

GeoMet, Inc.  
Form POS AM  
March 30, 2012  
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As filed with the Securities and Exchange Commission on March 29, 2012

Registration No. 333-174037

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

**Post Effective Amendment No. 1 to**  
**Form S-3**  
**on Form S-1**  
**REGISTRATION STATEMENT**

*UNDER*  
*THE SECURITIES ACT OF 1933*

**GeoMet, Inc.**

(Exact name of Registrant as specified in its charter)

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**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, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**William C. Rankin**

**Chief Financial Officer**

**909 Fannin, Suite 1850**

**Houston, Texas 77010**

**(713) 659-3855**

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

*Copy to:*

**George G. Young III**

**Haynes and Boone, LLP**

**1221 McKinney, Suite 2100**

**Houston, Texas 77010**

**Telephone: (713) 547-2000**

**Fax: (713) 236-5699**

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

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

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

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If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller Reporting Company

**This filing constitutes a post-effective amendment to the registration statement on Form S-3 (File No. 333-174037), which was declared effective on or about June 7, 2011. This post-effective amendment shall hereafter become effective in accordance with Section 8(c) of the Securities Act of 1933, as amended.**

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**EXPLANATORY NOTE**

We initially registered on Form S-3 (File No. 333-174037) for resale by the selling stockholders identified in the prospectus up to (i) 2,351,801 shares of our Series A convertible Redeemable Preferred Stock ( Preferred Stock ), (ii) an additional 2,002,887 shares of Preferred Stock issuable as PIK dividends on the Preferred Stock, and (iii) 33,497,601 shares of our common stock that are issuable upon the conversion of shares of the Preferred Stock, based on the initial conversion price of the Preferred Stock. Due to the late filing of disclosure required under Item 3.01 and Item 5.07 of Form 8-K, under applicable Securities and Exchange Commission rules, we do not currently qualify for the use of a registration statement on Form S-3. To assure that the shares of our Preferred Stock and common stock held by the selling security holders may be sold pursuant to an effective registration statement, we are filing this post-effective amendment on Form S-1 to the registration statement described above. All filing fees payable in connection with the registration of these securities were previously paid in connection with the filing of the original registration statement on Form S-3.

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**The information in this prospectus is not complete and may be changed. The selling security holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED 29, 2012**

**PROSPECTUS**

## **2,351,801 Shares of Series A Convertible Redeemable Preferred Stock**

This prospectus relates to the offer and sale from time to time for the accounted of the selling security holders named in this prospectus of up to 2,351,801 shares of our Series A Convertible Redeemable Preferred Stock ( Preferred Stock ), up to an additional 2,002,887 shares of Preferred Stock issuable as PIK dividends on the Preferred Stock, and up to 33,497,601 shares of our common stock that are issuable upon the conversion of shares of the Preferred Stock, based on the initial conversion price of the Preferred Stock.

The selling security holders may sell none, some, or all of the shares offered by this prospectus. We cannot predict when or in what amounts the selling security holders may sell any of the securities offered by this prospectus. The price or prices at which the selling security holders may sell securities offered by this prospectus will be determined by prevailing market prices for the securities or in negotiated transactions. We originally issued 2,351,801 shares of the Preferred Stock to the one of the selling security holders in a private transaction in connection with a rights offering. We will not receive any of the proceeds from the sales of Preferred Stock or common stock by the selling security holders.

Our Preferred Stock is listed on the NASDAQ Global Market under the symbol GMETP . Our common stock is listed on NASDAQ under the trading symbol GMET. As of March 29, 2012, the last reported sale prices of our Preferred Stock and common stock as reported on the NASDAQ Global Market was \$8.49 per share and \$0.64 per share, respectively.

**Investing in our securities involves significant risks. You should carefully read the risk factors beginning on page 5 of this prospectus and in our periodic reports and other information filed with the Securities and Exchange Commission before investing in our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**This prospectus is dated , 2012**

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**ABOUT THIS PROSPECTUS**

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The selling security holders are not making an offer to sell securities in any jurisdiction where the offer or sale of such securities is not permitted.

Unless the context requires otherwise or unless otherwise noted, all references in this prospectus or any prospectus supplement to GeoMet and to the Company, we, us or our are to GeoMet, Inc. and its subsidiaries.

(i)

**Table of Contents****SUMMARY**

*This summary highlights selected features of this offering and the information included or incorporated by reference in this prospectus. This summary does not contain all of the information that you should consider before investing in our securities. You should carefully read the entire prospectus, especially the risks of investing in our securities discussed under Risk Factors in this prospectus and any accompanying prospectus supplement and the risk factors discussed in the documents incorporated by reference herein.*

**The Company**

GeoMet, Inc. is an independent energy company primarily engaged in the exploration for and development and production of natural gas from coal seams ( coalbed methane or CBM ) and non-conventional shallow gas. We were originally founded as a consulting company to the coalbed methane industry in 1985 and have been active as an operator, developer and producer of coalbed methane properties since 1993. Our principal operations and producing properties are located in the Cahaba and Black Warrior Basins in Alabama and the central Appalachian Basin in Virginia and West Virginia. We also own additional coalbed methane and oil and gas development rights, principally in Alabama, Virginia, West Virginia and British Columbia. As of December 31, 2011, we own a total of approximately 195,000 net acres of coalbed methane and oil and gas development rights.

We primarily explore for, develop, and produce CBM and non-conventional shallow gas. Our objective is to create the premier non-conventional shallow gas company in North America (emphasizing coalbed methane) while maximizing stockholder value through the efficient investment of capital to increase reserves, production, cash flow and earnings. We believe that substantial expertise and experience is required to develop, produce, and operate coalbed methane and non-conventional shallow gas fields in an efficient manner. We believe that the inherent geologic and production characteristics of coalbed methane and non-conventional shallow gas offer certain operational advantages compared to conventional gas production.

**Issuance of Securities to the Selling Security Holder**

On July 29, 2010, we issued subscription rights to our current stockholders to purchase shares of our Preferred Stock at a subscription price of \$10.00 per share. We distributed subscription rights exercisable for up to an aggregate of 4,000,000 shares of our Preferred Stock. Our stockholders received the subscription rights based on the number of shares of our common stock they owned as the close of business on July 26, 2010. The subscription rights were available for sale by our stockholders from July 30, 2010 through August 18, 2010 and expired on August 18, 2010. Sherwood Energy, LLC ( Sherwood ) agreed to purchase from us, at the rights offering subscription price, unsubscribed shares of our Preferred Stock in an amount that, when added to the number of shares purchased upon exercise of the subscription rights, would result in aggregate gross proceeds to us of \$40.0 million.

Holders of the subscription rights exercised their rights to purchase 1,648,199 shares of our Preferred Stock. On September 14, 2010, we closed the private placement transaction with Sherwood, pursuant to which Sherwood purchased the remaining 2,351,801 shares of our Preferred Stock at a price of \$10.00 per share, yielding aggregate gross proceeds to us of \$23,518,010. Sherwood sold 10,000 shares of the Preferred Stock to the other selling security holder in December 2010.

**Ratio of Earnings to Fixed Charges and Preferred Dividends**

The following table sets forth our combined fixed charges and preference dividends to earnings for the periods indicated, on a consolidated basis. You should read these ratios of combined fixed charges and preference dividends to earnings in connection with our consolidated and condensed consolidated financial statements, including the notes to those statements, incorporated by reference into this prospectus.

**Ratios of Earnings (Loss) to Fixed Charges and Preference Securities Dividends (Unaudited)**

	For The Year Ended December 31,				
	2011	2010	2009	2008	2007
Ratio of earnings (loss) to fixed charges and preference securities dividends	X <sub>(1)</sub>	1.85	X <sub>(1)</sub>	X <sub>(1)</sub>	2.28



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- <sup>(1)</sup> Due to our losses for the year ended December 31, 2008, the ratio coverage was less than 1:1. We must generate additional earnings of \$23,441,082 to achieve a coverage ratio of 1:1. Due to our losses for the year ended December 31, 2009, the ratio coverage was less than 1:1. We must general additional earnings of \$261,885,136 to achieve a coverage ratio of 1:1. Due to our losses for the year ended December 31, 2011, the ratio coverage was less than 1:1. We must generate additional earnings of \$5,354,666 to achieve a coverage ratio of 1:1.

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In calculating the ratio of combined fixed charges and preference dividends to earnings, earnings consist of income (loss) before income taxes plus fixed charges, excluding capitalized interest. Fixed charges consist of interest expense, including capitalized interest, amortization of debt financing costs and an estimate of the interest component of rental expense.

**Corporate Information**

GeoMet, Inc. was incorporated under the laws of the state of Delaware on November 9, 2000. Our principal offices are located at 909 Fannin, Suite 1850, Houston, Texas 77010, telephone number (713) 659-3855, fax number (713) 659-3856, and our website can be found at [www.geometinc.com](http://www.geometinc.com). Unless specifically incorporated by reference in this prospectus, information found on our website is not part of this prospectus and should not be relied upon in connection with making any investment in our securities.

