

PARK CITY GROUP INC  
Form 8-K  
October 25, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 21, 2013

Commission File Number: 000-03718

Park City Group, Inc.  
(Exact name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or organization)  
371454128  
(IRS Employer Identification No.)

299 S Main Street, Suite 2370, Salt Lake City, Utah 84111  
(Address of principal executive offices)

435-645-2100  
(Registrant's Telephone number)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.**

Park City Group, Inc. (the "Company") today announced the receipt of a letter (the "Letter") from the NYSE MKT LLC (the "Exchange"), indicating that the Exchange concluded that the Company violated Sections 301 and 711 of the NYSE MKT Company Guide (the "Company Guide") when it failed to: (i) obtain shareholder approval of two 2011 equity compensation plans approved by the Company's board of directors, and (ii) file an application for, and obtain Exchange approval for the listing of, securities issued pursuant to such equity compensation plans. The Letter relates to shares issued under the Company's equity compensation plans between 2011 and the Company's 2013 annual meeting of shareholders, when shareholders approved the amended and restated equity compensation plans. In response to the Letter, the Company will ask shareholders to ratify the issuances under the equity compensation plans referenced in the Letter in connection with its upcoming 2014 annual meeting of shareholders.

This action will not adversely affect the Company's listing status with the Exchange, or the Company's plans to begin trading on the NASDAQ Capital Market on October 28, 2013. A copy of the press release is attached hereto as Exhibit 99.1, and is incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

See Exhibit Index.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Park City Group, Inc.

Date: *October 25, 2013*

By: */s/ Edward L. Clissold*

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*Name: Edward L. Clissold*

*Title: Chief Financial Officer*

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## Exhibit Index

Exhibit No.	Description
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EX-99.1 Press Release, dated October 25, 2013  
black 2px solid">

Increase

2009

2008

(Decrease)

Change (%)

2009

2008

(Decrease)

Change (%)

Oil &amp; Gas

\$(1,957) \$(644) \$(1,313) 204% (2,876) (3,940) 1,064 -27%

## Rig and Refurbishing

(99) (73) (26) 36% (642) (921) 279 -30%

## Minerals

(313) (194) (119) 61% (629) (363) (266) 73%

Non-Segmented

(357) (286) (71) 25% (3,822) (826) (2,996) 363%

**Total Income (Loss):**

\$(2,726) \$(1,197) \$(1,529) 128% (7,969) (6,050) (1,919) 32%

Three months ended September 30, 2009, compared with three months ended September 30, 2008

In the quarter ended September 30, 2009, we realized a loss of \$2.7 million compared with a \$1.2 million loss in the third quarter of 2008, an increase in the loss of \$1.5 million.

General and administrative expenses were \$2.0 million for the three months ended September 30, 2009, compared with \$2.1 million for the same period of 2008, a decrease of \$0.1 million. This decrease was due to suspended rig operations at Great Valley Drilling and a decrease in salary expenses. Oil and gas lease expense increased \$0.3 million. All other expenses increased by \$0.2 million from the same period in 2008.

Nine months ended September 30, 2009, compared with nine months ended September 30, 2008

In the nine months ended September 30, 2009, we realized a loss of \$8.0 million compared with a \$6.3 million loss for the nine months ended September 30, 2008, an increase of \$1.7 million.

General and administrative expenses were \$5.9 million for the nine months ended September 30, 2009, compared with \$8.3 million for the same period of 2008, a decrease of \$2.4 million. This decrease was due to suspended rig operations at Great Valley Drilling, decreased operations at Great Valley Production, and a decrease in capital formation expenses. Oil and gas lease expense increased \$1.0 million, due to increased activities, primarily at our Pleasant Valley operations. All other expenses increased by \$1.0 million from the same period in 2008, primarily due to decreased rig operation expenses and also an impairment loss decrease from \$0.3 million in 2008 to no impairment losses in 2009.

#### Oil and Gas

Oil and gas revenues in the third quarter of 2009 included approximately \$0.5 million from the sale of oil and gas, compared with \$1.4 million in the third quarter of 2008. The decrease resulted from significantly decreased oil and gas commodity pricing and decreased production. The Company expects that the oil and gas production will increase revenues as a result of both increasing production and improved pricing. As a result, the operating income of this segment should be improved by year-end 2009.

