

Edgar Filing: PYRAMID OIL CO - Form DEF 14A

PYRAMID OIL CO  
Form DEF 14A  
April 29, 2008

1

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

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant /X/

Filed by a Party other than the Registrant / /

Check the appropriate box:

- // Preliminary Proxy Statement
- // Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- /X/ Definitive Proxy Statement
- // Definitive Additional Materials
- // Soliciting Material Under Rule 14a-12

PYRAMID OIL COMPANY  
(Name of Registrant as Specified in its Charter)

(Name of Person Filing Proxy Statement if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- /X/ No fee required
- // Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

// Fee paid previously by written preliminary materials.

// Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

2

PYRAMID OIL COMPANY  
2008 21st Street - P.O. Box 832  
Bakersfield, California 93302

Edgar Filing: PYRAMID OIL CO - Form DEF 14A

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
June 5, 2008

To the shareholders:

NOTICE is hereby given that the Annual Meeting of Shareholders (the "Annual Meeting") of Pyramid Oil Company (the "Company") will be held at the Corporate Offices of Pyramid Oil Company, 2008-21st Street, Bakersfield, California 93301, on Thursday, June 5, 2008 at 10:30 A.M. Pacific Daylight Time, for the following purposes:

1. To elect a Board of Directors for the ensuing year;
2. To approve the selection of Singer Lewak Greenbaum & Goldstein, LLP as independent auditors for the Company for the year ending December 31, 2008;
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Information concerning these matters, including the names of the nominees for the Board of Directors of the Company (the "Board"), is set forth in the attached Proxy Statement for the Annual Meeting. Holders of record of the Company's Common Stock at the close of business on April 30, 2008, the record date fixed by the Board, are entitled to notice of and to vote at the Annual Meeting. The Board urges that all shareholders of record exercise their right to vote personally at the meeting or by proxy.

A copy of the Company's Annual Report to Shareholders containing financial statements and other information of interest to shareholders is enclosed herewith. You are urged to read the Annual Report.

All shareholders are requested to read the enclosed Proxy Statement and to sign, date and complete the enclosed proxy and return it promptly in the accompanying postage prepaid, pre-addressed envelope, whether or not they attend the meeting, to assure that their shares will be represented. Any shareholder giving a proxy has the right to revoke it at any time before it is voted by following the procedures outlined in the Proxy Statement. Your prompt response will be appreciated.

By Order of the Board of Directors  
Lee G. Christianson, Secretary

Bakersfield, California  
May 10, 2008

PLEASE SIGN AND DATE THE ENCLOSED FORM OF PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE, IN ORDER TO ASSURE THAT YOUR VOTES ARE COUNTED.

3

PYRAMID OIL COMPANY  
2008 21st Street  
P.O. Box 832  
Bakersfield, California 93302

PROXY STATEMENT  
ANNUAL MEETING OF SHAREHOLDERS  
June 5, 2008

PROXY SOLICITATION

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of Pyramid Oil Company (the "Company") of proxies to be used at the Annual Meeting of Shareholders of the Company (the "Annual Meeting") to be held on June 5, 2008, and at any postponement or adjournment thereof. This Proxy Statement, together with the accompanying proxy, is first being mailed to shareholders on or about May 10, 2008. You are requested to sign, date and return the enclosed proxy card in order to ensure that a majority of the outstanding shares of Common Stock of the Company (the "Common Stock") are represented at the meeting.

Any proxy given by a shareholder of the Company may be revoked at any time before it is voted by attending the Annual Meeting and voting in person or by filing with the Secretary of the Company an instrument revoking the proxy or a duly executed proxy bearing a later date. If the enclosed form of proxy is properly executed and returned, the Common Stock represented thereby will be voted in accordance with the instructions given by the proxy. IF NO INSTRUCTIONS ARE GIVEN, THE COMMON STOCK WILL BE VOTED "FOR" (1) APPROVAL OF THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED HEREIN; AND (2) THE RATIFICATION OF THE COMPANY'S SELECTION OF SINGER LEWAK GREENBAUM & GOLDSTEIN, LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2008; If any other matters are properly presented at the meeting, or any adjournment thereof, the persons voting the proxies will vote according to their best judgment.