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**The Offering**

Securities offered	2,758,663 shares of Series A Convertible Redeemable Preferred Stock, par value \$0.001 per share, together with up to 1,596,025 additional shares of our Preferred Stock that are unissued and are reserved exclusively for the payment of dividends in kind, and up to 33,497,601 shares of our common stock issuable upon conversion of the Preferred Stock.
Ranking	The Preferred Stock is our most senior equity security. The Preferred Stock ranks senior to our common stock and junior to all of our existing indebtedness.
Conversion	The Preferred Stock is convertible into common stock at the option of the holder at any time. The initial conversion price is \$1.30 per common share. The Preferred Stock will convert into a number of shares of common stock determined by dividing (i) the sum of (A) \$10.00 plus (B) accrued but unpaid dividends by (ii) the conversion price. Based upon the initial conversion price and assuming no accrued but unpaid dividends, each share of Preferred Stock is convertible into 7.692308 shares of common stock plus cash to eliminate a fractional common share.
Adjustments to conversion price	The conversion price and resulting number of shares of common stock issued upon conversion of Preferred Stock will be adjusted to reflect stock splits and similar events and is entitled to anti-dilution adjustments for any dividends paid on common stock in cash or in common stock, the issuance of additional equity securities at a price less than the conversion price (excluding shares, rights and options subject to certain employee benefit arrangements) on a weighted average basis, and the occurrence of certain material corporate transactions at a per share valuation less than the conversion price.
Forced conversion by the Company	We will have the right, beginning on September 15, 2013, to convert any or all shares of the Preferred Stock into our common stock at the conversion price, subject to certain volume and other limitations. In order for us to exercise the forced conversion right, the daily volume-weighted average trading price of our common stock must be greater than 225% of the conversion price for twenty (20) out of the previous thirty (30) trading days.
Dividends	Dividends are paid quarterly on the Preferred Stock, including any Preferred Stock issued as paid-in-kind dividends ( PIK dividends ), which in our sole discretion, may be paid in any combination of cash, or, until the fifth anniversary of the closing of the rights offering, in PIK dividends. The applicable annual rate for dividends paid in cash is 8.0% until September 14, 2013, and 9.6% thereafter. The applicable annual rate for PIK dividends will be 12.5%. All dividends will be cumulative and all unpaid dividends will compound on a quarterly basis at a 12.5% annual rate.
Voting rights	The holders of the Preferred Stock are entitled to vote on all matters on which the holders of our common stock are entitled to vote. The holders of the Preferred Stock will generally vote together with the holders of the common stock as a single class, with the Preferred Stock holders entitled to the number of votes such holders would have on an as-converted basis. Certain actions will also require a separate vote of the Preferred Stock.

Liquidation

Upon the occurrence of a liquidation, dissolution or winding up of us resulting in a payment or distribution of assets to the holders of any of our capital stock (each such event, a Liquidation Event ), the holders of the Preferred Stock (including PIK dividends) will be entitled to receive, prior and in preference to any payment, or segregation for payment, of any consideration to any holder of any junior security of ours, an amount in cash equal to the greater of (i) \$10.00 per share, plus any accrued but unpaid dividends (in each case adjusted for any stock dividends, splits, combinations or similar events), or (ii) an amount equal to the amount such holders of the Preferred Stock would have received upon the Liquidation Event if they had converted their shares of Preferred Stock into shares of our common stock.

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Redemption	If not converted, the Preferred Stock (including any PIK dividends) will be redeemable by us on or at any time after a Liquidation Event. In the absence of a Liquidation Event, if not converted, a holder of Preferred Stock (including any PIK dividends) may cause us to redeem the Preferred Stock held by such holder, in whole or in part, on or after eight (8) years from the closing of the rights offering and backstop transaction, upon 30 days prior written notice to us. Upon any redemption of Preferred Stock by us, as of the effective date of the redemption, we will pay to each holder of Preferred Stock, \$10.00 per share of Preferred Stock (including any PIK dividends) held plus any accrued but unpaid dividends (in each case adjusted for any stock dividends, splits, combinations or similar events).
U.S. federal income tax considerations	See Material United States Federal Income Tax Consequences.
Transfer agent	American Stock Transfer & Trust Company, LLC
NASDAQ Global Market trading symbols	Our Preferred Stock is listed on the NASDAQ Global Market under the symbol GMETP . Our common stock is listed on the NASDAQ Global Market under the symbol GMET

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**RISK FACTORS**

Investing in our securities involves risk. Prior to making a decision about investing in our securities, you should carefully consider the risks, cautionary statements and other information contained in this prospectus and in our other filings with the SEC that we incorporate by reference, including our most recent Annual Report on Form 10-K. The occurrence of any of these risks could materially adversely affect our business, operating results and financial condition.

The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. Any adverse effect on our business, financial condition or operating results could result in a decline in the value of the securities and the loss of all or part of your investment.

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Included and incorporated by reference in this prospectus are certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). All statements, other than statements of historical facts, included or incorporated by reference in this prospectus that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements, including statements regarding our reserve quantities and the present value thereof, planned capital expenditures, increases in gas production, the number of anticipated wells to be drilled, future cash flows and borrowings, our financial position, business strategy and other plans and objectives for future operations. We use the words may, will, expect, anticipate, estimate, believe, continue, intend, plan, budget and other s identify forward-looking statements. You should read statements that contain these words carefully and should not place undue reliance on these statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, among others:

the continued oversupply of natural gas in the US markets, which depresses the price we receive for our gas production;

further declines in the prices we receive for our gas affecting our operating results, cash flows and credit capacity;

general international and domestic economic conditions may be less favorable than expected;

our business strategy;

our financial position, including our cash flow and liquidity;

the effects of our indebtedness, which could adversely restrict our ability to operate, could make us vulnerable to general adverse economic and industry conditions, could place us at a competitive disadvantage compared to our competitors that have less debt, and could have other adverse consequences;

volatility in the international and domestic capital and credit markets, including fluctuations in interest rates and availability of capital;

general economic conditions may be less favorable than expected, including the possibility that the reduced level of economic growth in the United States will be prolonged or a new economic recession may develop, which could adversely affect the demand for gas and make it difficult, if not impossible, to access financial markets;

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the continued oversupply of natural gas in the US markets, which depresses the price we receive for our gas production;

further declines in the prices we receive for our gas affecting our operating results, cash flows and credit capacity;

uncertainties in estimating our gas reserves;

our ability to replace our gas reserves;

uncertainties in exploring for and producing gas;

new gas development projects and exploration for gas in areas where we have little or no proven gas reserves;

our ability to acquire water supplies needed for drilling, or our ability to dispose of water used or removed from strata at a reasonable cost and within applicable environmental rules;

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other persons could have ownership rights in our advanced gas extraction techniques which could force us to cease using those techniques or pay royalties;

availability of drilling and production equipment and field service providers;

disruptions, capacity constraints in, or other limitations on the pipeline systems that deliver our gas;

our need to use unproven technologies to extract coalbed methane in some properties;

our ability to retain key members of our senior management and key technical employees;

the outcomes of legal proceedings in which we may become involved;

the possibility that the industry may be subject to future regulatory or legislative actions (including changes to existing tax rules and regulations and changes in environmental regulation);

the effects of government regulation and permitting and other legal requirements;

other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our businesses, operations or pricing; and

our ability to operate effectively in a state or jurisdiction where land ownership and coalbed methane rights are complicated or unresolved.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in our filings with the SEC and in the section entitled "Risk Factors" included elsewhere in this prospectus. For additional information regarding risks and uncertainties, please read our filings with the SEC under the Exchange Act and the Securities Act, including our latest annual report on Form 10-K and our subsequently filed quarterly reports on Form 10-Q. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this prospectus. All forward-looking statements speak only as of the date of this prospectus. Other than as required under securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

**USE OF PROCEEDS**

The selling security holders will receive all of the proceeds from sales of Preferred Stock and common stock under this prospectus, and we will not receive any of such proceeds. The selling security holders named in this prospectus will pay any underwriting fees, discounts and commissions, along with any fees and expenses of underwriter's counsel and certain of the selling security holder's out-of-pocket expenses, incurred in connection with their sale of Preferred Stock and common stock registered under this prospectus. We will bear all other costs, fees and expenses incurred by us, or by the selling security holders, in effecting the registration, offer and sale of the Preferred Stock and common stock covered by this prospectus.

**DESCRIPTION OF SECURITIES**



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Pursuant to our amended certificate of incorporation, we have the authority to issue an aggregate of 135,000,000 shares of capital stock, consisting of 125,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share.

Selected provisions of our organizational documents are summarized below. Copies of our organizational documents will be provided upon request and are available on our website, [www.geometinc.com](http://www.geometinc.com). In addition, you should be aware that the summary below does not give full effect to the terms of the provisions of statutory or common law which may affect your rights as a stockholder.

### **Common Stock**

***Voting rights.*** Each share of common stock is entitled to one vote in the election of directors and on all other matters submitted to a vote of our stockholders. Our stockholders may not cumulate their votes in the election of directors.

***Dividends, distributions and stock splits.*** Holders of our common stock are entitled to receive dividends if, as and when such dividends are declared by our board out of assets legally available therefor after payment of dividends required to be paid on shares of preferred stock, if any.

***Liquidation.*** In the event of any dissolution, liquidation, or winding up of our affairs, whether voluntary or involuntary, after payment of our debts and other liabilities and making provision for any holders of our preferred stock who have a liquidation preference, our remaining assets will be distributed ratably among the holders of common stock.

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**Fully paid.** All the shares of common stock to be outstanding upon completion of this offering will be fully paid and non-assessable.

**Other rights.** Holders of our common stock have no redemption or conversion rights but do have preemptive rights to subscribe for our securities, except in certain circumstances, including, but not limited to, a public offering of our stock.