On July 3, 2009, Tri-Valley resumed limited steaming operations at the Pleasant Valley Project on the Hunsucker lease after completing equipment modifications started in early May 2009. Tri-Valley elected to resume steaming into three wells on a limited basis to determine if the equipment modifications were satisfactory, prior to committing to a more aggressive cyclic steaming schedule. The steaming of only three wells did, in fact, prove to be a correct decision, as certain defects were identified in the steam distribution system, which resulted in one well receiving the majority of the steam. The subject defects have, subsequently, been corrected.

During the third quarter of 2009, the Company also completed the installation of “mosquito bill” tubing in five of the seven horizontal wells and installed artificial lift on three wells. Personnel changes were made during the quarter in an effort to increase production and reduce operating expenses on the Hunsucker lease. Cyclic steaming operations continued for the balance of the quarter with production averaging 160 barrels of oil per day. During the fourth quarter of this year, we plan to increase the size of the steam injection cycles in an effort to get more heat into the reservoir and to increase production.

We also entered into a new crude oil sales and diluents purchase contract with Santa Maria Refining Company during the third quarter. The contract with Santa Maria Refining has been attractive for Tri-Valley through reduced transportation costs.

Production from the East and West Temblor Projects and the Rio Vista fields was lower during the third quarter of 2009, due to constraints on funding to work over wells and to restore them to production.

#### Rig & refurbishing operations

There were no revenues from rig operations in the third quarters of 2009 or 2008. GVPS did not realize operating revenue in the third quarter of 2009 due to inactivity. The operating loss in the third quarter of 2009 was \$0.1 million, compared to an operating loss of \$0.1 million in the third quarter of 2008; not a significant change.

Nevada activity continued to be very sluggish, and GVDC avoided the few opportunities reviewed because conditions and terms were deemed too risky. We believe Nevada geothermal exploration and development may increase when federal stimulus funds directed toward renewable energy projects. GVDC is prepared to re-enter the market when more acceptable business conditions merit. The GVDC rig in Nevada is presently idle, and the Company is considering new opportunities, as well as, possible disposition or relocation. With engine modifications to accommodate stricter air quality rules, the rig may also operate in California.

## Minerals Activities

There were no mineral revenues for the three months ended September 30, 2009, or September 30, 2008. The primary emphasis of the Company has been to boost oil and gas production, and as a result, during 2009 the properties of Select Resources have largely been in a care-and-maintenance status.

## Industrial Minerals

During the third quarter, Select continued low-cost monitoring and security at the Admiral Calder calcium carbonate quarry in Alaska but began the transition to a more aggressive repair and upgrading program as negotiations on product marketing and financing escalated. Select completed a full economic and engineering analysis. We have been working to complete a 3-D mine model and to use that model to ascertain the product flow rate for the economic model. Select had completed product testing with an international trader and has reached a conceptual agreement on potential paths forward for developing the property. Select now believes the key to making the Calder property profitable centers around product sales logistics. The ability to move out substantial volumes and offload them in an efficient manner can lead to very favorable economic performance. Select continues to explore avenues to maximize selling logistical efficiencies.

In addition to the above, Select has identified, but not yet evaluated, a potential technology capable of producing a much finer grind at a reduced cost. This is a significant advance. If such technology can be effectively operated on site, it would provide an opportunity to market a much higher priced product. This technology would allow Select to exploit the product in what appears to be its highest value range, near but larger than 10 microns. This technology should be accessible for further testing in the fourth quarter of 2009.

## Precious Metals

Select continues to solicit mining interests for larger scale exploration on both the Richardson and Shorty Creek properties, as well as, to recruit a field site manager for both properties. Select has contacted, and continues to solicit, candidates for these positions.

## Shorty Creek

Select doubled the land position it holds around Shorty Creek and has continued to compile data relevant to the new land position. The most recent data acquisition includes maps produced by the State of Alaska and the University of Alaska. During 1981 and 1982, the State sampled roughly 1,000 square miles in the area of Select's Shorty Creek property. Two years later, the University of Alaska conducted basic statistics and plotted the top 5% of the values from analyses of the samples. Within the 1,000 square mile area, the greatest cluster of the top 5% of the results falls within Select's property. That would not be the case, had Select not doubled its land position earlier in the year.