Solicitation of proxies will be primarily by mail, although some solicitation will be by telephone, telegraph or personal interview. Proxies may be solicited by officers, directors and regular employees of the Company. The Company will not pay any additional compensation for such solicitations. Arrangements may be made with brokerage houses and with the Company's transfer agent, U.S. Stock Transfer, Glendale, California, to send notices, proxy statements, proxies and other materials to shareholders. The cost for such services is expected to be nominal and will be borne by the Company.

Approval of the selection of Singer Lewak Greenbaum & Goldstein, LLP requires the affirmative vote of the holders of a majority of the shares represented in person or by proxy and voting on the item, provided that the shares voting affirmatively must also constitute a majority of the required quorum for the Annual Meeting. With regard to the election of directors, the five nominees receiving the greatest number of votes will be elected.

4

### RECORD DATE AND VOTING

Only holders of record of the Company's Common Stock at the close of business on April 30, 2008 shall be entitled to notice of and to vote at the Annual Meeting. Transferees of Common Stock which is transferred on the books of the Company subsequent to such date shall not be entitled to notice of or to vote at the Annual Meeting.

As of April 30, 2008, there were outstanding 3,741,721 shares of Common Stock. A majority of the outstanding shares of Common Stock entitled to vote, whether present in person or by proxy, constitutes a quorum for the conduct of business at the Annual Meeting. Abstentions and "broker non-votes" on matters as to which they lack voting authority will be treated as shares present and entitled to vote for purposes of determining the presence of a quorum. Unless cumulative voting is requested by a shareholder, each share of Common Stock is entitled to one vote for the election of each director of the

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

Company and to one vote on every other matter to be voted upon at the Annual Meeting. Under the California General Corporation Law, if a shareholder gives notice prior to the commencement of voting on the election of directors of his or her intention to cumulate his or her votes, then all shareholders (or their proxies) may cumulate their votes in connection with the election of directors. No cumulative voting will occur if no such notice is given.

Cumulative voting permits each shareholder to cast an aggregate number of votes equal to the number of shares owned multiplied by the number of directors to be elected; all of such votes may be cast for a single nominee or may be allocated among any two or more nominees as the shareholder wishes.

If a proxy is marked "FOR" the election of directors, it may, at the discretion of the persons named in the enclosed form of proxy (the "Proxy Holders"), be voted cumulatively in the election of directors. Under either form of voting, the five nominees receiving the highest number of votes cast will be elected as directors.

If you hold your shares of Common Stock in "street name," please contact your broker or nominee as to the voting of your stock.

5

### PROPOSAL 1

#### ELECTION OF DIRECTORS

Directors are to be elected at the Annual Meeting to serve until the next annual meeting and until their successors are elected and qualified. Unless authority to vote for directors is withheld in the proxy card, it is the intention of the Proxy Holders to vote for the election of the following five persons as directors: John H. Alexander, Michael D. Herman, Thomas W. Ladd, Gary L. Ronning and John E. Turco.

The Board has been informed that all nominees are willing to serve as directors. If any of them should decline or be unable to act as a director, the Proxy Holders will vote for the election of another person or persons as they, in their discretion, may choose. The Board has no reason to believe any nominee will be unable or unwilling to serve.

The nominees for election as directors of the Company are as follows:

Name	Age	Position(1)	Director Since	Officer Since
-----	-----	-----	-----	-----

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

Michael D. Herman	50	Chairman of the Board and Director	2005	--
John H. Alexander	60	President, Chief Executive Officer and Director	1984	1986
Thomas W. Ladd	59	Director	1998	--
Gary L. Ronning	65	Director	1998	--
John E. Turco	77	Director	1996	--

(1) Position listed is that held with the Company.

