47,409  769,384    TOTAL ASSETS  \$ 54,170,070  \$ 54,800,254    LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT    Current Liabilities:    Accounts payable  \$ 531,263  \$ 3,541,770    Royalties payable  \$ 531,263  \$ 3,541,770    Royalties payable  \$ 8,910  1,073,653    Liabilities held for sale  87,242,070  834,151    Derivative liability natural gas contracts  834,151  834,151    Asset retirement obligations  265,470  710,550,000    Current portion of long-term debt  71,550,000  71,550,000    Total current liabilities  87,782,243  80,921,316    Asset retirement obligations  1,359,671  8,915,407    Derivative liability natural gas contracts  709,571  709,571    Other long-term accrued liabilities  1,359,671  8,915,407    Commitments and contingencies (Note 14)  90,659,728  709,571    Other long-term accrued liabilities  113,434  90,659,728    Commitments and contingencies (Note 14)  87,482,320, 30,01  90,659,728    Series A Convertible Redeem	Other noncurrent assets:			
TOTAL ASSETS  \$ 54,170,070 \$ 54,800,254    LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT    Current Liabilities:    Accounts payable  \$ 531,263 \$ 3,541,770    Royalties payable  3,656,272    Accrued liabilities  8,910  1,073,653    Liabilities held for sale  87,242,070  834,151    Asset retirement obligations  265,470    Current portion of long-term debt  71,550,000    Total current liabilities  87,782,243  80,921,316    Asset retirement obligations  265,470  834,151    Asset retirement obligations  265,470  709,571    Ottal current liabilities  87,782,243  80,921,316    Asset retirement obligations  1,359,671  8,915,407    Derivative liability natural gas contracts  709,571  709,571    Ottal current liabilities  1,359,671  8,915,407    Commitments and contingencies (Note 14)  113,434  707A LIABILITIES  89,141,914  90,659,728    Commitments and contingencies (Note 14)  Eries A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$0,001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571  shares were	Other		47,409	769,384
LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICITCurrent Liabilities:	Total other noncurrent assets		47,409	769,384
Current Liabilities:Accounts payable\$ 531,263 \$ 3,541,770Royalties payable3,656,272Accrued liabilities8,9101,073,6531,073,653Liabilities held for sale87,242,070Derivative liability natural gas contracts834,151Asset retirement obligations265,470Current portion of long-term debt71,550,000Total current liabilities87,782,243Royalties payable87,782,243Asset retirement obligations70,571Other long-term debt71,359,671Serier liabilities113,434TOTAL LIABILITIES89,141,914Other long-term equity:113,434Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571Shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,612Vack, \$0.001 par value2,598,168 shares authorized, none issued	TOTAL ASSETS	\$	54,170,070 \$	54,800,254
Accounts payable  \$ 531,263 \$ 3,541,770    Royalties payable  3,656,272    Accrued liabilities  8,910  1,073,653    Liabilities held for sale  87,242,070  834,151    Derivative liability natural gas contracts  834,151  858    Asset retirement obligations  265,470  71,550,000    Current portion of long-term debt  71,550,000  700,571    Total current liabilities  87,782,243  80,921,316    Asset retirement obligations  1,359,671  8,915,407    Derivative liability natural gas contracts  709,571  0,915,407    Derivative liability natural gas contracts  709,571  0,915,407    Other long-term accrued liabilities  113,434  707AL LIABILITIES  89,141,914  90,659,728    Commitments and contingencies (Note 14)  113,434  90,659,728  708    Mezzanine equity:  Series A Convertible Redeemable Prefered Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571  shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively  44,649,612  43,404,993    Stockholders  Deficit:  Preferred stock, \$0.001 par value 2,59	LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT			
Royalties payable3,656,272Accrued liabilities8,9101,073,653Liabilities held for sale87,242,070Derivative liability natural gas contracts834,151Asset retirement obligations265,470Current portion of long-term debt71,550,000Total current liabilities87,782,24380,921,316Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,571709,571Other long-term accrued liabilities113,434707AL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)Wezzanine equity:55Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,61243,404,993StockholdersDeficit:777Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued555	Current Liabilities:			
Accrued liabilities8,9101,073,653Liabilities held for sale87,242,070Derivative liability natural gas contracts834,151Asset retirement obligations265,470Current portion of long-term debt71,550,000Total current liabilities87,782,24380,921,316Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,57100,597,11Other long-term accrued liabilities113,4341070TAL LIABILITIES89,141,914Ormitments and contingencies (Note 14)87,782,24390,659,728Commitments and contingencies (Note 14)89,141,91490,659,728Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption44,649,61243,404,993StockholdersDeficit:44,649,61243,404,993Preferred stock, \$0,001 par value 2,598,168 shares authorized, none issued44,649,61243,404,993	Accounts payable	\$	531,263 \$	3,541,770
Liabilities held for sale87,242,070Derivative liability natural gas contracts834,151Asset retirement obligations265,470Current portion of long-term debt71,550,000Total current liabilities87,782,24380,921,316Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,571709,571Other long-term accrued liabilities113,434707AL LIABILITIES89,141,914YOTAL LIABILITIES89,141,91490,659,72890,659,728Commitments and contingencies (Note 14)Ereise A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,61243,404,993StockholdersDeficit:44,649,61243,404,99350,500,11Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued15,200,0115,200,0115,200,01	Royalties payable			3,656,272