### **Preferred Stock**

Our board of directors has the authority to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rates, voting rights, terms of redemption, redemption prices, liquidation preferences, and the number of shares constituting any series or the designation of that series, which may be superior to those of the common stock, without further vote or action by the stockholders. As of March 1, 2012, there were 4,691,632 shares of Series A Convertible Redeemable Preferred Stock ( Preferred Stock ) outstanding with an additional 2,710,200 shares of Preferred Stock reserved exclusively for the payment of dividends in kind.

One of the effects of undesignated preferred stock may be to enable our board of directors to render it more difficult to or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and as a result to protect the continuity of our management. The issuance of shares of the preferred stock by our board of directors as described above may adversely affect the rights of the holders of common stock. For example, preferred stock issued by us may rank prior to the common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights, and may be convertible into shares of common stock. Accordingly, the issuance of shares of preferred stock may discourage bids for our common stock or may otherwise adversely affect the market price of our common stock.

Our board of directors will fix the rights, preferences, privileges, qualifications and restrictions of the preferred stock of each series that we sell under this prospectus supplement and the accompanying prospectus in the certificate of designation relating to that series. This description may include:

the title and stated value;

the number of shares we are offering;

the liquidation preference per share;

the purchase price per share;

the dividend rate per share, dividend period and payment dates and method of calculation for dividends;

whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;

our right, if any, to defer payment of dividends and the maximum length of any such deferral period;

the procedures for any auction and remarketing, if any;

the provisions for a sinking fund, if any;

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the provisions for redemption or repurchase, if applicable, and any restrictions on our ability to exercise those redemption and repurchase rights;

any listing of the preferred stock on any securities exchange or market;

whether the preferred stock will be convertible into our common stock or other securities of ours, including warrants, and, if applicable, the conversion period and the conversion price or how the conversion price will be calculated, and under what circumstances it may be adjusted;

Voting rights, if any, of the preferred stock;

preemption rights, if any;

restrictions on transfer, sale or other assignment, if any;

a discussion of any material or special U.S. federal income tax considerations applicable to the preferred stock;

the relative ranking and preferences of the preferred stock as to dividend rights and rights if we liquidate, dissolve or wind up our affairs;

any limitations on issuances of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock being issued as to dividend rights and rights if we liquidate, dissolve or wind up our affairs; and

any other specific terms, rights, preferences, privileges, qualifications or restrictions of the preferred stock.

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When we issue shares of preferred stock under this prospectus supplement, the shares will be fully paid and non-assessable and will not have, or be subject to, any rights of first refusal or similar rights.

The Delaware General Corporation Law provides that the holders of preferred stock will have the right to vote separately as a class on any proposal involving fundamental changes in the rights of holders of that preferred stock. This right is in addition to any voting rights that may be provided for in the applicable certificate of designation.

### **Series A Convertible Redeemable Preferred Stock**

#### ***General Information***

The Preferred Stock ranks senior to our common stock in liquidation preference. The Preferred Stock does not have preemptive rights. For more detailed information describing the Preferred Stock, we urge you to review the copy of the form of Certificate of Designations filed as an appendix to our Definitive Proxy Statement filed with the Securities and Exchange Commission on June 24, 2010. See Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities Preferred Stock of our Annual Report on Form 10-K for the year ended December 31, 2011, incorporated herein by reference, for additional information regarding rights we have granted to certain holders of our Preferred Stock.

#### ***Conversion; Conversion Price***

The Preferred Stock is convertible into common stock at an initial conversion price of \$1.30 per share. The initial conversion price will be subject to adjustment as provided below. The Preferred Stock is convertible at any time after issuance, in whole or in part, at the option of the holder of the Preferred Stock. The Preferred Stock will convert into a number of shares of common stock determined by dividing (i) the sum of (A) \$10.00 plus (B) accrued but unpaid dividends by (ii) the conversion price. The conversion price and resulting number of shares of common stock issued upon conversion of Preferred Stock will be adjusted to reflect stock splits and similar events and will be entitled to anti-dilution adjustments for any dividends paid on common stock in cash or in common stock, the issuance of additional equity securities at a price less than the conversion price (including rights and options but excluding any shares, rights or options issued pursuant to certain option agreements entered into with J. Darby Seré or William C. Rankin, our 2005 Stock Option Plan, our 2006 Long Term Incentive Plan or any similar long term incentive plan subsequently approved by the Company's stockholders) on a weighted average basis, and the occurrence of certain material corporate transactions at a per share valuation less than the conversion price.

#### ***Forced Conversion by the Company***

We will have the right, at any time beginning September 14, 2013 but no sooner than ninety (90) days after a previous Forced Conversion Notice (as defined below), to convert any or all shares of Preferred Stock into common stock at the conversion price, subject to the limitations described herein and in the Certificate of Designations; provided that in order for us to exercise such option, the daily volume weighted average trading price of our common stock on the national securities exchange on which our common stock is then traded (the VWAP) must be greater than 225% of the conversion price for twenty (20) out of the trailing thirty (30) trading days (the VWAP Trigger). The trading day immediately following the occurrence of a VWAP Trigger shall be referred to as a Forced Conversion Determination Date. The maximum number of shares of common stock to be issued to the holders of the Preferred Stock subject to a forced conversion in connection with any Forced Conversion Determination Date will be equal to, either (i) in the case that the VWAP Trigger is greater than 225% but less than 250% of the conversion price, the greater of three million shares of common stock, as adjusted for any common stock splits, common stock dividends on common stock or a similar event subsequent to the Closing Date, or ten (10) times the average daily trading volume (ADTV) of the common stock during the VWAP Trigger period, or (ii) in the case that the VWAP is greater than or equal to 250% of the conversion price, the greater of six million shares of common stock, as adjusted for any common stock splits, common stock dividends on common stock or similar event subsequent to the Closing Date, or ten (10) times the ADTV of the common stock during the VWAP Trigger period.

To convert the Preferred Stock into shares of our common stock pursuant to a forced conversion, we will, within five business days of a Forced Conversion Determination Date, give written notice (a Forced Conversion Notice), and the date of such notice, a Forced Conversion Notice Date) to each holder of Preferred Stock stating that we elect to force conversion of such Preferred Stock and shall state therein (i) the number of shares of Preferred Stock to be converted, (ii) the VWAP of the common stock during the VWAP Trigger period, (iii) our computation of the number of shares of common stock to be received by the holder upon the date of conversion, and (iv) the date of the conversion, which will be no more than ten (10) trading days following the Forced Conversion Determination Date.

#### ***Dividends***

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Dividends are paid quarterly on the Preferred Stock, including any Preferred Stock issued as PIK dividends, which in our sole discretion and in any combination hereof, may be paid either in the form of cash, in which case the applicable annual rate

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will be equal to 8.0% until September 14, 2013 and thereafter 9.6%, or, until September 14, 2015, in which case the applicable annual rate will be equal to 12.5%. All dividends will be cumulative and all unpaid dividends will compound on a quarterly basis at the 12.5% rate.

***Voting Rights***

The holders of Preferred Stock are entitled to vote on all matters which the holders of our common stock are entitled to vote, and except as otherwise stated herein, the holders of Preferred Stock vote together with our common stockholders as a single class. Each holder of Preferred Stock is entitled to a number of votes equal to the number of shares of common stock into which all of the outstanding shares of Preferred Stock held by such holder on the record date are convertible immediately prior to the vote. So long as any shares of Preferred Stock are outstanding, we may not take any of the following acts without receiving the approval of at least 50% of the shares of Preferred Stock, voting as a separate class:

any amendment, alteration or change in the powers, designations, preferences, rights, qualifications, limitations or restrictions of the Preferred Stock in any manner that affects the holders of Preferred Stock; or

any amendment, repeal or alteration of any provision of our Certificate of Incorporation or our Bylaws or in the Certificate of Designations in any manner that adversely affects the holders of Preferred Stock.

So long as at least 750,000 shares of Preferred Stock are outstanding (as adjusted for stock dividends, splits, combinations and similar events), we may not take any of the following acts without receiving the prior written consent of holders representing at least 50% of the shares of Preferred Stock, voting as a separate class:

any increase in the total number of authorized or issued shares of Preferred Stock, except as required for payment of dividends;

any authorization, creation or issuance of any senior securities or securities in parity with the Preferred Stock (including but not limited to our convertible debt);

any redemption, acquisition or purchase of any junior securities or securities in parity with the Preferred Stock except for such redemptions, acquisitions or other purchases of (A) common stock up to \$5 million in the aggregate and (B) shares of Preferred Stock in accordance with the terms thereof;

a change in control of the Company;

a Liquidation Event (as defined below); or

any contract or other arrangement to do any of the foregoing.

***Liquidation***

Upon the occurrence of a liquidation, dissolution or winding up of the Company resulting in a payment or distribution of assets to the holders of any of our capital stock (each such event, a Liquidation Event), the holders of Preferred Stock (including PIK dividends) will be entitled to receive, prior and in preference to any payment, or segregation for payment, of any consideration to any holder of any junior security of the Company, an amount in cash equal to the greater of (i) \$10.00 per share, plus any accrued but unpaid dividends (in each case adjusted for any stock dividends, splits, combinations or similar events), or (ii) an amount equal to the amount such holders of Preferred Stock would have received upon the Liquidation Event if they had converted their shares of Preferred Stock into shares of our common stock.