### MICHAEL D. HERMAN

MICHAEL D. HERMAN has been Chairman of the Company since July of 2005 and the majority shareholder of the Company since June 15, 2005. Mr. Herman is the Chairman and sole shareholder of Heat Waves Hot Oil Service, LLC and Dillco. Heat Waves and Dillco provides various energy related services such as water hauling, acidizing, frac heating and hot oil services to customers in Kansas, Oklahoma, Colorado and New Mexico. Mr. Herman was the Chairman and owner of Pasadena, California based Key Food Ingredients, Inc. from January 1, 2005 until October, 2007. Key Food Ingredients supplies dehydrated vegetables from its factory in Qngdao, China to customers worldwide. Mr. Herman was Chairman and owner of Telematrix, Inc. from October 1992 until December 1998 when the company was sold to a major hospitality company, and he repurchased a majority ownership interest in December 2004 and held that majority ownership interest until April 2006. Telematrix Inc. designs and distributes

6

communications products and telephones to hospitality and business customers globally. From November 2003 until February 2005, Mr. Herman was Chairman and majority shareholder of Ft. Lauderdale based Sunair Electronics but chose not to stand for re-election as a director in February 2006. Sunair Electronics is engaged in the design, manufacture and sale of high frequency communications equipment for long-range voice and data applications.

### JOHN H. ALEXANDER

Mr. Alexander has been an independent oil operator in Orange County, California, since 1970. Mr. Alexander has been President and Chief Executive Officer of the Company since June 3, 2004. From 1986 to 2004, Mr. Alexander was Vice President and a director of the Company.

### THOMAS W. LADD

Mr. Ladd has been President and Chairman of the Board of Tetra Oil Company, which is engaged in petroleum lease acquisition, exploration and operations, since 1979. Mr. Ladd is also an independent geologist, offering consulting services in petroleum, government compliance, environmental assessments and co-generation development.

### GARY L. RONNING

Mr. Ronning had been Executive Vice President, Western Region of Prime Natural Resources, LLC, since 1999. Mr. Ronning has previously been with Ferguson Energy, an independent oil and gas exploration company, since 1967. Mr. Ronning has had several positions with Ferguson Energy.

# Edgar Filing: PYRAMID OIL CO - Form DEF 14A

JOHN E. TURCO

JOHN E. TURCO has been the President and Chief Financial Officer of Corotto Company, Inc., an agricultural company growing citrus in Kern County, California, since March 1991. Mr. Turco has been President of Turco Desert Company, Inc., an agricultural company growing dates, grapes and citrus in California's Coachella Valley, since August 1991. Mr. Turco served as a member and chairman of the finance committee of the California Citrus Research Board from November 1992 until September 2001. Mr. Turco has served as a trustee of the United Agricultural Benefit Trust, which provides medical insurance to agricultural workers, since January 2002. Mr. Turco received his B.S. in business administration from Menlo College.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES NAMED.

7

## IDENTIFICATION OF EXECUTIVE OFFICERS

Name	Age	Position	Officer Since
----	---	-----	-----
John H. Alexander	60	President, Chief Executive Officer and Director	1986

The biographical description of Mr. Alexander is included under "Election of Directors."

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the federal securities laws, the Company's directors, executive officers, and any person holding more than 10% of the Company's Common Stock are required to report their ownership of the Company's securities and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established, and the Company is required to report any failures to file by these dates. The Company knows of no instances of persons who have failed to file or have delinquent filed Section 16(a) reports within the most recently completed fiscal year.

## SECURITY OWNERSHIP OF DIRECTORS, OFFICERS AND NOMINEES

The following table sets forth certain information as of April 30, 2008, with respect to beneficial ownership of the Company's Common Stock by each of the Company's directors, director nominees and executive officers named below in the executive compensation table and by all directors and executive officers as a group. The number of shares owned are those "beneficially owned," as determined under rules of the Securities and Exchange Commission. The information disclosed below is not necessarily indicative of beneficial

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

ownership for any other purpose. Beneficial ownership as described below, includes any shares of Common Stock as to which the person named below has sole or shared voting power or investment power pursuant to a discretionary account or similar arrangement.