International Tower Hill (ITH), an unrelated company with mineral properties in close proximity to Shorty Creek, has now defined over 12.5 million ounces of gold, based on drill results on one major anomaly. Select has several similar style anomalies on its property, and we continue to believe there is extremely high potential that Select's property will host at least one gold mine.

## Richardson District

The Richardson District is arguably the most prospective gold exploration district in Alaska, and it remains under-explored. Tri-Valley has found native gold at 60 locations along a 20-mile swath, suggesting the possibility of a large system. During the second quarter, Select began a more intensive review of the Richardson property. In summary, the Richardson property is quite large, a bit over 44 square miles, and encompasses both lode and placer

potential. For lode gold at Richardson, we have found five general prospects that merit further work: The Democrat prospect, the Hilltop prospect, the Buckeye/Bald Knob prospect, the Banner prospect and the Buck/Shamrock prospect. For placer gold, we have drilled one prospect, First Chance Creek. Only the Democrat has seen any significant efforts at production.

In 1989, TVC processed about 30,000 tons out of a 75,000-ton bulk mining effort at the Democrat prospect. The oversized output from the crusher was not properly re-routed back into the processing system. As a result approximately 30,000 tons of an excavated 75,000 tons were processed through the full system, a waste of more than half of the excavation effort. However, out of that 30,000 tons, Select recovered roughly 3,000 ounces of raw gold (0.1 ounces per ton). There were indications that the extraction system was run too aggressively. In a separate 400-ton pilot effort conducted in 1991, Tri-Valley recovered 120 ounces of raw gold (0.3 ounces per ton). The most important point for emphasis is that the 400-ton effort was conducted on the tailings from the earlier effort in 1989. This provided a second, and much more definitive, indication of how inefficient the first project was, as well as, the potential richness of the ore. In each case the recovery was from a simple gravity circuit.

It should be noted that the remaining material in the stockpile has been exposed to weathering since 1989 (and finer material since 1991), yet the relevant stream drainage still maintains a pH of 7.3 to 7.7, above neutral, giving no indication of acid rock drainage from rocks obtained from this portion of the deposit. The fact that the pH is basic (above neutral) indicates the rock has inherently some acid neutralizing capacity, an additional favorable point. In the following quarters, Select plans to revisit and to sample the property to gain more current data on the localized drainage and sample mineralization elsewhere.

#### Uranium

Select has begun soliciting and reviewing uranium opportunities in a very targeted and selective manner. Select is adhering rigorously to strict high-end criteria for these properties.

#### Base Metals

Base Metals operations continue to be inactive.

#### Non-segmented items

The non-segmented items consist primarily of stock option expense, unallocated salaries, insurance expense, and interest expense. Non-segmented items increased from \$0.8 million for the nine months ended September 30, 2008, to \$3.8 million for that same period in 2009. Stock option expense for the nine months ending September 30, 2009, was \$0.4 million, a decrease from \$0.6 million in the same period in 2008. Interest expense for the nine months ending September 30, 2009, was \$0.1 million and was not significantly changed from the same period in 2008. The increase in non-segmented expenses is due primarily to the unallocated portion of general and administrative expenses during the first nine months of 2009.

#### Capital Resources and Liquidity

From 2002 through the third quarter of 2009, our drilling activities have been largely funded by selling interests in our OPUS I Drilling Partnership. We have not borrowed in order to fund drilling activities. Our continued drilling activity relies on our ability to raise money for projects through drilling partnerships or other joint ventures.

Current assets were about \$3.9 million at September 30, 2009, down from \$7.0 million at year end 2008, a decrease of \$3.1 million. Cash on hand remained unchanged from \$2.0 million at year end 2008 to \$2.0 million at September 30, 2009. Accounts receivable decreased to \$2.0 million at September 30, 2009, compared with \$5.0 million at year end



2008, due to payments from joint venture participants during the quarter. Current liabilities increased to about \$7.3 million at September 30, 2009, compared with \$5.2 million at year end 2008, due primarily to an increase in accounts payable and accrued expenses.