***Redemption; Redemption Price***

If not converted, the Preferred Stock (including any PIK dividends) will be redeemable by us on or at any time after a Liquidation Event. In the absence of a Liquidation Event, if not converted, a holder of Preferred Stock (including any PIK dividends) may cause us to redeem the Preferred Stock held by such holder, in whole or in part, on or after eight (8) years from the Closing Date, upon 30 days prior written notice to us. Upon any redemption of Preferred Stock by us, as of the effective date of the redemption, we will pay to each holder of Preferred Stock, \$10.00 per share of Preferred Stock (including any PIK dividends) held plus any accrued but unpaid dividends (in each case adjusted for any stock dividends, splits, combinations or similar events).

**Transfer agent, paying agent, conversion agent and registrar**

The transfer agent, paying agent, conversion agent and registrar for our Preferred Stock is American Stock Transfer & Trust Company, LLC.

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### **Book-entry system**

Our Preferred Stock is issued in the form of global securities held in book-entry form. DTC or its nominee is the sole registered holder of the Preferred Stock. Owners of beneficial interests in the Preferred Stock represented by the global securities will hold their interests pursuant to the procedures and practices of DTC. As a result, beneficial interests in any such securities will be shown on, and transfers will be affected only through, records maintained by DTC and its direct and indirect participants and any such interest may not be exchanged for certificated securities, except in limited circumstances. Owners of beneficial interests must exercise any subscription rights in respect of their interests, including any right to convert or require repurchase of their interests in the Preferred Stock, in accordance with the procedures and practices of DTC. Beneficial owners will not be holders and will not be entitled to any subscription rights provided to the holders of the Preferred Stock under the global securities or the certificate of designations. We and any of our agents may treat DTC as the sole holder and registered owner of the global securities.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC facilitates the settlement of transactions among its participants through electronic computerized book-entry changes in participants' accounts, eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, including the underwriters, banks, trust companies, clearing corporations and other organizations, some of whom and/or their representatives own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

### **Exchange of global securities**

Our Preferred Stock, represented by one or more global securities, will be exchangeable for certificated securities with the same terms only if:

DTC is unwilling or unable to continue as depository or if DTC ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days; or

we decide to discontinue use of the system of book-entry transfer through DTC (or any successor depository).

### **Liability and Indemnification of Officers and Directors**

Our certificate of incorporation contains certain provisions permitted under the Delaware General Corporation Law relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except that a director will be personally liable:

for any breach of the director's duty of loyalty to us or our stockholders;

for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

under Section 174 of the Delaware General Corporation Law relating to unlawful stock repurchases or dividends; or

for any transaction from which the director derives an improper personal benefit.

These provisions do not limit or eliminate our rights or those of any stockholder to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws.

Our certificate of incorporation and bylaws also provide that we must indemnify our directors and officers against expenses, judgments, fines, and amounts paid in settlement incurred by such director or officer if he acted in good faith and in a manner he reasonably believed to be in or



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not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Our certificate of incorporation and bylaws also provide that we may advance expenses, as incurred, to our directors and officers in connection with a legal proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount unless it shall be ultimately determined that he is entitled to be indemnified by us as authorized by the certificate of incorporation and the bylaws.

Our officers and directors have entered into agreements which provide for certain contractual rights of indemnification.

### **Anti-Takeover Effects of Provisions of Delaware Law, Our Certificate of Incorporation and Bylaws**

Our certificate of incorporation and bylaws and the Delaware General Corporation Law contain certain provisions that could discourage potential takeover attempts and make it more difficult for our stockholders to change management or receive a premium for their shares.

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### ***Delaware Law***

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover provision. In general, the provision prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder. A business combination includes a merger, sale of 10% or more of our assets, and certain other transactions resulting in a financial benefit to the stockholder. For purposes of Section 203, an interested stockholder is defined to include any person that is:

the owner of 15% or more of the outstanding voting stock of the corporation;

an affiliate or associate of the corporation and was the owner of 15% or more of the voting stock outstanding of the corporation, at any time within three years immediately prior to the relevant date; or

an affiliate or associate of the persons described in the foregoing bullet points.

However, the above provisions of Section 203 do not apply if:

our board approves the transaction that made the stockholder an interested stockholder prior to the date of that transaction;

after the completion of the transaction that resulted in the stockholder becoming an interested stockholder, that stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding shares owned by our officers and directors; or

on or subsequent to the date of the transaction, the business combination is approved by our board and authorized at a meeting of our stockholders by an affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested stockholder. Stockholders may, by adopting an amendment to the corporation's certificate of incorporation or bylaws, elect for the corporation not to be governed by Section 203, effective 12 months after adoption. Neither our certificate of incorporation nor our bylaws exempt us from the restrictions imposed under Section 203. It is anticipated that the provisions of Section 203 may encourage companies interested in acquiring us to negotiate in advance with our board.

Sherwood is not subject to the provisions of Section 203 because our board of directors approved the terms of the investment agreement.

### ***Charter and Bylaw Provisions***

Our bylaws provide that any action required or permitted to be taken by our stockholders may be effected at a duly called annual or special meeting of the stockholders or may be taken by written consent of the stockholders having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Special meetings of stockholders may be called only by our chairman, or by our chairman, president, and secretary at the request of a majority of our board, or at the request in writing of the stockholders owning a majority-in-interest of our entire capital stock issued and outstanding and entitled to vote.

Directors may be removed with the approval of the holders of a majority of the shares then entitled to vote at an election of directors. Directors may be removed by stockholders with or without cause. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by election at an annual or special meeting of stockholders or by the affirmative vote of a majority of the directors then in office, though less than a quorum. If there are no directors in office, then an election of directors may be held in the manner provided by law.

### **Transfer Agent and Registrar**

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The transfer agent and registrar for our common and preferred stock is American Stock Transfer and Trust Company, LLC. Its phone number is (800) 937-5449.

### **Quotation of Common Stock**

Our common stock is traded on The NASDAQ Global Market under the symbol GMET.

### **SELLING SECURITY HOLDERS**

The following table shows for the selling security holders:

the number of shares of Preferred Stock beneficially owned by each selling security holder,

the number of shares of Preferred Stock (or common stock issuable upon conversion of the Preferred Stock) covered by this prospectus, and

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the number of shares of common stock to be retained after this offering, if any, assuming the selling security holders sell the maximum number of shares (and percentage of outstanding shares of common stock owned after this offering, if more than 1%).

The selling security holders are not required, and may choose not, to sell any of their shares of Preferred Stock or common stock.

Name of Beneficial Owner	Shares of Preferred Stock Beneficially Owned Before Offering	Shares of Preferred Stock Being Offered Hereby (2)	Shares of Common Stock Being Offered Hereby (3)	Shares of Common Stock Beneficially Owned After Offering(4)	Percentage of Common Stock Beneficially Owned After Offering(4)
Sherwood Energy, LLC (1)	2,746,935	4,336,186	33,355,278		
Gary S. Weber	11,728	18,502	142,323		
<b>Totals</b>	<b>2,758,663</b>	<b>4,354,688</b>	<b>33,497,601</b>		

- (1) All information in the table with respect to Sherwood Energy, LLC ( Sherwood ) is provided to us by Sherwood. Paul McDermott and Bruce Rothstein, as controlling persons of Sherwood, have shared voting power and investment power over the shares of Preferred Stock (or common stock issuable upon conversion of the Preferred Stock). Sherwood is not a registered broker-dealer or an affiliate of a registered broker-dealer.
- (2) Sherwood acquired the shares of Preferred Stock to be sold in this offering in a private placement as the backstop purchaser in our rights offering that closed on September 14, 2010. Mr. Weber acquired 10,000 shares of Preferred Stock on December 8, 2010 from Sherwood for \$10.00 per share. The total of 4,354,688 shares of our Preferred Stock, includes up to 2,002,887 shares of Preferred Stock issuable as PIK dividends to the holders of the Preferred Stock.
- (3) The 33,497,601 shares of common stock are issuable upon the conversion of shares of the Preferred Stock at the initial conversion price. This includes shares of common stock that may be issuable upon conversion of the shares of Series A Convertible Redeemable Preferred Stock issuable as dividends on the Series A Convertible Preferred Stock.
- (4) Assumes all shares of Preferred Stock (or common stock issuable upon conversion of the Preferred Stock) offered hereby are sold. Based upon 4,691,632 shares of Preferred Stock outstanding and 40,008,207 shares of common stock outstanding as of March 1, 2012.

**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of the material United States federal income tax considerations, and in the case of a non-United States holder (as defined below), United States federal estate tax considerations, of the Preferred Stock to purchasers that hold such stock as a capital asset (generally, property held for investment) for federal income tax purposes. The following discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code ), the applicable Treasury Regulations promulgated and proposed thereunder, judicial authority and current administrative rulings and practice now in effect, all of which are subject to different interpretations and all of which are subject to change, possibly with retroactive effect.

This discussion does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular holders in light of their personal investment circumstances or status, nor does it discuss the United States federal income tax considerations applicable to holders subject to special treatment under the United States federal income tax laws, such as (without limitation):

certain expatriates or former long-term residents of the United States (including foreign corporations treated as domestic corporations under the Code);

stockholders that hold the shares as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction;

stockholders who hold the shares as a result of a constructive sale;

stockholders whose functional currency is not the United States dollar;

stockholders who acquired the shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;

stockholders that are partnerships (or other entities or arrangements treated as partnerships for United States federal income tax purposes) or other pass-through entities or owners thereof;

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financial institutions;

insurance companies;

tax-exempt entities;

regulated investment companies;

real estate investment trusts;

dealers in securities or foreign currencies;

foreign governments or international organizations;

traders in securities that mark-to-market; and

stockholders liable for alternative minimum tax.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds our stock, the tax treatment of a partner in the partnership (or a member of another entity or arrangement treated as a partnership for United States federal income tax purposes) will generally depend upon the status of the partner (or member) and the activities of the partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes). If a holder is a partner of a partnership (or a member of another entity or arrangement treated as a partnership for United States federal income tax purposes) holding our stock, the holder should consult its own tax advisor.