8

Name and Title (1)	Shares Owned (2)	Percentage of Outstanding Common Stock(3)
Michael D. Herman Director, Chairman of the Board	2,099,520(4)	56.11%
John H. Alexander, Director President and Chief Executive Officer	74,298	1.99%
Thomas W. Ladd, Director	100	--
Gary L. Ronning, Director	--	--
John E. Turco, Director	183,267(5)	4.90%
Directors and Executive Officers as a Group (6 persons)	2,357,185	63.00%

- (1) Title listed refers to the Company unless otherwise stated.
- (2) Amounts reported by each director do not include shares held in name of his spouse, children and other relatives because the director does not have sole or shared voting or investment control over the shares.
- (3) As a percentage of the 3,741,721 shares of Common Stock outstanding at April 30, 2008.
- (4) Mr. Michael D. Herman's children own in the aggregate, 39,250 shares of Common Stock. Mr. Herman disclaims any beneficial interest in such shares.
- (5) Mr. Turco owns 50% of Corotto Co. which in turn owns 21,750 shares of the Company. Such shares are included in the total shares owned.

### BOARD COMMITTEES; DIRECTOR NOMINATING PROCESS; SHAREHOLDER COMMUNICATIONS WITH THE BOARD

The members of the Audit Committee and Compensation Committee are Thomas

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

W. Ladd, Gary L. Ronning and John E. Turco. The Company's Board of Directors has determined that directors Ladd, Ronning and Turco are 'independent' within the meaning of Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 and Section 121.A of the American Stock Exchange Company Guide. In addition, the Board of Directors has determined that director Herman is independent under Section 121.A of the American Stock Exchange Company Guide, and that director Alexander is not independent since he is an employee of the Company.

9

The Audit Committee reviews the Company's financial and accounting organization, financial reporting and the reports of the independent auditors and is responsible for the selection and oversight of the independent auditors. The Company's Board of Directors has determined that Mr. Turco is an 'audit committee financial expert' within the meaning of Item 407(d)(5) of Securities and Exchange Commission Regulation S-B, and that Mr. Turco is 'financially sophisticated' within the meaning of Section 121.B(2)(a)(iii) of the American Stock Exchange Company Guide. The Board of Directors based its determination upon Mr. Turco's employment experience since March 1991 as the Chief Financial Officer of Corotto Company, Inc.

The Audit Committee held four meetings during the last fiscal year. All of the Company's directors who were members of the Audit Committee attended all of the Audit Committee meetings. A copy of the Audit Committee's charter is attached to this proxy statement as Appendix A.

The Compensation Committee recommends and approves the compensation of the Company's directors and executive officers, including approving individual executive officer compensation, reviews and recommends to the Board compensation plans, policies and benefit programs for employees generally. The Compensation Committee held one meeting during the last fiscal year. All of the Company's directors who were members of the Compensation Committee attended all of the Compensation Committee meetings. A copy of the Compensation Committee's charter is attached to this proxy as Appendix B.

All directors of the Company comprise the Nominating Committee, which recommends prospective directors to fill vacancies that may arise from time to time and proposes individuals for election to the Company's Board by the Company's shareholders. The Nominating Committee held one meeting during the last fiscal year. All of the Company's directors attended the Nominating Committee meeting. The Nominating Committee does not have a separate written charter.

The Board of Directors, in its capacity as the Company's Nominating Committee, will consider shareholder nominations for candidates for membership on the Board. In evaluating such nominations, the Board seeks to achieve a balance of knowledge, experience and capability on the Board. Any shareholder nominations proposed for consideration by the Board should include the nominee's name and qualifications for Board membership and should be addressed to Lee G. Christianson, Secretary, Pyramid Oil Company, P.O. Box 832, Bakersfield, California 93302. Shareholder nominations should be delivered to Mr. Christianson at least 120 days before the date of the annual meeting.

The Board believes that directors should have the highest professional and personal ethics and values, consistent with longstanding Company values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public interest. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties.