#### Operating Activities

We had a negative cash flow of \$1.6 million for the first nine months ended September 30, 2009, compared with a negative cash flow of \$10.3 million for the same period in 2008. The change in cash flow in the current period is due mainly to an increase of \$5.9 million from Joint Venture Participants, which was offset with our loss from operations. Our loss from operations was approximately \$8.0 million for the first nine months ended September 30, 2009, compared with a \$6.1 million loss for the same period in 2008.

#### Investing Activities

Net cash used by investing activities was \$0.5 million for the first nine months of 2009 compared with \$1.2 million provided by investing activities for the first nine months of 2008. During 2008, the company received \$1.7 million from the sale of steam generators and a heater treater. \$5.9 million was used towards capital expenditures, primarily the drilling of new wells, and we used \$0.4 million to buy back membership units in GVPS. In 2009 we have had capital expenditures of \$0.5 million.

#### Financing Activities

Net cash provided by financing activities was \$2.1 million for the first nine months of 2009 compared with \$10.6 million provided for the same period of 2008. We paid down \$0.2 million in principal of long-term debt in the first nine months of 2009, compared with a \$0.5 million pay down during the same period of 2008. During the same period in 2008, we received \$9.1 million from sales of restricted shares of common stock in privately negotiated transactions, including the exercise of stock options by employees. During the first nine months of 2009, the Company received \$2.2 million from the issuance of common stock. The Company is considering several options, including placement of preferred stock, project financing, or sale and lease back of equipment and facilities. There can be no assurances that capital will be available to us from any source or that, if available, it will be on terms acceptable to us.

#### Liquidity

The recoverability of our oil and gas reserves depends on future events, including obtaining adequate financing for our exploration and development program, successfully completing our planned drilling program, and achieving a level of operating revenues that is sufficient to support our cost structure. At various times in our history, it has been necessary for us to raise additional capital through private placements of equity financing. When such a need has arisen, we have met it successfully. It is management's belief that we will continue to be able to meet our needs for additional capital, as such needs arise in the future. We may need additional capital to pay for our share of costs relating to the drilling prospects and development of those that are successful, and to acquire additional oil and gas leases, drilling equipment, and other assets. The total amount of our capital needs will be determined in part by the number of prospects generated within our exploration program and by the working interest that we retain in those prospects.

During the remainder of 2009, we hope to be able to expend approximately \$2.5 million on drilling and development activities. Funds for the majority of these activities will be provided by sales of common stock and possible other alternatives, such as preferred stock issuance and sale/leaseback options. Tri-Valley's portion is expected to be approximately \$1.0 million. Our ability to complete our planned drilling activities in 2009 depends on some factors beyond our control, such as availability of equipment and personnel. To accomplish our desired plans we will require additional capital from other outside parties.

During the remainder of 2009, we expect expenditures of approximately \$0.2 million on mining activities, including mining lease and exploration expenses.

Should we choose to make an acquisition of producing oil and gas properties, such an acquisition would likely require that some portion of the purchase price be paid in cash, and thus would create the need for additional capital. Additional capital could be obtained from a combination of funding sources. The potential funding sources include:

- Cash flow from operating activities
  - Borrowings from financial institutions (which we typically avoid)
- Debt offerings, which could increase our leverage and add to our need for cash to service such debt (which we typically avoid)
  - Additional offerings of our equity securities, which would cause dilution of our common stock
- Sales of portions of our working interest in the prospects within our exploration program, which would reduce future revenues from its exploration program
  - Sale to an industry partner of a participation in our exploration program
  - Sale of all or a portion of our producing oil and gas properties, which would reduce future revenues

Our ability to raise additional capital will depend on the results of our operations and the status of various capital and industry markets at the time such additional capital is sought. Accordingly, there can be no assurances that capital will be available to us from any source or that, if available, it will be on terms acceptable to us. The Company has no off balance sheet arrangements.

#### New Accounting Pronouncements

See Note 3 to our unaudited consolidated financial statements.

#### Item 3. Quantitative and Qualitative Disclosures about Market Risk

Tri-Valley Corporation does not engage in hedging activities and does not use commodity futures or forward contracts in its cash management functions.