We have not sought, and will not seek, an opinion of counsel or a ruling from the Internal Revenue Service regarding the United States federal income tax consequences of the sale of the Preferred Stock by the selling security holders. The following summary does not address the tax consequences of the Preferred Stock sale under foreign, state, local or other tax laws. **ACCORDINGLY, EACH PURCHASER OF OUR PREFERRED STOCK OR COMMON STOCK SHOULD CONSULT ITS TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF ACQUIRING, HOLDING, AND DISPOSING OF SUCH SECURITIES.**

**Definition of United States Holders and Non-United States Holders**

As used in this discussion, a United States holder refers to a beneficial owner of our stock who or which, for United States federal income tax purposes, is:

an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or who meets the substantial presence test under Section 7701(b) of the Code;

a corporation, or other entity taxable as a corporation for United States federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

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an estate whose income is subject to United States federal income taxation regardless of its source; or

a trust (i) if it is subject to the primary supervision of a court within the United States and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust or (ii) if it has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person.

The term non-United States holder refers to any beneficial owner of our stock who or which is neither a United States holder nor a partnership (or other entity or arrangement treated as a partnership for United States federal tax purposes).

### United States Holders

The following is a summary of the material United States federal income tax consequences that will apply to a United States holder of our Preferred Stock.

#### *Series A Convertible Redeemable Preferred Stock*

*Distributions on the Preferred Stock.* Distributions on our Preferred Stock will be dividends for United States federal income tax purposes to the extent of our current or accumulated earnings and profits, as determined for United States federal income tax purposes, and will be taxable as ordinary income, although possibly at reduced rates as discussed below. To the extent that the amount of any distribution paid with respect to the Preferred Stock exceeds our current and accumulated earnings and profits, the excess will be treated as a nontaxable return of capital to the extent of the United States holder's adjusted tax basis in the Preferred Stock and will reduce the United States holder's adjusted tax basis in the Preferred Stock. Any amount in excess of the United States holder's adjusted tax basis will be treated as capital gain. A reduction in tax basis could result in increased capital gain, or decreased capital loss, upon a subsequent sale, redemption or other disposition of the Preferred Stock.

If we make a distribution on the Preferred Stock in the form of additional shares of our Preferred Stock, such distribution generally will be tax-free under Section 305 of the Code. Such a stock distribution will not be tax-free if one or more of the following exceptions apply: (1) at the election of any stockholder, the dividend can be paid in property instead of stock; (2) the result of the distribution is that some stockholders receive property while other stockholders increase their interest in the earnings or assets of the corporation; (3) as a result of the distribution, some common stockholders receive common stock and other common stockholders receive Preferred Stock; (4) the dividend is a distribution on Preferred Stock; or (5) the dividend is

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payable in convertible Preferred Stock, unless we can establish that the dividend will not have the effect listed exception (2). Exception (4) for distributions on Preferred Stock does not apply to participating Preferred Stock. Participating Preferred Stock is stock that participates in corporate growth to any significant extent (disregarding conversion privileges). A right to participate in corporate growth that lacks substance (that is, as to which it is reasonable to anticipate at the time of the distribution that there is little or no likelihood of participating beyond a fixed preferential return) will not be respected. Generally, stock which enjoys a priority as to dividends and on liquidation and is entitled to participate, over and above such priority, with another less privileged class of stock in earnings and profits and upon liquidation, would be treated as participating Preferred Stock for purposes of Section 305. Our Preferred Stock has a priority as to dividends and has the right to participate, over and above its preference amount, in any liquidation proceeds (but not any dividends) along with our common stock on an as-if converted basis (see Series A Convertible Redeemable Preferred Stock Principal Terms of the Preferred Stock Liquidation ). Based on the foregoing, we currently intend to treat the Preferred Stock as participating Preferred Stock for purposes of Section 305. There is no assurance, however, that the IRS or the courts will not take a contrary position. In general, each holder is bound by our determination, unless the holder explicitly discloses that it is taking a contrary position in a statement attached to its timely filed tax return for the taxable year in which it acquires the stock.

If our Preferred Stock is treated as participating Preferred Stock and no other exceptions apply at the time of the stock distribution, the stock distribution will be tax-free to the United States holder. A United States holder's tax basis in the shares will be allocated between the Preferred Stock and the additional Preferred Stock distributed based on their relative fair market values on the date of distribution. Such United States holder's holding period for such additional Preferred Stock generally will include the period during which the Preferred Stock was held prior to the stock distribution.

If, contrary to our position, our Preferred Stock is treated as non-participating Preferred Stock or another exception to tax-free treatment applies, a distribution in the form of additional shares of our Preferred Stock will be taxable for United States federal income tax purposes in the same manner as distributions described in the first paragraph above. The amount of such distribution will be equal to the fair market value of the additional Preferred Stock on the date of the distribution. A United States holder's tax basis in such additional Preferred Stock will equal the fair market value of the additional Preferred Stock on the distribution date, and such United States holder's holding period for such additional Preferred Stock will begin on the day following the distribution date.

Dividends on the Preferred Stock taxable as dividends received by corporate United States holders generally will be eligible for the dividends received deduction, subject to various customary conditions and limitations. The Code disallows the dividends received deduction in its entirety if our Preferred Stock with respect to which the dividend is paid is held by such United States holder for less than 46 days during the 91-day period beginning on the date which is 45 days before the date on which our Preferred Stock becomes ex-dividend with respect to such dividend. A 91-day minimum holding period applies to any dividends on our Preferred Stock that are attributable to periods in excess of 366 days. The benefits of the dividends received deduction to a corporate United States holder may be reduced or eliminated by many exceptions and restrictions, including restrictions relating to the corporate United States holder's taxable income and debt financing.

Subject to certain exceptions for short-term and hedged positions and provided that certain holding period and other requirements are met, distributions constituting qualified dividend income received by non-corporate United States holders in respect of the Preferred Stock generally are subject to a reduced maximum tax rate of 15% for taxable years beginning before January 1, 2011. For taxable years beginning on or after January 1, 2011, the maximum tax rate applicable to dividends is scheduled to return to the tax rate generally applicable to ordinary income. The rate reduction does not apply to dividends received to the extent that United States holders elect to treat the dividends as investment income for purposes of the rules relating to the limitation on the deductibility of investment-related interest, which may be offset by investment expense. Furthermore, the rate reduction also will not apply to dividends that are paid to such holders with respect to our Preferred Stock that is held by the holder for less than 61 days during the 121-day period beginning on the date which is 60 days before the date on which our Preferred Stock becomes ex-dividend with respect to such dividend. A 91-day minimum holding period applies to any dividends on our Preferred Stock that are attributable to periods in excess of 366 days.

In general, for purposes of meeting the holding period requirements for both the dividends received deduction and the reduced maximum tax rate on dividends described above, United States holders may not count towards their holding period any period in which they (a) have the option to sell, are under a contractual obligation to sell, or have made (and not closed) a short sale of our Preferred Stock or substantially identical stock or securities; (b) are the grantor of an option to buy our Preferred Stock or substantially identical stock or securities; or (c) otherwise have diminished their risk of loss on our Preferred Stock by holding one or more other positions with respect to substantially similar or related property. The United States Treasury Regulations provide that a taxpayer has diminished its risk of loss on stock by holding a position in substantially similar or related property if the taxpayer is the beneficiary of a guarantee, surety agreement, or similar arrangement that provides for payments that will substantially offset decreases in the fair market value of the stock. In addition, the Code disallows the dividends received deduction as well as the reduced maximum tax rate on dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met.





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United States holders that are corporations should consider the effect of Section 246A of the Code, which reduces the dividends received deduction allowed with respect to debt-financed portfolio stock. The Code also imposes a 20% alternative minimum tax on corporations. In some circumstances, the portion of dividends subject to the dividends received deduction will serve to increase a corporation's minimum tax base for purposes of the alternative minimum tax. In addition, a dividend that exceeds certain thresholds in relation to a United States holder's tax basis in the Preferred Stock could be characterized as an extraordinary dividend (as defined in Section 1059 of the Code). Generally, a corporate United States holder that receives an extraordinary dividend is required to reduce its stock basis (but not below zero) by the portion of such dividend that is not taxed because of the dividends received deduction. If the amount of the reduction exceeds such United States holder's tax basis in the Preferred Stock, the excess is treated as taxable gain for the taxable year in which such extraordinary dividend is received. Non-corporate United States holders who receive an extraordinary dividend would be required to treat any loss on the sale of the Preferred Stock as long-term capital loss to the extent of the dividends received by them that qualify for the reduced dividend tax rate for qualified dividend income.

United States holders should consult their own tax advisors regarding the availability of the reduced dividend tax rate or the dividends received deduction and the potential applicability of the debt-financed portfolio stock, corporate alternative minimum tax and extraordinary dividend rules in light of their particular circumstances.