Derivative liability natural gas contracts834,151Asset retirement obligations265,470Current portion of long-term debt71,550,000Total current liabilities87,782,24380,921,316Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,571Other long-term accrued liabilities113,434TOTAL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)Mezzanine equity:Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,612shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993StockholdersDeficit:Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	Accrued liabilities		8,910	1,073,653
Asset retirement obligations 265,470 Current portion of long-term debt 71,550,000 Total current liabilities 87,782,243 80,921,316 Asset retirement obligations 1,359,671 8,915,407 Derivative liability natural gas contracts 709,571 Other long-term accrued liabilities 113,434 TOTAL LIABILITIES 89,141,914 90,659,728 Commitments and contingencies (Note 14) Mezzanine equity: Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571 shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively 44,649,612 43,404,993 Stockholders Deficit: Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	Liabilities held for sale		87,242,070	
Current portion of long-term debt71,550,000Total current liabilities87,782,24380,921,316Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,571Other long-term accrued liabilities113,434TOTAL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)89,141,91490,659,728Mezzanine equity:Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,612shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993StockholdersDeficit:44,649,61243,404,993	Derivative liability natural gas contracts			834,151
Total current liabilities87,782,24380,921,316Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,571Other long-term accrued liabilities113,434TOTAL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)89,141,91490,659,728Mezzanine equity:555Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,61243,404,993Stockholders Deficit:544,649,61243,404,99344,649,61243,404,993Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued5555	Asset retirement obligations			265,470
Asset retirement obligations1,359,6718,915,407Derivative liability natural gas contracts709,571Other long-term accrued liabilities113,434TOTAL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)90,659,728Mezzanine equity:5Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,612shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993Stockholders Deficit:598,168 shares authorized, none issued500,000500,000	Current portion of long-term debt			71,550,000
Derivative liability natural gas contracts709,571Other long-term accrued liabilities113,434TOTAL LIABILITIES89,141,914Series A convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,57144,649,612shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993StockholdersDeficit:Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	Total current liabilities		87,782,243	80,921,316
Other long-term acrued liabilities113,434TOTAL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)90,659,728Mezzanine equity:5Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993Stockholders Deficit:9Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued55	Asset retirement obligations		1,359,671	8,915,407
TOTAL LIABILITIES89,141,91490,659,728Commitments and contingencies (Note 14)Mezzanine equity:Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571 shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993Stockholders Deficit:Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	Derivative liability natural gas contracts			709,571
Commitments and contingencies (Note 14) Mezzanine equity: Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571 shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively Stockholders Deficit: Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	Other long-term accrued liabilities			113,434
Mezzanine equity: Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571 shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively 44,649,612 43,404,993 Stockholders Deficit: Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	TOTAL LIABILITIES		89,141,914	90,659,728
Series A Convertible Redeemable Preferred Stock net of offering costs of \$1,660,435; redemption amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571 shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993Stockholders Deficit: Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issuedFrequencies5000000000000000000000000000000000000	Commitments and contingencies (Note 14)			
amount \$61,880,320; \$.001 par value; 7,401,832 shares authorized, 6,188,032 and 6,000,571 shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively 44,649,612 43,404,993 Stockholders Deficit: Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	Mezzanine equity:			
shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively44,649,61243,404,993StockholdersDeficit:Preferred stock, \$0.001 par value2,598,168 shares authorized, none issued		n		
Stockholders  Deficit:    Preferred stock, \$0.001 par value  2,598,168 shares authorized, none issued				
Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued	shares were issued and outstanding at March 31, 2014 and December 31, 2013, respectively		44,649,612	43,404,993
40,663 40,663	Preferred stock, \$0.001 par value 2,598,168 shares authorized, none issued			
			40,663	40,663

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Common stock, \$0.001 par value authorized 125,000,000 shares; 40,659,872 issued and 40,649,440 outstanding at March 31, 2014 and 40,662,749 issued and 40,652,317 outstanding at December 31, 2013		
Treasury stock, at cost 10,432 shares at March 31, 2014 and December 31, 2013	(94,424)	(94,424)
Paid-in capital	186,321,871	187,527,716
Retained deficit	(265,889,566)	(266,738,422)
Total stockholders deficit	(79,621,456)	(79,264,467)
TOTAL LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT	\$ 54,170,070 \$	54,800,254

See accompanying Notes to Consolidated Financial Statements (Unaudited).

#### GEOMET, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

#### FOR THE THREE MONTHS ENDED MARCH 31,

	2014	2013
Expenses:		
Depreciation, depletion and amortization	\$ 113,817 \$	34,372
General and administrative	1,029,604	998,233
Restructuring costs		70,188
Total operating expenses	1,143,421	1,102,793