10

The Board utilizes a variety of methods for identifying and evaluating nominees for director. The Board periodically assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Board will consider various potential candidates for director. Candidates may come to the attention of the Board's through current Board members, professional search firms, shareholders or other persons. These candidates will be evaluated at regular or special meetings of the Board, and may be considered at any point during the year. If any materials are provided by a shareholder in connection with the nomination of a director candidate, the materials will be forwarded to the Board. The Board will also review materials provided by professional search firms or other parties in connection with a nominee who is not proposed by a shareholder.

All five of the director nominees identified in this proxy statement currently serve as directors of the Company.

Any shareholder can communicate with all directors or with specified directors by sending a letter to the Company's Corporate Secretary at the address listed above. All such letters will be forwarded to the entire Board or to the directors specified by the shareholder.

BOARD MEETINGS AND COMPENSATION

The Board of Directors met twice in 2007. Only non-employee directors receive payment for service as directors of the Company. Non-employee directors receive \$600 for each Board meeting attended. The non-employee directors received a total of \$1,200 in directors' fees during 2007. Each Board meeting was attended by all of the directors, except for Mr. Ronning, who attended one meeting in 2007.

Name	Fees Earned		Total
	Or Paid In Cash	All Other Compensation	
Michael D. Herman	\$ 1,200	\$ -0-	\$ 1,200
Thomas W. Ladd	1,200	-0-	1,200
Gary L. Ronning	600	-0-	600
John E. Turco	1,200	-0-	1,200

Each director is encouraged to attend each annual meeting of shareholders. All directors attended the 2007 annual meeting of shareholders.

11

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees and monitors the participation of the Company's management and independent auditors throughout the financial reporting process. Other than their services as directors of the Company, no

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

member of the Audit Committee has any other material relationship with the Company.

In connection with its function to oversee and monitor the financial reporting process, the Audit Committee has, among other things: reviewed and discussed with the Company's management the audited financial statements for the fiscal year ended December 31, 2007, discussed with the Company's independent auditors those matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU 380); received the written disclosures and letter from the Company's independent auditors required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees); and discussed with the Company's independent auditors their independence in light of any non-audit services performed by them for the Company.

Based upon the foregoing, the Audit Committee approved the inclusion of the audited financial statements in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

Thomas W. Ladd      Gary L. Ronning      John E. Turco

### EXECUTIVE COMPENSATION

The following table sets forth the compensation for the Chief Executive Officer ("CEO") as indicated below. The Company has not granted any stock options or stock appreciation rights to the CEO. No other officers or employees had total compensation in excess of \$100,000 for the 2007 fiscal year.

Name and Principal Position -----	Year ----	Salary (1) -----	Bonus (1) -----	Total -----
John H. Alexander President and Chief Executive Officer	2007	\$124,233	\$35,000	\$159,233
	2006	\$107,983	\$35,000	\$142,983

(1) Perquisites and other personal benefits provided to the CEO were less than \$10,000 in the aggregate and, in accordance with applicable SEC regulations, they are not listed in this table. Mr. Alexander became the Company's CEO on June 2, 2004.

12

### EXECUTIVE EMPLOYMENT AGREEMENTS

The Company has an employment agreement with Mr. John H. Alexander, the Company's President and Chief Executive Officer.

In February 2002, the Company entered into an employment agreement with John H. Alexander pursuant to which Mr. Alexander agreed to serve as the Company's Vice President. On June 3, 2004, Mr. Alexander was appointed as the Company's President and Chief Executive Officer. The employment agreement is for an initial term of five years, which term automatically renews annually if written notice is not tendered, and provides for an annual base salary of

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

\$100,000 and benefits, as defined in the agreement.