#### Item 4. Controls and Procedures

In connection with the preparation of our Annual Report on Form 10-K for the year ended December 31, 2008, (Annual Report”), management assessed the effectiveness of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2008, as more fully described in Item 9A of our Annual Report. Based on that assessment, management identified material weaknesses in our internal controls. Because of these material weaknesses, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2008.

As of September 30, 2009, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. These controls and procedures are based on the definition of disclosure controls and procedures in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934.

Based on that evaluation as of September 30, 2009, our management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms.

Management, including our Chief Executive Officer and our Chief Financial Officer, has prepared a plan to remediate the deficiency in our internal control over financial reporting and disclosure controls and procedures. Our plan provides for the hiring of additional professional finance personnel, and the training of these personnel, so that more segregation of duties and additional review will be available in the financial transactions and the preparation of financial statements. Management is also reviewing and improving procedures to reduce the likelihood of errors in recording financial transactions. After completing these actions, management feels that our disclosure controls and procedures will provide reasonable assurance that the controls and procedures will meet their desired control objectives. In designing and evaluating our control system, management recognized that any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any that may affect our operations, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake.

During the third quarter of 2009, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

Tri-Valley Corporation v. Hansen et al., No. 56-2009-00345844-CU-OR-VTA, Superior Court, Ventura County, California.

On May 29, 2009, we filed a quiet title action against the lessors of our Scholle-Livingston oil and gas lease. On July 2, 2009, the defendants filed a cross complaint. Our action seeks to quiet title to our oil and gas lease by affirming the validity of the lease, and the cross-complaint seeks to terminate the lease. Our present intention is to develop this lease as part of our Pleasant Valley Project. Although we have yet to commence drilling or production operations on this lease, we believe it has significant and valuable heavy oil deposits. The present status of the action is that the parties are in the process of discovery. We are vigorously pursuing this lawsuit as we believe that we have valid claims and defenses.

Lenox v. Tri-Valley Corporation, No. 56-2009-00358492-CU-OR-VTA, Superior Court, Ventura County, California

On September 25, 2009, the lessors of our Lenox and Snodgrass oil and gas leases filed a quiet title action against us. Our answer to the action was filed on November 9, 2009. The principal relief sought by lessors is for a declaration of quiet title by declaring a termination of our Lenox and Snodgrass oil and gas leases in our Pleasant Valley Project. Our present intention is to develop these leases as part of our Pleasant Valley Project which we believe has significant and valuable heavy oil deposits. We drilled one well and reworked several others on these leases. However, operations are currently halted pending the installation of an improved electric distribution system that is required by a local regulatory body in order to address air emissions requirements. The present status of the action is that initial

pleadings have just been exchanged and the likely next step is that the parties will begin discovery. We are vigorously pursuing this lawsuit as we believe that we have valid claims and defenses.

#### Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. In addition, please note the following:

Currently pending lawsuits threaten to limit potential development of a significant heavy oil project.

There are currently two legal actions pending against us to terminate leases to properties in our Pleasant Valley Project. See Part II, Item 1, Legal Proceedings. Drilling and production operations have not yet commenced on one of these leases, and operations on the other leases are currently halted, pending the installation of an improved electric distribution system that is required by a local regulatory body. We believe that the leases have significant potential for development, but if the lessors are successful in terminating the oil and gas leases, our potential for future development in the Pleasant Valley field will be significantly impaired. We intend to vigorously defend these lawsuits, as we believe that we have valid claims and defenses.

#### Item 2. Unregistered Sales of Equity Securities

During the third quarter of 2009, the Company issued 3,362,000 shares of unregistered common stock. A consultant was issued 20,000 shares of common stock for \$21,000 of services. 1,000,000 shares of common stock were issued to a director for total proceeds of \$1,000,000 when the closing price was \$0.89 per share. 2,342,000 shares were issued in private placements to 67 private investors at prices from \$1.00 to \$1.25 per share for total proceeds of \$2,566,500.

#### Item 6. Exhibits

Item	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	18 U.S.C. Section 1350 Certification
32.2	18 U.S.C. Section 1350 Certification

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRI-VALLEY CORPORATION

November 6, 2009  
F. Lynn Blystone  
Chairman and Chief Executive Officer

/s/F. Lynn Blystone

November 6, 2009  
John E. Durbin  
Chief Financial Officer

/s/ John E. Durbin