*Conversion of the Preferred Stock into Common Stock.* A United States holder generally will not recognize gain or loss on the receipt of common stock upon the conversion of the Preferred Stock. However, if the conversion takes place when there is a dividend arrearage on the Preferred Stock and the fair market value of the common stock exceeds the issue price of the Preferred Stock, the common stock received in respect of such dividend arrearage may be treated as a dividend distribution as described above under *Distributions on the Preferred Stock*. In addition, if the conversion is pursuant to a plan to periodically increase the holder's proportionate interest in our assets or earnings and profits, a portion of the common stock received may be treated as a dividend distribution as described above under *Distributions on the Preferred Stock*. Assuming the conversion is not pursuant to any such plan and no dividend arrearage exists, the United States holder's tax basis in the common stock received upon conversion will equal such United States holder's tax basis in the Preferred Stock converted. The holding period of the common stock received upon conversion generally will include the period during which the Preferred Stock converted was held prior to conversion.

Cash received in lieu of a fractional share of common stock generally will be treated as a payment in a taxable exchange for such fractional share, and gain or loss will be recognized on the receipt of cash in an amount equal to the difference between the amount of cash received and the amount of adjusted tax basis allocable to the fractional share.

*Adjustment of the Conversion Price.* Under Treasury Regulations promulgated under Section 305 of the Code, an adjustment to the conversion price of convertible Preferred Stock generally results in a constructive stock distribution (includable in income in the manner described above under *Distributions on the Preferred Stock*) with respect to such Preferred Stock to the extent such adjustment increases the proportionate interest of the holders of such stock in the issuer's earnings and profits. For example, an increase in the conversion ratio to reflect a taxable dividend to holders of common stock generally will give rise to a deemed taxable dividend to the holders of Preferred Stock to the extent of the issuer's current or accumulated earnings and profits. However, adjustments to the conversion price made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing dilution in the interest of a holder of the Preferred Stock generally will not be considered to result in a constructive distribution.

The conversion price of the Preferred Stock is subject to adjustment under certain circumstances (see *Series A Convertible Redeemable Preferred Stock Principal Terms of the Preferred Stock Conversion; Conversion Price*). Such circumstances generally should constitute bona fide reasonable anti-dilution provisions and generally should not result in constructive distributions. However, certain of the possible adjustments (including adjustments for cash distributions on our common stock) will not qualify as being pursuant to a bona fide reasonable adjustment formula. If such adjustments were made, United States holders of Preferred Stock will be deemed to have received constructive distributions taxable in the manner described above under *Distributions on the Preferred Stock*.

In addition, a failure to make an adjustment to the conversion price of our Preferred Stock to reflect a stock dividend or similar event that increases the proportionate interest of the holders of our common stock could in some circumstances give rise to constructive distributions to such holders.

Thus, under certain circumstances, United States holders may recognize income in the event of a constructive distribution even though they may not receive any cash or property.

*Sale or Other Disposition.* A sale, exchange, or other disposition of the Preferred Stock (other than a conversion into common stock or a redemption) generally will result in gain or loss equal to the difference between the amount realized upon the disposition (not including any proceeds attributable to declared and unpaid dividends, which will be taxable as described above to United States holders of record who have not

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previously included such dividends in income) and a United States holder's adjusted tax basis in the Preferred Stock. The gain or loss will be long-term capital gain or loss if the United States

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holder held the Preferred Stock more than one year at the time of sale, exchange, or other disposition. Under current law, long-term capital gains of individuals, estates, and trusts generally are subject to a reduced maximum tax rate of 15% (which maximum tax rate currently is scheduled to increase to 20% for dispositions occurring during taxable years beginning on or after January 1, 2011). A United States holder's ability to deduct capital losses is limited.

*Redemption.* In the event that we redeem the Preferred Stock (see Series A Convertible Redeemable Preferred Stock Principal Terms of the Preferred Stock Redemption; Redemption Price), the redemption proceeds generally will be treated as a sale or exchange if the United States holder does not own, actually or constructively, within the meaning of Section 318 of the Code, any of our stock other than the Preferred Stock redeemed. If a United States holder does own, actually or constructively, such other stock, a redemption of stock may be treated as a dividend to the extent of our current or accumulated earnings and profits. Such dividend treatment would not apply and the redemption would be treated as a sale or exchange if the redemption is substantially disproportionate with respect to the United States holder under Section 302(b)(2) of the Code or is not essentially equivalent to a dividend with respect to the United States holder under Section 302(b)(1) of the Code. A distribution to a United States holder will be not essentially equivalent to a dividend if it results in a meaningful reduction in the United States holder's stock interest in the Company. A redemption of stock for cash that results in a reduction in the proportionate interest in the Company (taking into account any constructive ownership) of a United States holder whose relative stock interest in the Company is minimal and who exercises no control over corporate affairs may be regarded as a meaningful reduction in the United States holder's stock interest in the Company. In all cases, amounts of cash received upon redemption of the shares which represent declared and unpaid dividends will be subject to taxation in the manner discussed above under Distributions on the Preferred Stock.

If a redemption of Preferred Stock is treated as a distribution that is taxable as a dividend, the amount of the distribution will be measured by the amount received by the United States holder without being reduced by the United States holder's adjusted tax basis in the Preferred Stock. The United States holder's adjusted tax basis in the redeemed Preferred Stock will be transferred to the United States holder's remaining stock holdings in the Company. If the United States holder does not retain any stock ownership in the Company, the holder may lose such basis entirely.

Upon a redemption of stock that is not treated as a distribution taxable as a dividend, the United States holder will recognize capital gain or loss as described under Sale or Other Disposition above.

*Information Reporting and Backup Withholding.* Generally, information reporting will apply to dividends in respect of the Preferred Stock and the proceeds from the sale, exchange, redemption, or other disposition of the Preferred Stock. Backup withholding, currently at a rate equal to 28% (which rate currently is scheduled to increase to 31% for taxable years beginning on or after January 1, 2011), may apply to such payments made to a United States holder if the United States holder:

fails to furnish its taxpayer identification number on an IRS Form W-9 within a reasonable time after the Company or an appropriate intermediary request this information;

furnishes an incorrect taxpayer identification number;

is informed by the IRS that it failed to report properly any interest or dividends; or

fails, under certain circumstances, to provide a certified statement signed under penalty of perjury that it is a United States person (as defined in the Code), that the taxpayer identification number provided is its correct number, and that it is not subject to backup withholding.

Certain persons are exempt from information reporting and backup withholding, including corporations. United States holders of the Preferred Stock should consult their tax advisors as to their qualification for exemption and the procedure for obtaining such exemption.

Backup withholding is not an additional tax. The amount of any backup withholding imposed on a United States holder will be allowed a refund or a credit against the United States holder's United States federal income tax liability if the required information or appropriate claim form is timely furnished to the IRS.

**Non-United States Holders**

The following is a summary of the material United States federal tax consequences that will apply to a non-United States holder of our Preferred Stock.

***Series A Convertible Redeemable Preferred Stock***

*Distributions on the Preferred Stock.* Any distributions on our Preferred Stock (including distributions in the form of our Preferred Stock taxable as dividends and, in certain circumstances, cash or shares of common stock treated as a dividend if a non-United States holder converts the Preferred Stock), paid to a non-United States holder ordinarily will be subject to withholding of United States federal income tax at a rate of 30% unless the non-United States holder provides us, prior to the payment of such dividends, with a properly executed:

IRS Form W-8BEN (or successor form) claiming an exemption from, or reduction in the rate of, withholding under the benefit of an applicable income tax treaty; or

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IRS Form W-8ECI (or successor form) stating that the dividends are not subject to withholding tax because they are effectively connected with the non-United States holder's conduct of a trade or business in the United States. (See *Income or Gain Effectively Connected With a United States Trade or Business* below.)

Distributions in excess of our current and accumulated earnings and profits (as determined under United States federal income tax principles) will first constitute a return of capital that is applied against and reduces a non-United States holder's adjusted tax basis in the Preferred Stock, and thereafter will be treated as gain realized on the sale or other disposition of the Preferred Stock and will be treated as described below under *Sale or Other Disposition*.

*Conversion of the Preferred Stock into Common Stock.* The United States federal income tax consequences to non-United States holders with respect to the conversion of our Preferred Stock into common stock generally should be the same as described above under *United States Holders Conversion of the Preferred Stock into Common Stock*. That is, non-United States holders generally will not recognize any gain or loss in respect of the receipt of common stock upon the conversion of the Preferred Stock. Additionally, non-United States holders that receive cash or common stock in respect of dividends in arrears on the shares will be treated as described above under *Distributions on the Preferred Stock*.

Certain non-U.S. holders may be required to satisfy certain filing requirements with the IRS to avoid the recognition of gain upon the conversion. Non-U.S. holders should consult their tax advisors regarding whether they must satisfy such filing requirements upon a conversion of the Preferred Stock into common stock to avoid recognition of gain.

*Adjustment of the Conversion Price.* As described above under *United States Holders Adjustment of the Conversion Price*, adjustments in the conversion price (or failures to adjust the conversion price) that increase the proportionate interest of a non-United States holder in our earnings and profits could result in deemed distributions to the non-United States holder that are taxed as described above under *Distributions on the Preferred Stock*. If we make an adjustment to the conversion rate and the adjustment gives rise to a constructive dividend, non-United States holders should expect additional U.S. withholding on subsequent distributions.