Pursuant to the employment agreement, the Company may terminate Mr. Alexander's employment with or without cause at any time before its term expires upon providing written notice. In the event the Company terminates Mr. Alexander's employment without cause, Mr. Alexander would be entitled to receive a severance amount equal to his annual base salary and benefits for the balance of the term of his employment agreement. In the event of termination by reason of Mr. Alexander's death or permanent disability, his legal representative will be entitled to receive his annual salary and benefits for the remaining term of his employment agreement. In the event of, or termination following, a change in control of the Company, as defined in the agreement, Mr. Alexander would be entitled to receive his annual salary and benefits for the remainder of the term of his agreement.

On January 9, 2007, the Company and John Alexander entered into a Severance Award Agreement pursuant to which the Company awarded Mr. Alexander a supplemental payment in connection with his future severance of employment with the Company. Mr. Alexander serves as the Company's Chief Executive Officer. Pursuant to the Severance Award Agreement and following the termination of Mr. Alexander's employment, he will be entitled to receive (at the Company's option) 20,000 shares of the Company's common stock or the then-fair market value of the shares. The closing price of a share of the Company's common stock on April 28, 2008 was \$8.16.

### RETIREMENT AND EMPLOYEE BENEFIT PLANS

The Company has a defined contribution plan (Simple IRA) available to all employees meeting certain service requirements. Employees may contribute up to a maximum of \$6,000 of their annual compensation to the plan. The Company makes a mandatory contribution to the plan in an amount equal to the employees contributions of up to 3% of their annual compensation. Contributions of \$13,119, \$11,748 and \$9,775 were made by the Company during the years ended December 31, 2007, 2006 and 2005, respectively.

13

### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Effective January 1, 1990, John H. Alexander, an officer and director of the Company participated with a group of investors that acquired the mineral and fee interest on one of the Company's oil and gas leases (Santa Fe Energy lease) in the Carneros Creek field after the Company declined to participate. The thirty-three percent interest owned by Mr. Alexander represents a minority interest in the investor group. Royalties on oil and gas production from this property paid to the investor group approximated \$324,700 in 2007, \$307,600 in 2006 and \$221,400 in 2005.

During August 2005, after approval by the Company's Board of Directors, the Company leased additional acreage from the investor group. The new lease, Santa Fe Energy Section 32, is adjacent to the Company's existing Santa Fe Energy lease. The Company paid the investor group \$22,000 for an oil and gas lease on 440 acres for a term of 3 years. The Company drilled a discovery well with a joint venture partner on this property in the first quarter of 2006. A decision was made in the fourth quarter of 2006 to abandon this well.

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

In December of 2007, Mr. Alexander purchased a used pickup truck from the Company for \$21,150. The sale of the vehicle resulted in a gain to the Company of approximately \$1,500.

AS A DIRECTOR, MR. ALEXANDER HAS ABSTAINED FROM VOTING ON ANY OF THE ABOVE MATTERS THAT HAVE BEEN BROUGHT BEFORE THE BOARD OF DIRECTORS, INVOLVING THE SANTA FE LEASE.

### PRINCIPAL HOLDERS OF SECURITIES

The following table furnishes information as of April 30, 2008, as to each person known to the Company to be a beneficial owner of more than 5% of the Company's Common Stock.

Name and Address	Number of Beneficially Owned Shares	Percentage of Outstanding Common Stock
Michael D. Herman P. O. Box 60446 Colorado Springs, Co 80960	2,099,520	56.11%

14

### PROPOSAL 2 APPROVAL OF INDEPENDENT AUDITORS

The Audit Committee has appointed Singer Lewak Greenbaum & Goldstein, LLP as independent public accountants to audit the books, records and accounts of the Company for the year ending December 31, 2008. The appointment is being presented to the shareholders for their ratification. Representatives of Singer Lewak Greenbaum & Goldstein, LLP will be present at the meeting. They will have an opportunity to make statements if they desire and will be available to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF SINGER LEWAK GREENBAUM & GOLDSTEIN, LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2008. IN THE EVENT THAT THE SHAREHOLDERS DO NOT RATIFY THE APPOINTMENT, THE APPOINTMENT WILL BE RECONSIDERED BY THE AUDIT COMMITTEE.