*Sale or Other Disposition.* Any gain or loss realized on the disposition of the Preferred Stock (excluding any amounts attributable to declared and unpaid dividends upon a redemption, which will be taxable to a non-United States holder of record as described above under *Distributions on the Preferred Stock*) by a non-United States holder generally will not be subject to United States federal income tax unless:

- the gain or loss is effectively connected with the conduct of a trade or business by the non-United States holder in the United States (and, if required by an applicable income tax treaty, is treated as attributable to a United States permanent establishment of the non-United States holder);

- the non-United States holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or

- we are or have been a United States real property holding corporation (USRPHC) for United States federal income tax purposes at any time during the shorter of the five-year period preceding the date of the disposition or the non-United States holder's holding period. A non-United States holder who or which has gain that is described in the first bullet point above generally will be subject to tax on the net gain derived from the disposition under regular graduated United States federal income tax rates in the same manner as a United States holder (see *Income or Gain Effectively Connected With a United States Trade or Business* below).

An individual non-United States holder described in the second bullet point above, except as otherwise provided by an applicable income tax treaty, will be subject to a flat 30% tax on the gain derived from the sale or other disposition, which may be offset by United States source capital losses, even though the individual is not considered a resident of the United States.

As to the third bullet point above, because of the oil and natural gas properties and other real property assets we own, we believe that we currently are, and expect to remain for the foreseeable future, a USRPHC for United States federal income tax purposes. Therefore, a non-United States holder generally will be subject to United States federal income tax in respect of any gain or loss recognized on a sale or other disposition of the Preferred Stock in the same manner as described above under *United States Holders Sale or Other Disposition*. In addition, upon such disposition, the non-United States holder may be subject to a 10% withholding tax on the amount realized on such disposition unless the Preferred Stock is regularly traded on an established securities market or the non-United States holder otherwise qualifies for exemption from United States federal income tax with respect to the disposition. Any amount withheld under the preceding sentence may be credited against the

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non-United States holder's United States federal income tax liability and any excess may be refundable if the proper information is timely furnished to the IRS.

A non-United States holder generally will not be subject to United States federal income tax on a disposition of our Preferred Stock or common stock if a class of our stock is regularly traded on an established securities market, unless such non-United States holder beneficially owns or owned more than 5% of our Preferred Stock or common stock (or, if the Preferred Stock is not regularly traded on an established securities market, the Preferred Stock beneficially owned, actually or

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constructively, by the non-United States holder on the date that such Preferred Stock was acquired (or on any subsequent date when Preferred Stock was acquired by the non-United States holder) had a fair market value greater than the fair market value on that date of 5% of our common stock into which the Preferred Stock is convertible) at any time during the shorter of the five-year period ending on the date of disposition or the non-United States holder's holding period. A non-United States holder generally will not be subject to United States federal income tax withholding on a disposition of our Preferred Stock or common stock if a class of our stock is regularly traded on an established securities market. For this purpose, a class of interests that is traded on one or more established securities markets generally is considered to be regularly traded on such market or markets for any calendar quarter during which it is regularly quoted by brokers or dealers making a market in such interests. A broker or dealer makes a market in a class of interests only if the broker or dealer holds himself out to buy or sell interests in such class at the quoted prices.

Non-United States holders should consult their own tax advisors with respect to the application of the foregoing rules to their ownership and disposition of the Preferred Stock.

*Income or Gain Effectively Connected with a United States Trade or Business.* The preceding discussion of the tax consequences of the acquisition, ownership and disposition of the Preferred Stock by a non-United States holder generally assumes that the non-United States holder is not engaged in a United States trade or business. If any dividends with respect to the Preferred Stock or gain from the sale, exchange or other taxable disposition of the Preferred Stock are effectively connected with a United States trade or business conducted by the non-United States holder (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the non-United States holder in the United States), then the income or gain will be subject to United States federal income tax at regular graduated income tax rates. If the non-United States holder is a corporation, that portion of its earnings and profits that is effectively connected with its United States trade or business also may be subject to a branch profits tax at a 30% rate, unless an applicable income tax treaty provides for a lower rate. Even though effectively connected dividends are subject to United States federal income tax, and may be subject to the branch profits tax, they generally are not subject to withholding tax if the non-United States holder provides a properly executed IRS Form W-8ECI (or successor form) to us or our paying agent.

*United States Federal Estate Tax.* An individual who is not a citizen or a resident of the United States (as specially defined for United States federal estate tax purposes) and who is treated as the owner of, or has made certain lifetime transfers of, an interest in the Preferred Stock at the time of his or her death will be required to include the value of the Preferred Stock in the individual's gross estate for United States federal estate tax purposes, and may be subject to United States federal estate tax, unless an applicable estate tax or other treaty provides otherwise.

*Information Reporting and Backup Withholding.* We must report annually to the IRS and to each non-United States holder the amount of dividends paid to such holder, the proceeds from a sale or other disposition of the Preferred Stock and the tax withheld, if any, with respect to those payments, regardless of whether withholding was required. Copies of the information returns reporting such dividends and any withholding may also be made available to the tax authorities in the country in which the non-United States holder resides under the provisions of an applicable income tax treaty or agreement.

Non-United States holders generally will not be subject to backup withholding with respect to payments of dividends made by us or our paying agent (in its capacity as such) to non-United States holders if we do not have actual knowledge or reason to know that the non-United States holder is a United States person (as defined in the Code) and the non-United States holder provides the requisite certification that such holder is not a United States person (as defined in the Code) on IRS Form W-8BEN, IRS Form W-8ECI or otherwise establishes an exemption from backup withholding.

If a non-United States holder receives payments of the proceeds of a sale of the Preferred Stock to or through a United States office of a broker, the payment is subject to both United States backup withholding at a rate of 28% (which rate currently is scheduled to increase to 31% for taxable years beginning on or after January 1, 2011) and information reporting unless the non-United States holder provides a Form W-8BEN certifying that the non-United States holder is not a United States person (as defined in the Code) or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds where the sale is effected outside the United States through a non-United States office of a non-United States broker unless (a) the proceeds are transferred to an account maintained by the holder in the United States; (b) the payment of proceeds or the confirmation of the sale is mailed to the holder at a United States address; or (c) the sale has some other specified connection with the United States as provided in applicable Treasury Regulations.

United States information reporting (but not backup withholding) will generally apply to a payment of disposition proceeds where the sale is effected outside the United States by or through an office outside the United States of a broker that fails to maintain documentary evidence that the holder is not a United States person (as defined in the Code) or that the holder otherwise is entitled to an exemption, and the broker is:



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a United States person (as defined in the Code);

a foreign person that derives 50% or more of its gross income for defined periods from the conduct of a trade or business in the United States;

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a controlled foreign corporation for United States federal income tax purposes; or

a foreign partnership if, at any time during its tax year: (1) more than 50% of its capital or profits interest is owned by United States persons (as defined in the Code) or (2) it is engaged in a United States trade or business.

Non-United States holders should consult their own tax advisors regarding application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under applicable Treasury Regulations.

Backup withholding is not an additional tax. The amount of any backup withholding imposed on a payment to a non-United States holder of the Preferred Stock will be allowed as a refund or a credit against the non-United States holder's United States federal income tax liability if the required information is timely furnished to the IRS.

*New Legislation Relating to Foreign Accounts*

Newly enacted legislation may impose withholding taxes on certain types of payments made to foreign financial institutions and certain other non-United States entities. Under this legislation, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to foreign intermediaries and certain non-United States holders. The legislation imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, our Preferred Stock or our common stock paid to a foreign financial institution or to a foreign non-financial entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. Subject to a grandfathering provision which exempts payments on, and the gross proceeds from the disposition of, obligations which are outstanding on March 18, 2012, the legislation would apply to payments made after December 31, 2012. Prospective holders of the Preferred Stock should consult their tax advisors regarding this legislation and subsequent guidance provided by the IRS pertaining to such legislation.

THE PRECEDING DISCUSSION OF UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO IT OF ACQUIRING, OWNING AND DISPOSING OF THE SHARES, INCLUDING CONSEQUENCES OF ANY PROPOSED CHANGES IN APPLICABLE LAW.

**PLAN OF DISTRIBUTION**

We are registering the Preferred Stock and the common stock on behalf of the selling security holders pursuant to the terms of a registration rights agreement.

As used in this prospectus, selling security holders includes any donees, pledgees, transferees or other successors in interest who will hold the selling security holder's shares after the date of this prospectus. We are paying the costs, expenses and fees of registering the Preferred Stock (and common stock issuable upon conversion of the Preferred Stock), but the selling security holders will pay any underwriting or brokerage commissions and similar selling expenses relating to their sale of the Preferred Stock and common stock pursuant to this prospectus.

The selling security holders may sell, from time to time, any or all of their shares of our Preferred Stock and common stock on the NASDAQ Global Market or such other applicable stock exchange, market or trading facility on which our shares are then traded or in private transactions. The selling security holders may sell its shares at prevailing market prices or privately negotiated prices.

The selling security holders may sell some or all of their Preferred Stock (or common stock issuable upon conversion of the Preferred Stock) through:

ordinary brokers transactions which may include long or short sales;

transactions involving cross or block trades or otherwise;

purchases by brokers, dealers or underwriters as principal and resale by those purchasers for their own accounts under this prospectus;

market makers or into an existing market for our Preferred Stock or common stock;

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other ways not involving market makers or established trading markets, including direct sales to purchasers or sales effected through agents;

transactions in options, swaps or other derivatives; or

any combination of the selling options described in this prospectus, or by any other legally available means.

The selling security holders may enter into hedging transactions with broker-dealers who may engage in short sales of our Preferred Stock and common stock in the course of hedging the positions they assume. The selling security holders also may enter into option or other transactions with broker-dealers that require the delivery of the Preferred Stock and common stock by those broker-dealers. Thereafter, the shares may be resold under this prospectus.

Broker-dealers or underwriters may receive compensation in the form of underwriting discounts or commissions and may receive commissions from purchasers of the securities for whom they may act as agents. If any broker-dealer purchases the securities as principal, it may effect resales of the securities from time to time to or through other broker-dealers, and other broker-dealers may receive compensation in the form of concessions or commissions from the purchasers of securities for whom they may act as agents.

The selling security holders and any broker-dealers involved in the sale or resale of our common stock may qualify as underwriters within the meaning of Section 2(a)(11) of the Securities Act. In addition, a broker-dealers' commissions, discounts or concessions may qualify as underwriters' compensation under the Securities Act. If the selling security holders or any broker-dealer qualifies as an underwriter, they will be subject to the prospectus delivery requirements of Rule 153 of the Securities Act, which may include delivery through the facilities of the NASD.

In conjunction with sales to or through brokers, dealers or agents, the selling security holders may agree to indemnify them against liabilities arising under the Securities Act. We know of no existing arrangements between the selling security holders, any other shareholder, broker, dealer, underwriter or agent relating to the sale or distribution of our Preferred Stock or common stock.

In addition to selling their shares of Preferred Stock (or common stock issuable upon conversion of the Preferred Stock) under this prospectus, the selling security holders may:

transfer their shares in other ways not involving market makers or established trading markets, including by gift, distribution, or other transfer; or

in some cases, sell their shares under Rule 144 of the Securities Act, if the transaction meets the requirements of Rule 144.

We have advised the selling security holders that during the time they are engaged in a distribution of the securities covered by this prospectus, it is required to comply with Regulation M promulgated under the Exchange Act. With certain exceptions, Regulation M precludes the selling security holders, any affiliated purchasers, and any broker-dealer or other person who participates in such distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase, any shares which are the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of our shares in connection with the distribution of our shares. We have further advised the selling security holders, which may be an affiliated purchaser of ours, that they must coordinate their sales under this prospectus with us for purposes of Regulation M. All of the foregoing may affect the marketability of the securities offered in this prospectus.

We will amend or supplement this prospectus as required by the Securities Act.

## **LEGAL MATTERS**

The validity of the securities offered hereby will be passed upon for us by Haynes and Boone, LLP.

## **EXPERTS**

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The consolidated financial statements incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2011, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph relating to a change in 2009 of the accounting for natural gas reserves), which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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Estimates of proved natural gas reserves for GeoMet, Inc. referred to and incorporated by reference herein were based upon reserve reports prepared by DeGolyer and MacNaughton and Ryder Scott Company, L.P., independent petroleum engineers. These estimates are included and incorporated herein in reliance on the authority of such firms as an experts in such matters.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a post-effective amendment to the registration on Form S-3 on a registration statement on Form S-1 under the Securities Act with respect to the securities being offered by this prospectus. Certain of the information in the registration statement has been omitted from this prospectus in accordance with the rules and regulations of the SEC. For further information with respect to the Company and the securities offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete and in each instance we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

We electronically file annual, quarterly and special reports, proxy and information statements and other information with the SEC. The reports and other information filed by us with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the public reference rooms. The SEC also maintains an internet website at <http://www.sec.gov> that contains our filed reports, proxy and information statements, and other information that we file electronically with the SEC. Additionally, we make these filings available, free of charge, on our website at [www.geometinc.com](http://www.geometinc.com) as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. The information on our website, other than these filings, is not, and should not be, considered part of this prospectus, is not incorporated by reference into this document, and should not be relied upon in connection with making any investment decision with respect to our securities.

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

We have elected to incorporate by reference certain information into this prospectus. By incorporating by reference, we can disclose important information to you by referring you to another document we have filed with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for information incorporated by reference that is superseded by information contained in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 29, 2012;

Our Report on Form 8-K filed with the SEC on February 3, 2012; our Report on Form 8-K/A filed with the SEC on January 26, 2012; and our Report on Form 8-K filed with the SEC on January 10, 2012.

You should read the information relating to us in this prospectus together with the information in the documents incorporated by reference.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request, a copy of any or all of the foregoing documents incorporated herein by reference (other than exhibits unless such exhibits are specifically incorporated by reference in such documents). Requests for such documents should be made to us at the following address or telephone number:

GeoMet, Inc.

909 Fannin, Suite 1850

Houston, Texas 77010

(713) 659-3855

Attention: Corporate Secretary

We also maintain a website at [www.geometinc.com](http://www.geometinc.com). However, the information on our website is not part of this prospectus.



**Table of Contents****PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution**

The expenses of this offering (all of which are to be paid by the registrant) are estimated to be as follows:

SEC Registration Fee	\$ 6,066.95
Fees and Expenses of Legal Counsel	25,000
Accounting Fees and Expenses	25,000
Printing Expenses	3,000
Miscellaneous	2,000
Total	\$ 61,066.95

**Item 14. Indemnification Of Officers And Directors**

Our certificate of incorporation provides that a director will not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of the law, (3) under section 174 of the Delaware General Corporate Law ( DGCL ) for unlawful payment of dividends or improper redemption of stock or (4) for any transaction from which the director derived an improper personal benefit. In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided for in our charter, will be limited to the fullest extent permitted by the amended DGCL. Our bylaws provide that the corporation will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's charter, bylaws, disinterested director vote, stockholder vote, agreement, or otherwise.

Our charter also contains indemnification rights for our directors and our officers. Specifically, the charter provides that we shall indemnify our officers and directors to the fullest extent authorized by the DGCL. Further, we may maintain insurance on behalf of our officers and directors against expense, liability or loss asserted incurred by them in their capacities as officers and directors.

We have obtained directors' and officers' insurance to cover our directors, officers and some of our employees for certain liabilities.

We have entered into written indemnification agreements with our directors and executive officers. Under these agreements, if an officer or director makes a claim of indemnification to us, either a majority of the independent directors or independent legal counsel selected by the independent directors must review the relevant facts and make a determination whether the officer or director has met the standards of conduct under Delaware law that would permit (under Delaware law) and require (under the indemnification agreement) us to indemnify the officer or director.

The registration rights agreement and purchase agreement we entered into in connection with our earlier financings provide for the indemnification by the investors in those financings of our officers and directors for certain liabilities.

**Item 15. Recent Sales of Unregistered Securities**



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During the past three years, we did not issue any unregistered securities except in with respect to the securities issued to Sherwood Energy, LLC, as described in this Prospectus under Summary Issuance of Securities to the Selling Security Holder and Selling Security Holders. All of such securities were offered and sold pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended. The transaction did not involve any underwriters and resulted in aggregate gross proceeds to us of \$23,518,010.

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**Item 16. Exhibits And Financial Statement Schedules**

A list of exhibits filed herewith is contained in the Exhibit Index that immediately precedes such exhibits and is incorporated by reference herein.

**Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the registrant is relying on Rule 430B:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) for the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of the registration statement relating to an offering shall be deemed to be part of and included in the registration statement as of

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the date it is first used after effectiveness; provided, however, that no statement made in the registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registrations statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by either registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**Table of Contents****SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has duly caused this registration statement to be signed on its behalf by the undersigned, thereunder duly authorized, in the City of Houston, State of Texas on March 29, 2012.

GeoMet, Inc.

By: /s/ J. Darby Seré

Name: J. Darby Seré

Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ J. Darby Seré	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 29, 2012
J. Darby Seré		
/s/ William C. Rankin	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 29, 2012
William C. Rankin		
/s/ Tony Oviedo	Vice President, Chief Accounting Officer and Controller	March 29, 2012
Tony Oviedo		
/s/ James C. Crain	Director	March 29, 2012
James C. Crain		
/s/ Robert E. Creager	Director	March 29, 2012
Robert E. Creager		
/s/ Stanley L. Graves	Director	March 29, 2012
Stanley L. Graves		
/s/ Charles D. Haynes	Director	March 29, 2012
Charles D. Haynes		
/s/ W. Howard Keenan, Jr.	Director	March 29, 2012
W. Howard Keenan, Jr.		
/s/ Philip G. Malone	Director	March 29, 2012
Philip G. Malone		



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<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Michael Y. McGovern Michael Y. McGovern	Director	March 29, 2012
/s/ Gary S. Weber Gary S. Weber	Director	March 29, 2012

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**Index to Exhibits**

The following documents are filed as exhibits to this registration statement:

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated Certificate of Incorporation of GeoMet, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed on July 25, 2006 (Registration No. 333-131716)).
3.2	Series A Convertible Redeemable Preferred Stock Certificate of Designations (incorporated herein by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed on June 24, 2010).
3.3	Certificate of Amendment to the Certificate of Designations of Series A Convertible Redeemable Preferred Stock, par value \$0.001 per share, of GeoMet, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 28, 2010)
3.4	Amended and Restated Bylaws of GeoMet, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 20, 2010).
5.1(1)	Opinion of Haynes and Boone, LLP.
12.1*	Computation of Ratio of Earnings to Fixed Charges.
23.1*	Consent of Deloitte & Touche LLP
23.2*	Consent of DeGoyler and MacNaughton
23.3(1)	Consent of Haynes and Boone, LLP (contained in Exhibit 5.1)
23.4*	Consent of Ryder Scott Company, L.P.
24.1	Power of Attorney (included in the signature page of this Registration Statement)

\* Filed herewith

1 Previously filed May 6, 2011 as Exhibit 5.1 to Registration Statement 333-174037