### PRINCIPAL AUDITOR FEES AND SERVICES

The following table shows the fees billed to the Company by Singer Lewak Greenbaum & Goldstein LLP for the audit and other services rendered by Singer Lewak Greenbaum & Goldstein LLP during fiscal 2007 and 2006.

2007	2006
-----	-----

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

Audit Fees (1)	\$188,100	\$122,100
Audit-Related Fees	--	--
Tax Fees	--	--
All Other Fees	--	--

-----  
(1) Audit fees represent fees for professional services provided to the Company in connection with the audit of the Company's financial statements and review of the Company's quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

All audit-related services and other services rendered by Singer Lewak Greenbaum & Goldstein LLP were pre-approved by the Board of Directors in its capacity as the Audit Committee. The Board has a pre-approval policy that requires the pre-approval by the Board of all services performed for the Company by Singer Lewak Greenbaum & Goldstein LLP.

### ANNUAL REPORT TO SHAREHOLDERS

Accompanying this Proxy Statement is a copy of the Company's 2007 Annual Report to Shareholders.

15

### SHAREHOLDER PROPOSALS FOR THE 2008 ANNUAL MEETING OF SHAREHOLDERS

A shareholder wishing to offer a proposal at the next annual meeting for inclusion in the Company's proxy statement pursuant to SEC Rule 14a-8 must submit the proposal to the Company's Secretary no later than January 10, 2009. Proposals should be mailed to Lee G. Christianson, Pyramid Oil Company, P.O. Box 832, Bakersfield, California 93302.

If notice of a shareholder proposal that the shareholder does not desire to include in the Company's proxy statement is not received by the Company's Secretary by March 27, 2009, the persons named in our proxy for the next annual meeting of shareholders will have discretionary authority to vote on the proposal at the annual meeting in accordance with their best judgment.

### OTHER MATTERS

The Board of Directors is not aware of any other matters to be presented at the Annual Meeting. If any other matters should properly come before the Annual Meeting, the Proxy Holders will vote the proxies received according to their best judgment.

The Company filed an annual report on Form 10-KSB with the Securities and Exchange Commission. Shareholders may obtain a copy of this report without charge, by writing to Lee G. Christianson, Secretary, Pyramid Oil Company, P.O. Box 832, Bakersfield, California 93302.

16

APPENDIX A

PYRAMID OIL COMPANY  
AUDIT COMMITTEE CHARTER

This Charter shall be reviewed as necessary for adequacy by the Audit Committee and the Board of Directors but no less frequently than annually.

I. PURPOSE

The principal purpose of the Audit Committee is to oversee the integrity of the Company's accounting and financial reporting processes and the audits of the Company's financial statements. In particular, the Audit Committee shall monitor (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the qualifications, independence and performance of the Company's independent auditors, and (d) the performance of the Company's internal audit function. The Audit Committee shall also prepare the report required by the Securities and Exchange Commission (the 'Commission') to be included in the Company's annual proxy statement.

The Company's independent auditors are ultimately accountable to the Audit Committee in its capacity as a committee of the Company's Board of Directors (the Board), and the independent auditors shall report directly to the Audit Committee. The Audit Committee shall have sole and direct authority and responsibility to select, hire, oversee, evaluate, approve the compensation of, and, where appropriate, replace the Company's independent auditors (subject, if applicable, to stockholder ratification of the selection of the independent auditors).

In discharging its oversight role, the Audit Committee is granted the power to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain and determine funding for, at the Company's expense, independent legal counsel, additional independent auditors or other experts and advisors for this purpose. The Company shall provide the Audit Committee with appropriate funding to perform its duties, including payment of the Company's independent auditors and any experts or advisors retained by the Audit Committee.

II. Meetings

The Audit Committee shall meet as often as it deems necessary or

## Edgar Filing: PYRAMID OIL CO - Form DEF 14A

advisable, but not less frequently than quarterly. The Audit Committee shall meet periodically with the Company's management and its independent auditors in separate or joint sessions as deemed appropriate by the Audit Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

PAGE